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**REPORT OF  
THE STEERING GROUP ON**

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**RURAL POVERTY ALLEVIATION,  
WATERSHED DEVELOPMENT,  
DECENTRALISED PLANNING AND  
PANCHAYATI RAJ INSTITUTIONS**

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**FOR  
THE TENTH FIVE YEAR PLAN  
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## INTRODUCTION

India's approach to poverty eradication has evolved over the years. Economic growth with emphasis on sectors which provide opportunities to the poor to participate in the development process, creation of social and economic infrastructure facilities in rural areas and direct anti-poverty programmes that seek to transfer assets and provide employment opportunities, are the three main pillars of the poverty alleviation strategy.

In the last decade of the twentieth century the literature on poverty was enriched considerably by research in India and evaluation studies conducted by both scholars and academic institutions. Even international development agencies undertook studies on this subject as removal of poverty and empowerment of the truly disadvantaged are important objectives of their assistance programmes. The Steering Group and the Working Groups which were set up to review anti-poverty and rural development programmes and recommend measures for their improved efficacy during the Tenth Plan period, benefited in their deliberations from the national and international studies. Further, as results of the National Sample Survey (NSS) on consumption expenditure for 1999-2000 became available, the estimates of poverty based on these were released by the Planning Commission, and these also added to an assessment of the poverty scenario.

In 1999-2000, 193 million i.e. 27 per cent of the people in rural areas were poor as compared to 244 million i.e. 37 per cent of the rural population that was below poverty line in 1993-94. Not only the percentage of people categorised as poor has gone down, the absolute number of poor has also declined during this period. These developments show that the government's strategy to combat poverty has met with some success. It has, however, to be recognized that in spite of large investments in anti-poverty and rural development programmes, a significant proportion of the rural population continues to live below the poverty line without the freedom to exercise choices.

The Working Group on Rural Poverty Alleviation Programmes reviewed schemes of self-employment, wage-employment, housing and social security. The Working Group on Decentralised Planning and Panchayati Raj Institutions (PRIs) looked at the state of democratic decentralisation in the country and the evolution of PRIs as institutions of self-government. The Working Group on Watershed Development, Rainfed Farming and Natural Resource Management, set up by the Agriculture Division of Planning Commission, examined not only the programmes implemented by the Ministry of Agriculture but also all programmes that are executed on watershed basis. The Steering Group Report draws heavily on the recommendations of the three Working Groups.

The self-employment programmes had undergone a process of consolidation during the Ninth Plan period itself. Integrated Rural Development Programme (IRDP) and its allied schemes such as Development of Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self Employment (TRYSEM), Supply of

Improved Toolkits to Rural Artisans (SITRA) were merged under the Swarnajayanti Gram Swarozgar Yojna (SGSY) launched in 1999-2000. The programme covers different aspects of micro enterprises with a strong focus on self-help groups (SHGs). The Working Group was of the view that the SGSY needs to be continued in the Tenth Plan with a shift in strategy from a subsidy oriented, target driven programme to a credit and self help based scheme with greater role of micro finance promotional institutions and community organizations.

Micro enterprise ventures should be taken up in those areas where people have a tradition of artisanship and which are well-endowed with infrastructure and market linkages. The programme should lay emphasis on process of group formation and allow these groups to mature over a period of time. The existing micro finance institutions such as NABARD, Rashtriya Mahila Kosh and Banks should form a network of promotional institutions to assist the Self-Help Groups (SHGs). This is also necessary to avoid duplication of efforts by different stakeholders in this field. Strong linkages with voluntary and non-governmental organizations and other community based organizations should be built in the SGSY programme. Scientific inputs, information technology should be harnessed to support the SHGs. The subsidy could be used to improve the infrastructure that is required for different activities.

Centrality of land in improving economic status of the poor and the marginalised has been widely recognized. In the backward districts of the country that lack infrastructure to support non farm avenues of employment and income, land based activities should be promoted under the SGSY programme. The feminisation of Indian agriculture has been commented up by many. However, the disabilities which women headed households face because of gender insensitive land inheritance laws, are a matter of concern. The Group felt that even if access to land through the land reforms route may not hold great promise, other avenues of providing land to the landless have to be fashioned especially in view of the fact that the stickiness of the rural poverty at 25-27 per cent corresponds very closely to the proportion of landless agricultural labourers in the total rural population. A fresh look at the tenancy laws, inheritance laws by the State Governments, is, therefore, called for in the Tenth plan period.

Employment-oriented schemes have been revamped in the Ninth Plan. The universalisation of Employment Assurance Scheme (EAS) however, has severely dented the effectiveness of the scheme in providing employment in lean agricultural season to the people in backward districts because of very thin spread of resources. The umbrella scheme of Sampoorna Grameen Rozgar Yojna (SGRY) introduced in the year 2001-02 encompassing Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS) is aimed at generation of employment, provision of rural infrastructure and food security for the rural poor. The Group, has, therefore, suggested that schemes aimed at employment creation should be continued with three distinct components:

- General stream for minimum infrastructure creation in rural areas,
- Second stream for employment generation in areas of chronic unemployment and poverty such as tribal, desert, drought blocks, etc., and
- Third stream under the SGRY for taking care of natural calamities.

The Working Group also reviewed the scheme of rural housing and came to the conclusion that 100 per cent free housing under Indira Awas Yojana should be confined only to the Scheduled Castes and Scheduled Tribes families. All other housing schemes should be merged and operated on the basis of credit-cum subsidy with greater attention to rural technology and local material, greater freedom of choice in design of the houses to the beneficiaries. The Group was of the view that National Social Assistance Programme should be enlarged in scope to cover all eligible beneficiaries but should be transferred for administration to Ministry of Social Justice and Empowerment or to the states as it was in the nature of a welfare scheme. Similarly, Annapurna also needs to be transferred to the States or to the Ministry of Social Justice and Empowerment.

The Working Group on Watershed Development, Rain fed Farming and Natural Resource Management recognised the strong co-relation of poverty with degradation of land and was of the view that different programmes implemented on a watershed basis should be strengthened in the Tenth plan period. The Watershed Development Programme has to become a peoples' movement if it has to be a sustainable programme. People have to contribute and own the watershed programmes. The Working Group has recommended treatment of over 15 million hectares of degraded land under different programmes in partnership by the Central Government, States and the people. Concerns of women, the marginalized and the landless, will have to be given greater importance in future projects. Agricultural support services in watershed areas, promotion of non-farm employment and change in administrative arrangement for implementation of watershed development programmes were some of the other recommendations.

The Working Groups were of the view that the impact of the programmes on the rural poverty fell short of expectations due to administrative inefficiencies and remoteness of bureaucracy. The Working Groups on Rural Poverty Alleviation Programmes as well as Watershed Development have recommended a greater role for PRIs and other community based organization in implementing development programmes. The Working Group on Decentralized Planning and Panchayati Raj Institutions (PRIs) was set up to review existing status of panchayati raj bodies. The Group felt that though political devolutions in terms of election to panchayati raj bodies has been fairly well established, effective empowerment of PRIs leaves a lot to be desired. The PRIs need administrative backup and financial resources to accomplish the task assigned to them by the Constitution. The Group was of the view that The Panchayati Raj Institutions have to be strengthened during the Tenth Plan period for anti-poverty programme to succeed in their objectives.

The main issues that emerged in the Steering Group and Working Group meetings and the recommendations for the Tenth plan period are discussed in the ensuing paragraphs. The composition of the Steering Group and the Terms of Reference are at Annexure.

## SELF EMPLOYMENT PROGRAMME

### Swarnjayanti Gram Swarozgar Yojana (SGSY)

The self-employment programme of Integrated Rural Development Programme (IRDP) was launched in 1980 and over the years, programmes like Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA) and other allied programmes were added to address different needs of the beneficiaries. While the evaluation studies suggested that the programme did enable many families to create durable income generating assets, the multiplicity of the sub-programmes, each being viewed as a separate programme, sub critical investments in each sub programme resulting in absence of linkages between them, lack of credit support from Banks, bias against small service oriented trades and excessive focus on achievement of targets were not conducive to the effective realisation of the programme objective of promotion of self managed micro enterprises for income generation and poverty alleviation. IRDP also exposed one major weakness, that is, an individual - and that too a poor individual without any skill or experience in managing an enterprise - cannot be turned into an entrepreneur overnight by the programme. It was realised that it was easier helping a group of such individuals who can be better organised, better trained and made more viable. It was also seen that where beneficiaries organised themselves into a group, the members acquired a sense of self-confidence.

In the light of the experiences gathered in the implementation of the IRDP and inputs received from evaluation and research studies, the self-employment programme was restructured under the Swarnjayanti Gram Swarozgar Yojana (SGSY), launched in 1999-2000. The SGSY is envisaged as a holistic programme aiming at setting up micro enterprises in the rural areas targeting both individual and groups. The programme encompasses all aspects of self employment viz; organization of the rural poor into self help groups (SHGs) and their capacity building, planning of activity clusters, infrastructural support, technology, credit and marketing. It seeks to integrate various agencies – District Rural Development Agencies (DRDAs), banks, line departments, Panchayati Raj Institutions (PRIs), Non-Governmental Organisations (NGOs) and other semi- government organizations. The SGSY is a credit-cum-subsidy programme, with credit as the critical component and subsidy as a minor and enabling element. The programme is implemented as a Centrally Sponsored Scheme (CSS) on a cost sharing ratio of 75:25 between the Centre and States. The programme has, however, not yet picked up.

The SGSY programme needs to be conceived as a process-oriented programme for the poor. It needs to be recognized that SHGs move through various stages - social mobilization and formation of groups (*initial phase*), generation of savings and internal lending amongst the members of the group on their own,

augmented by revolving fund grants and establishing and managing linkages with banks and other credit agencies (**second phase**), obtaining micro finance (**third phase**) and setting up of micro enterprises (**fourth phase**). This is a long process but it is not required that all reach the last stage. Formation of a SHG by itself contributes to strengthening of the poor and improves their collective bargaining strength. Saving by members and loaning within the group helps the poor in improving their economic position. The linkage of groups to the banks for micro finance further empowers them and provides them with access to credit for a variety of consumption needs, seasonal activities and livelihood activities like petty production and trading which are supplementary/complimentary in nature. The ultimate phase of setting up of full fledged micro enterprise is carried out with a view to undertake activities that yield significant and sustainable incomes. However, it has to be kept in mind that the last stage comprises of activities that entail special skills and availability of support services like training, infrastructure, technical know how, marketing linkages, entrepreneurial and management capabilities and much more besides credit. There should, therefore, be an explicit recognition under the programme that all groups may not consider setting up micro enterprises.

In addition there should be no pressure of targets or rigid time frame for groups to move from one stage to another. In this context it was felt that the individual beneficiary approach needs to be continued especially in the short term as group evolution is a gradual, long term and time consuming process. While the programme already recognizes the need for the involvement of NGOs, banks, Micro Finance Institutions (MFIs), professional bodies, PRIs and line departments for the success of the programme, it was felt that their role has to be clearly defined and a more significant and dynamic contribution has to be elicited from each of these agencies. Further, they should form a network and establish strong linkages and work in close cooperation with each other so that duplication of efforts is avoided.

With regard to proper identification of beneficiaries and to ensure that the benefits accrue to Below Poverty Line (BPL) families with inclusion of Scheduled Castes, Scheduled Tribes, minorities, disabled and women-headed households the group felt that, lists of BPL person be compiled after clearly specifying the exclusion and inclusion criteria. These should be published and subjected to periodic social audit by Gram Sabha in a transparent manner. Formation of homogeneous groups should be encouraged as experience had shown that these had greater cohesiveness and are more likely to succeed as was the case of Development of Women and Children in Rural Areas (DWCRA) groups of women in Andhra Pradesh. It was also opined that associating local NGOs in the identification process would also improve the quality of selection.

The group was of the opinion that social mobilization that begins with the formation of self-help groups is an ongoing process. It needs to be recognized that social mobilization for such and other purposes requires high degree of motivation, morale, expertise, management skills, time and pro-poor orientation. Therefore, in this task the grassroot level bureaucracy has to elicit crucial and necessary assistance of Self-Help Promotion Institutions (SHPIs) which could be NGOs, PRIs, Banks and MFIs or the Government agencies themselves. Citing examples of

successful SHPIs it was mentioned that in Rajasthan, the District Women Development Agencies (DWDAs) have acted as SHPIs while in Andhra Pradesh and some other states the District Rural Development Agencies (DRDAs) have successfully acted as SHPIs by organising women into groups under DWCRA. In Belgam district of Karnataka, the Zilla Parishad took the initiative to promote SHGs in the district by involving its own staff at the district, taluka and panchayat levels. MFIs like National Bank of Agriculture and Rural Development (NABARD), Small Industrial Development Bank of India (SIDBI) have also taken up the role of SHPIs under some of their programmes.

However success stories have revealed that NGOs have played an important role either independently or in collaboration with apex institutions like NABARD, SIDBI, Rashtriya Mahila Kosh or with the banks in promoting SHGs owing to their inherent advantages of empathizing with the needs of the poor. They have an advantage in reaching the poor, reflecting factors such as proximity, trust, commitment, flexibility in approach, responsiveness and cost effectiveness. They have played a dynamic role as social animators and rural organizers in not only formation of SHGs but also nurturing them and empowering them by ensuring the habit of thrift and credit amongst the members thereby enhancing their economic and social status. Since the problem of forming and supporting the SHGs is acute in some of the poorer states it was felt well-established, "mother" NGOs having considerable experience in self-help promotion should be encouraged to take on the responsibility to train animators and motivators from amongst the locals in these areas/districts. In addition lecturers from university departments of social sciences, agriculture, social work, rural development may be engaged as facilitators after suitable orientation. In order to encourage the SHPIs in this task, the group felt incentives to the SHPIs in the form of cash remuneration could be given when a SHG is formed and at the various stages of SHG evolution. This will also ensure that a SHG is associated with a SHPI for a longer period of time and SHPI has a greater stake in ensuring success of the group.

Further, it was felt that a movement towards the SGSY groups forming federations operating at the level of a cluster of villages should also be encouraged. Such federations producing a single product can take advantage of economies scale. Citing the case of SEWA, Lijjat Pappad etc. it was stated that such federations could afford better marketing, quality control, brand name, aggressive advertisement and collective purchase/sales network. Also they have access to better infrastructure, professional management and planning, centralized training in skills and accounting practices and technical up-gradation. In addition, a product line approach could also be adopted with different SGSY groups undertaking, different activities linked with each other. Inter linkages between groups could be developed for buying of raw material and selling of products. Such efforts could be strengthened by establishing growth and mini growth centers consisting of cluster of SHGs with high degree of networking. A package of critical inputs could be provided for such areas. The private sector can also play a role in this regard as has been seen in the case of ancillarisation promoted in rural Maharashtra and Gujarat by Bajaj, Telco, Phillips, etc.

The group felt that the planning for micro enterprises under SGSY is not receiving the right emphasis even though the programme already envisages reports being prepared for each of the projects for identified 4-5 key activities to be preferably taken up in clusters in each block with the approval of the PRIs and being finalized in conjunction with the banks based on local resources, occupational skills of the people and availability of markets. It was felt that for setting up micro enterprises there is a need to strengthen the micro level planning process not only for selection of the techno economic viable activities(both farm and non farm), but also for identification of the constraints and bottlenecks and devising ways and means of tackling and removing them so that the implementation is systematic. Activities could be selected keeping in view the diversification of rural economy and growth potential of the non farm sector. Banks, Micro Finance Institutions, NGOs and district level officers of different departments should be gainfully involved in the planning process to identify 'need based' and 'resource based' activities and the constraints thereof.

The group felt that focus has to be laid on micro finance services like savings, credit and insurance. Implementation of the micro finance programmes all over the world has revealed that the poor can and do save. Thrift and credit activities within a SHG act as a glue for the group and promote economic well being of the members. Further, experience has also shown that the poor are also capable of using credit in a productive manner provided there exists an appropriate institutional mechanism which is sensitive and responsive to their needs. Micro finance can be effective in combating poverty and in empowering the poor – both economically and socially.

It was observed that despite several measures taken to streamline the credit delivery system, in the country a vast majority of the poor still remain outside the purview of the formal credit system. There are many households who have a legitimate demand for credit which remains largely unsatisfied. Therefore, the mismatch comes, not from lack of demand but from insufficient and inefficient supply mechanism. In India, despite the expansion in outreach of credit the micro credit delivery system for poor has been heavily dependent on the formal credit institutions viz: cooperative banks, commercial banks and regional rural banks with no role for financial intermediaries. Further on account of the policies of directed lending, administered pricing of credit, lack of freedom in selection of clientele, high cost structure, etc. the health of these institutions has suffered. In addition small loans are also unviable owing to high transaction costs and high level of default.

Since access to credit is essential under SGSY there is an urgent need to put in place a credit delivery system, which is attuned to the financial needs of the poor ensuring timely and appropriate availability of credit with a flexible and continuous credit line. Success stories from NABARD, SIDBI, RMK have revealed that an approach combining strengths of commercial banks in financial management with the ability of the NGOs to act as financial intermediaries by linking the poor to the banks/MFIs works very well. This is also a cost effective alternative for providing credit to the poor as the banks are able to reach a large number of small borrowers with a lower transaction cost and with a lower risk due to good repayments. The cost of monitoring the end use of credit by the borrower is also reduced. For the

poor borrower it reduces the cost of transacting the loan and also ensures timely availability of credit at his doorstep. Under SGSY it is important to differentiate between the role of the financial source (bank/MFI) and financial intermediary (NGO etc) and separate the two. The MFIs and financial intermediators should be closely involved in planning, preparation of project reports, identification of activity clusters, infrastructure planning, capacity building, selection of beneficiaries, pre-credit activities and post credit monitoring including loan recovery to ensure adequacy of financing.

Apart from the indirect role played by the NGOs in linking SHGs to the banks/MFIs another model adopted by them is the path of independent and direct financial intermediation whereby they act on both the financial source and the financial intermediary either through cooperative banks (SEWA) or by establishing micro finance institutions (SHARE, BASIX). NGOs contribute to the success of the micro finance programmes by (i) organizing the poor into homogeneous and cohesive groups (ii) inculcating the habit of thrift amongst the members of the groups (iii) reducing transaction costs to the borrowers and lenders (iv) providing timely credit (v) ensuring efficiency in recovery of loan working through peer pressure and (vi) by laying stress on empowerment of women. Hence there is a need to encourage the NGOs as financial intermediators under SGSY.

The group felt that with an extensive network of bank branches under the cooperative and commercial bank structure and MFIs in the country, it may not be necessary to create further structures for providing micro finance but to use the existing structures with modifications. Presently, the involvement of the cooperative credit banks in micro finance is negligible considering their network in the country. The Primary Agricultural Credit Societies (PACS) with their extensive network and local level knowledge of borrowers provide an excellent potential for promoting micro finance. The district level cooperative banks could meet the requirement of financial resources by the PACS for the start up operations and subsequently lending programme. Further, the wide network of NABARD already in existence could provide support to a large number of DRDAs if a synergy between DRDAs and NABARD is established. The use of these existing structures should be woven into the scheme.

Further, sustainability of MFIs can also be achieved through improving productivity of bank employees, efficient fund management, maintaining financial links, better record keeping, collecting and maintaining appropriate information of loan portfolio etc. All these tend to reduce the transaction costs significantly. Transaction costs could also be sharply brought down through an effective Management Information System.

It was also pointed out that micro finance linked to leasing and loaning of land was working out quite well in certain pockets. While land based activities should continue to be encouraged, under the programme by providing a package of inputs for enhancing productivity of land, the potential for diversifying into other productive activities such as sericulture, aqua-culture, horticulture, and floriculture which have high value addition should also be focused upon along with "on-farm" activities of

the animal husbandry sector. In this context it was also felt that imparting property rights to women is very important. Land purchased under SGSY could be made in the name of the women beneficiaries. It should be made imperative to record women's right and shares on land in the revenue records. Groups of women could be given joint pattas which would promote both equity and efficiency. This was necessary as lack of ownership denies them the access to credit facilities. Further, adequate financial assistance should be provided to them under the programme for taking up land based activities. The related issues of land leasing as a viable activity under SGSY needs to be examined in detail.

Micro-insurance for the life cover and for assets such as cattle insurance, is essential given the risks faced and setback in the event of the death of an earning member/loss of assets. As the insurance sector is privatizing, the companies may not on their own offer cover to the rural poor, since the premia they may want to charge for profitable operations may be beyond the reach of the *swarozgaris*. Therefore, there is a need to examine this issue and allocate resources for covering life/assets of *swarozgaris* under the SGSY.

In order to support to high income generation activities under the programme enhancement in skills, up-gradation in quality and enhancement of value addition is required. It has been emphasized that training and capacity building needs to be strengthened for upgrading and imparting new skills while also expanding the awareness and knowledge base of the poor to enhance their absorptive capacity to derive greater benefits from the programme. While the SGSY already lays emphasis on training and 10% of the funds are earmarked for this purpose, it was felt that training has to be in line with the changing approaches and attitudes. It was recognized that learning is a continuous process with short term training programmes being only the beginning or the starting point in the process. The design, curriculum and method of training and capacity building should be in line with the local resource endowments and the marketability of the venture so as to enhance the incomes to the poor.

The training institutes should constantly upgrade their syllabus in tune with the rapid changes in the market. A basic foundation course should be an integral part of the curriculum which would make the trainees aware of accounting procedures, management techniques, information on how to approach banks and other financial institutions for loans, where to access latest technology, etc. The exposure should have a practical on the job content and should be specifically imparted in those trades and activities which have a market orientation/potential and which would assure the beneficiary sustained employment. Professional management and entrepreneurship development programme for beneficiaries is also required. Focus should also be laid on training educated unemployed youth in rural areas. There should also be an appraisal of trainers to ensure the imparting of quality training and the faculty should be professionalised.

Training institutes throughout the country need be networked strongly to develop greater interaction and learn from each other. To ensure sustained self

employment the training institutions should be encouraged to continuously monitor the progress of their trainees in the respective trades they were pursuing. The linking of units with technical and managerial institutes is also required. It is also worth considering a direct link up between training Centres and industries to help in setting up ancillaries to cater to the industrial demand. Links could also be established with the export houses. The larger issue of building a scientific temper amongst the rural folk specially the younger generation also needs to be promoted. Awareness training camps should also be organised from time to time.

A rural technology park could be set up for exhibiting low cost rural technologies pertaining to both farm and non farm activities as it was observed that though the laboratories and institutions of Council of Scientific and Industrial Research (CSIR) have developed a number of technologies for rural entrepreneurs, these had not reached them due to lack of extension mechanisms. In addition training should also be imparted to Government functionaries, bankers, PRIs members, NGOs, social animators and also training the trainers besides the beneficiaries to keep pace with the changing scenario. Training programmes should also be devised to effectively harness information technology for the rural poor so that they can benefit from the information revolution. Traditional activities also need to be developed further through training, design inputs and technological up gradation of tools.

Technological research should be oriented towards understanding the changing scenario and to identify and tackle the constraints. Research activities need to be taken up not only in technical areas but also for testing new concepts and ideas like participatory approach, social mobilization, development communication, capacity building, sustainable development, micro enterprises, micro credit, NGOs and Community Based Organisations (CBOs), banking operations, infrastructure development, marketing and sales promotion, etc. Members of the Steering Group felt that it would be relevant to create resource centers in each State for undertaking technological research for innovations and to modify innovations to change the production process dissemination of appropriate technologies, marketing skills and various professional support required for self employment programmes.

Experimenting with new livelihoods is an important task that needs to be performed to ensure that groups/*swarozgaris* over a period of time may diversify from existing activities into activities with greater growth potential (both on farm and non farm) taking into account the changing pattern of demand, emergence of new products and technology in a dynamic and growing economy. However, since the risk involved is high and the information and technology requirements are also beyond the reach of beneficiaries, the group felt that the task needs to be performed by a collaborative effort of specialized NGOs and commercial firms with the necessary expertise of Council of Scientific and Industrial Research (CSIR) /Indian Council of Agricultural Research (ICAR) institutions. Thereafter sectoral and micro plans could be prepared for identified areas and activities which would also focus on the linkages and infrastructure that needs to be developed for the purpose. The movement should be towards higher value addition of output through improved

technological inputs. There is a need to set up such experimental centres in each district of the country.

Inadequate availability of micro-infrastructure has been a major constraint to self employment promotion. There is a need to identify the type of micro infrastructure required for a particular activity at the project stage itself and ensure the provision of the same for the purpose. For example in the case of dairy, milk cans, fat testing equipment, milk collection vans, bulk coolers, chilling plants, pasteurizing facilities, etc. constitute the missing micro infrastructure. In this connection cooperation can be solicited and dovetailing can also be done with concerned line departments and corporations, promotion institutions, NGOs, commodity cooperatives and even agri-business companies. Even though the programme provides for earmarking of 20% (25% for NE States) of total allocation for each district for infrastructure, the focus is still lacking.

Market Linkages are another very important element in the entire gamut of self-employment promotion. In this connection, the members felt a survey of local and urban markets is useful in understanding what kind of items are demanded. There is a need for developing market intelligence, establishing /strengthening of village markets (haats/shanties) and setting up farmers/artisans/women's markets in district centers and larger towns, to enable the beneficiaries to directly market their produce. This can be done by constructing permanent spaces and semi-pucca sheds, along with provision of storage godowns (including cold storages) and ensuring transport facilities to these sites. For the metropolitan and export markets, which remain important from the point of view of higher value realization, linkages need to be developed mainly through private channels of industrial enterprises/export houses as was done in the case of DW CRA groups with Philips, Hindustan Lever Ltd. in Andhra Pradesh. However, to attract private agencies to source directly from rural producers, some intermediate aggregation mechanisms are required, like producer cooperatives and marketing agencies which should be encouraged. In addition sale of products through Khadi & Village Industries Commission (KVIC) outlets, State Emporia, Handloom and Handicraft Bazaars, Trade Fairs, etc should also be promoted. Setting up of quality control and consultancy centers, use of better packaging methodology and standardization and certification of rural products and perhaps also launching a brand name needs to be focused upon. Emphasis also needs to be laid on launching a comprehensive advertisement and sales promotion strategy for rural products. A market niche could also be developed for some of the products requiring specialized skills and quotas could also be earmarked for purchase of the products by Government Departments ensuring price and quality competitiveness.

The use of information and communication technologies (ICT) is very important to ensure that the benefits of these powerful tools also go to the groups/*swarozgaris*. The lessons from some early pilot efforts by state governments, NGOs, cooperatives and private companies, show that Information Technology (IT) Kiosks, Frequency Modulation (FM) radio and local cable TV channels can be useful for market price and arrivals information, weather, and expert opinion on crop and

animal diseases, as also for marketing items locally produced. The spread of ICT should be encouraged by establishing infrastructure which may be leased to private operators on a revenue sharing basis.

Success stories of NABARD, RMK etc. demonstrated the willingness of the poor to pay for the credit and other financial services rendered by NGOs and credit institutions without depending on any kind of subsidy from the Government agency. Therefore, it was felt that subsidies may be better directed to the provision of infrastructure and other support facilities which increase the returns to households and reduce their risk. It could be used in innovative ways which lower the transaction costs for both borrowers and lenders (banks and other agencies), lower risk, increase returns and create a strong and viable partnership with NGOs and other organizations working on the ground for development of SHGs. In addition incentives are also required for facilitating the process of group formation. It should be used for providing handholding support to the groups.

Finally, monitoring and evaluation, as a basis for program redesign needs to be given due emphasis. In order to improve implementation it was felt that monitoring and evaluation should be (a) done more frequently (b) by independent agencies and (c) at the district level.

It has to be recognized that SGSY will have an uneven regional impact and may not be able to make a significant dent on most areas with large concentration of poverty as the self employment ventures (even in groups) of the poor under SGSY are not likely to be viable in less developed, backward and tribal regions. This is because experience had shown that success of self employment ventures was higher in areas where the institutional delivery structure was relatively strong and efficient; in areas and activities where market linkages were strong and returns were relatively assured and where beneficiaries had prior experience and skills. It had also been observed that asset survival and returns tended to improve with the economic status of the beneficiary. To derive better returns from SGSY the members felt that the programme needs to be integrated with area/sectoral development programmes of the region and convergence at the district level should also be encouraged. In this connection the similar approach adopted under SGSY special projects should be encouraged even further.

## **WAGE EMPLOYMENT PROGRAMME**

### **Sampoorna Grameen Rozgar Yojana (SGRY)**

Since the general experience has been that Self employment programmes as agents of poverty alleviation are not very successful in the regions where infrastructure and basic services are poor, education and skill levels are low. They do not also address the needs of the households who are well below the poverty line. The members felt that for such regions and sections of population the focus should be on wage employment programmes.

A major initiative for creation of rural wage employment was taken up by merging the Rural Landless Employment Guarantee Programme (RLEGP) and National Rural Employment Programme (NREP) under the Jawahar Rozgar Yojana (JRY) in 1989. Thereafter the Employment Assurance Scheme (EAS) was launched in 1993-94 initially in 1772 identified backward blocks in drought prone, desert, tribal and hill areas where the Revamped Public Distribution System (RPDS) was in operation and was progressively universalized. In 1999-2000 while the JRY was restructured as the Jawahar Gram Samridhi Yojana (JGSY) with an emphasis on development of village infrastructure. The EAS was also reformulated as a wage employment programme. Evaluation studies of wage employment programmes revealed that as each village had to be covered under these schemes, the result was a thin and meager spread of resources. Such programmes had been inadequate in bringing about a meaningful increase in earnings of beneficiaries and in generating wage employment. Also, since the works undertaken were small in scale and of poor quality, the impact was not felt. Further, since activities were not selected in the context of a long term plan for infrastructural development based on the needs of the poor, programmes were not able to provide much gains and had not contributed to development of the area/people. The programmes have also not been able to give any powers to the poor to demand work and fulfill their demand for employment. As a result, seasonal migration from backward areas continued and their access to health, education and family welfare facilities was also limited. Further, works undertaken involved high material cost and were not particularly labour-intensive

Notwithstanding the problems cited above, two positive aspects of these programmes stand out. Firstly, the programmes did succeed in creating community assets in rural areas. Although, this was also not without problems like poor quality, inappropriate assets etc. yet the villagers were satisfied with the idea of building up rural infrastructure. Secondly, the programme led to empowerment of panchayats as the funds were placed at their disposal along with the power to get the works executed through line departments. Further, it has been realized that a major strength of the wage-employment programmes is their self-targeting nature as it is expected that only the poorest, who do not have any other opportunities open to them, will come to work at the minimum wage rates and benefit under the scheme. In addition, such programmes mostly create a demand for unskilled labour which is a characteristic feature of the poor classes. In addition, ensuring a high labour content under the programmes enhances their employment potential which again helps the poor.

The benefits accruing to the poor from wage employment and infrastructure creation programmes could be classified into transfer benefits, both direct and indirect, and stabilization benefits. Direct transfer benefits relate to the relief and income gains to the poor from being employed along with provision of food security, whereas indirect benefits which are difficult to quantify relate to the gains accruing to the village community in terms of the infrastructure and/or other community/durable assets created which also help in enhancing productivity levels and thereby raise incomes so as to create conditions for sustained poverty reduction and economic growth. As for stabilization benefits, by providing employment and the wage incomes, a stream of funds during the lean season is assured to the poorest classes.

In view of the complementarity of objectives, JGSY and EAS have been brought under the purview of the new scheme Sampoorna Grameen Rozgar Yojana (SGRY) launched in September, 2001 with focus on generation of wage employment, creation of durable rural assets and infrastructure and provision of food security to the rural poor. This step has augmented the resource position and enhanced the employment generating potential and asset creation capability of the programme. Under the scheme the payment of wages is partly in cash and partly in kind. Five kilograms of foodgrains are provided as wages in kind and the balance is paid in cash so as to ensure that the workers are paid the minimum wages. For this purpose, free foodgrains are provided to the States by the Centre. The works taken up are labour intensive leading to the creation of durable rural assets and infrastructure. The SGRY is implemented on cost sharing basis between Centre and States in the ratio of 75:25 of the cash component of the programme.

Food security under the SGRY protects the poor from starvation. In order to ensure food security, the task of receipt, storage, transport and distribution of foodgrains has to be handled efficiently which requires close cooperation and coordination amongst the PRIs, DRDAs and other line departments. Further, it was felt that the supply of foodgrains/payment of wages should be ensured at the worksite. It is also necessary to ensure quality control of foodgrains by way of joint sampling as is done in the case of Public Distribution System (PDS).

The members of the group felt that the strategy for wage employment should be to generate productive employment opportunities in sectors and sub-sectors, which are more employment intensive; with the adoption of appropriate technology which is labour intensive and the focus should be on regions characterized by higher rates of unemployment and under-employment which have thus far been lagging behind. The process of infrastructure development through wage employment needs to be continued. Further the programme should be integrated with the development process as far as possible. They should address the problems of vulnerability, insecurity, exclusion and exploitation of the poor and should take into account the perception, needs, views and priorities of the poor with a view to empower them. It was also felt two decades of such programmes had created a mindset of dependence of the people on the Government which had disempowered them considerably and made them dependent. Therefore, there was a need to involve the poor in the programme as active performers.

It has also to be recognized that poverty is both multidimensional and non specific. As such, implementation of the scheme on a uniform pattern all over the country will not yield the desired results. Therefore, the concept of zoning was suggested with a need for holistic livelihood assessment in each area vis-à-vis the poor. The members felt that the new programme of SGRY should envisage three streams - **one, general and universal**, to be implemented throughout the country & based on progressive allocation criteria for creating minimum infrastructure thereby generating wage employment, the **second stream for geographical areas facing endemic poverty and characterized by high chronic lean season**

**unemployment and the backward, tribal, desert, hilly, remote, drought and migration prone areas** for generation of wage employment & creation of minimum infrastructure and the **third stream for areas which are calamity stricken and characterized by agricultural instability, linked to droughts, famines, floods, cyclones, etc** focusing mainly on creation wage employment for scarcity works. This kind of region specific strategy would also address the problem of regional disparities as more focus would be laid on the underdeveloped regions while targeting those who are at the lowest rung of the poverty continuum.

In the case of the universal stream, the focus should be on creation of minimum infrastructural facilities like water works, anganwadis, primary school buildings, toilets and sanitation facilities, primary health centres, multipurpose community halls, etc. In such areas upward adjustment in wages from the minimum wages could be permitted. There is also a need to introduce incentive features which link part of the allocations to contributions by the people and community mobilization of resources.

For the areas facing endemic poverty and unemployment and backward, remote, tribal, desert, hilly, drought and migration prone areas, the districts could be selected on the basis of some set norms and criteria. Such regions would be predominantly agrarian and dependent on rainfed agriculture and characterized by lack of physical infrastructure, poor standard of governance, weak institutions, low capacity for public action and high illiteracy. In these areas, there is not only a great demand for wage employment but such regions also need massive efforts for creation of minimum infrastructural works. In these areas, employment assurance would be desirable as is stipulated under Employment Guarantee Scheme of Maharashtra. This was the original intention of the EAS, which has since been considerably diluted. Such an assurance would (a) ensure a minimum level of employment and stability of incomes to the poor (b) give the poor an opportunity to develop their collective strength, improve their economic position, and reduce their vulnerability (c) discourage migration of the poor (d) provide access to health, education and welfare services in the village itself (e) expedite construction of environment friendly infrastructural works which enhances productivity levels (both farm & off farm) and provide a basis for further promoting economic activities in the region. The allocations under this stream must be made in such a way to ensure a minimum person days of employment to each able bodied person who is in need of work. For this purpose, the registration of labourers would have to be a mandatory practice and cards should be issued to the poor.

The approach for calamity stricken areas should be short term generation of employment on temporary works for the poor to mitigate their hardships. Such employment should mainly be in the nature of providing calamity relief. Special design/allocation features may be built in under the scheme to deal with drought and famine areas/years encompassing (1) Use of unspent annual allocations for public works and employment creation in bad areas/years; (2) Strengthening the link with food security; (3) Waiving off share of States in the funding of the Schemes in extraordinary conditions, etc.

The members felt that the planning component of the scheme should be very strong and works needed to be identified, selected and undertaken systematically as a part of the long run strategy for creating infrastructure, watershed development and drought proofing activities etc. in the region. It was recognized that agricultural growth still holds a major key to poverty reduction in the Indian context and there is considerable scope for increasing agricultural productivity through expansion of irrigation, better land and water management practices and infrastructural support. The planning of works under the SGRY should, therefore, be undertaken in this context. At the same time, it was also recognized that the demographic pressure on land is making it difficult for people to sustain a livelihood from agriculture and hence there is also a need to plan for works which assist in harnessing the potential of non farm activities as well

Further it was felt that such a plan should be an integral part of a holistic integrated development plan and needs to be supported by resources available from other sectoral programmes/departments which are being implemented in the region. The panchayats have access to financial resources from a number of sources – Centrally Sponsored Schemes, State Sector Schemes, Finance Commission Awards, funds devolved by State Governments under the recommendations of the State Finance Commissions, etc. These could be utilized in conjunction with SGRY funds for similar purposes.

It was felt that the planning, implementation and monitoring of the programme should be the prime responsibility of the PRIs and the participation of all the three tiers of panchayats should be continued. All allocations should be routed through the PRIs and a rational criterion should be evolved for apportioning funds amongst the three levels which would ensure a relatively more balanced development of rural infrastructure at the village, block and district levels. Involvement of women and weaker sections must be made mandatory in decision making and work execution. Induction of weaker sections to executive posts must be ensured.

Further, the group felt that the quality of infrastructure needs to be focused upon as studies have shown that the community public assets created are not durable as the material used is not of the desired quality and technical specifications are not adhered to. In addition, low community involvement, poor planning and implementation and weak monitoring also impinges upon the quality of work. Further, proper maintenance of infrastructure is also required as assets depreciate over time and this imposes heavy costs. Hence, built-in provision for maintenance of all infrastructure projects under the JGSY and EAS (15% of the funds) should be effectively utilized. Private investment also needs to be encouraged. Additional resources could also be raised through user charges. Resource mobilization for infrastructural development/wage employment could be strengthened by contributions by the people. The regular maintenance of the assets could be carried out either by the line departments or by the PRIs.

While taking up labour-intensive works, it is also necessary that appropriate labour-intensive technologies are adopted, to the extent feasible and there is considerable scope for it in construction-oriented infrastructure projects and rural

roads. Guidelines should include a negative list of technologies (such as earthmoving equipment) which are capital intensive.

The members also recognised that the success of wage employment programmes in achieving sustainable reduction in poverty depends on their integration with the mainstream development to promote pro-poor economic growth. Though, they do have a role of providing relief in the short run, the ultimate strength lies in their capability of promoting the pro-poor development process in the economy. Such programmes by themselves cannot eliminate poverty rather their role should be viewed in the context of a long run process as a supplement and complement to the healthy growth process which ultimately would lead to elimination of poverty. In addition, each State should be encouraged to formulate its own poverty eradication strategy going well beyond wage/self employment programmes by encompassing macro policy interventions and introducing innovative features to suit their local needs and requirements.

## **RURAL HOUSING**

Indira Awas Yojana (IAY) is the core programme for provision of housing to the Below Poverty Line (BPL) families in the rural areas. IAY is often perceived as one of the successful programmes being implemented by the Ministry of Rural Development. However, there are certain weaknesses in this programme which needed to be addressed. There was a general consensus that the 100 per cent subsidy presently being given under the IAY needs to be reviewed. It was felt that the priority should be poverty alleviation and not provision of free housing. It was also felt that the 100 per cent subsidy provided for rural houses under IAY is hurting the programmes being implemented by the HUDCO which comprises of both, a loan and grant component. The recovery of loans given by HUDCO is becoming increasingly difficult since IAY is being simultaneously implemented as a 100 per cent subsidy programme in the rural areas. Most State Governments also support only grant based programme instead of loan based HUDCO scheme. The subgroup on housing was of the view that 100 per cent subsidised housing should be restricted to only shelterless scheduled castes and scheduled tribes households. For other BPL families, IAY houses should be provided on cost sharing basis with greater role of credit linked housing programmes.

There is a need to create institutional capability in the rural housing sector with reference to designing, supply of raw materials and constructions. The rural communities have to be involved in layout and designing of the houses. The houses should have provision for rain water harvesting, water supply and sanitation.

## **SOCIAL SECURITY SCHEMES**

### **National Social Assistance Programme (NSAP) and Annapurna**

Social security schemes encompass the objective of providing protection to the vulnerable poor in order to empower them and make them self reliant. They seek to promote and enhance the economic and social strength of the insecure and vulnerable poor.

In order to design a concrete programme for providing social protection to the poor, it is important to keep in mind the nature of problems that they face and the type of exploitation that they are subjected to. The various aspects of security for the poor needs to be addressed in a comprehensive strategy.

The NSAP is being implemented with the aim to provide social assistance benefit to poor households in the case of old age and death of primary breadwinner. The programme supplements the efforts of the State Governments with the objective of ensuring minimum national levels of well being and the Central assistance is an addition to the benefit that the States are already providing on Social Protection Schemes or may provide in future. Under the component of National Old Age Pension Scheme (NOAPS) old age pension of Rs.75 per month, per beneficiary is provided to persons of 65 years and above who are destitutes. Under the other component viz; National Family Benefit Scheme (NFBS), a sum of Rs.10,000 is provided in the case death of primary breadwinner due to natural or accidental causes. The bereaved household should qualify as a Below Poverty Line (BPL). The Gram Panchayats have an active role in the identification of beneficiaries under NSAP.

While the NSAP and other similar State Sector Schemes have provided some succor in the form of social assistance to the old and the bereaved poor and has enhanced their self esteem and financial position, problems in the implementation of the programme have been reported by the beneficiaries as they face difficulties in getting pensions regularly and in full which are often given in a single annual installment. Further, a large section of people have not been covered under the schemes owing to limited allocation of funds under the scheme.

The Annapurna Scheme aims at providing food security to meet the requirement of those senior citizens (65 years or above) who though eligible have remained uncovered under the National Old Age Pension Scheme(NOAPS). The scheme came into effect from 1.4.2000 as a 100 per cent Centrally Sponsored Scheme. Free food grains @ 10 kgs per month per beneficiary are provided under this Scheme The State Food and Civil Supplies Departments have been made the nodal Department for implementing the Scheme in view of their access to the existing infrastructure for distribution of food grains through the Targeted Public Distribution System(TPDS) and the Food Corporation of India ensures availability of food grains as per the requirement of the States. The identification of beneficiaries is done by the Panchayats.

It was felt that since the States are having similar schemes, the NSAP, being a welfare scheme, needs to be enlarged in scope to cover all eligible beneficiaries but should be transferred to the States or in any case should come under the purview of the Ministry of Social Justice and Empowerment. This would also

augment the resources available for covering all those who were eligible and for enhancing the amounts disbursed to the beneficiaries. Too many programmes also result in scheme dilution, confusion amongst target groups and lack of transparency.

With respect to Annapurna, it was also felt that multiplicity of schemes like Antadoya Anna Yojana, TPDS etc. renders transaction costs high and such an implementation requires multiple administrative/monitoring mechanism. It would be better if these schemes are clubbed together under one scheme and thereafter, differential pricing for various target groups is adopted which would be easier to monitor and administer. Therefore, there was a strong case for transferring Annapurna to the States. This scheme, if retained as a CSS, should come under the purview of Ministry of Social Justice and Empowerment as it is also a welfare scheme.

The present approach of giving scattered sporadic help does not serve the purpose. The expansion of the content and coverage of social protection to reach some kind of a meaningful protection of the poor against vulnerability therefore needs to be ensured and this also has to be backed by financial resources. The designing and implementation of the programmes under this strategy should be carried out under a decentralized framework.

## **AREA DEVELOPMENT PROGRAMMES**

Incidence of poverty shows strong co-relation with drought prone, desert prone, hilly areas and regions dependent on rain fed agriculture. Over the years, special area development programmes for mitigating the harsh living conditions in these regions by adopting soil conservation and other measures to retain soil moisture for crops have been taken up by the Government. The Ministry of Rural Development handles Drought Prone Area Programme (DPAP), Desert Development Programme (DDP) and Integrated Wastelands Development Project (IWDP). National Watershed Development Project for Rain Fed Areas (NWDPR), Watershed Development Projects in Shifting Cultivation Areas (WDSCA), Flood Control Programme and River Valley Projects are implemented by Ministry of Agriculture. Integrated Afforestation and Eco-Development Projects (IAEPs) are taken up by Ministry of Environment and Forests. In addition, the Planning Commission funds watershed development programmes in Western Ghats and Hilly areas. These Programmes now follow a common approach.

The Working Group on Watershed Development, Rain fed Farming and Natural Resource Management set up for the Tenth Five Year Plan reviewed the area development programmes in its deliberations and made recommendations for watershed development for the Tenth Plan period.

### **Coverage of Area in the Tenth Plan**

The Working Group accepted Ministry of Agriculture's estimate of 107 million hectares of land in the country that are subject to degradation due to biotic and

abiotic pressures. Out of this, only 27.5 million hectares was expected to be treated under different programmes by the end of the Ninth Plan. In addition, uplands in low rainfall areas also require water and soil conservation measures. The Working Group indicated that close to 88.5 million hectares would have to be treated in the Tenth and subsequent Plans. The Working Group projections are summarized below.

**Table 1**  
**Projected Treatment/Reclamation of Land under Watershed Development Programme and Fund Requirement with Cost-sharing during the next four Five Year Plans**

Five Year Plan	Area envisaged to be covered (million ha)	Estimated cost of development (Rs./ha)	Total Cost on Average (Rs. crores)	Cost sharing Ratio*	Cost sharing		
					By Centre	By States	By People
<b>X Plan</b> (2000-07)	15.0	5000-7000	9000	50:25:25	4500	2250	2250
<b>XI Plan</b> 2007-12	20.0	6000-8000	14000	40:30:30	5600	4200	4200
<b>XII Plan</b> (2012-17)	25.0	7500-9500	21250	30:30:40	6375	6375	8500
<b>XIII Plan</b> (2017-22)	28.5	9000-11000	28500	25:25:50	7125	7125	14250
<b>Total</b>	<b>88.5</b>		<b>72750</b>		<b>23650</b>	<b>19950</b>	<b>29200</b>

\*Cost-sharing ratio between Centre, States and people/community

### **Financing Watershed Development Programme**

The Working Group was of the view that for watershed development programme to succeed, it would have to become a people's movement. The people have to grow out of dependence on Government funds in the form of grants, loans and subsidies. The Working Group suggested cost of land development at Rs.5000 - Rs.7000 per hectare depending on the area to be treated. It has recommended sharing of costs between the Central Government, States and by the people in the ratio of 50:25:25 for the Tenth Plan period, with peoples' contribution increasing successively over the plans as reported in the table above. For the Tenth plan period, it has projected a requirement of Rs.9000 crores for coverage of 15 million hectares under different programmes.

### **Need for Conceptual Clarity**

The Working Group made specific recommendations in respect of matters which are central to watershed development. The basic objective under the watershed programmes should be “holistic development seeking sustainable livelihood security system for all life forms in the area”. In this regard rainwater harvesting and conservation should be the focus of development planning. Rainwater management should take into consideration multiple uses of water for drinking purposes, for livestock and fauna, domestic uses, for irrigation and other uses. Equitable distribution of water should be a part of the water management policy. The conservation measures and production systems should be conceptualized in the relationship of means and ends, i.e. conservation measures as means and production systems as ends. The Working Group considered improved land management and sustainable production through good land husbandry as a necessary condition for soil conservation and prevention of soil erosion. It called for a clear vision of watershed development programmes where there is no conflict between production systems and need for conservation measures.

### **Gender Friendly Development**

Watershed programmes are by definition gender friendly. Water, fodder and fuel have been the responsibility of women in the rural areas. Instances of women walking miles to collect these have been documented. A watershed project, which harvests and conserves water, therefore, necessarily lessens the burden of women. Even those watershed projects that do not address the concerns of women in terms of their role in the decision-making and employment opportunities, alleviate the burden on women. Successful completion of watershed projects increases the availability of water, fuel and fodder in the vicinity of the villages. Women have to spend less time on their collection. The time available to them needs to be productively utilized. It is, therefore, necessary to think of creative employment opportunities for women in which they can be fruitfully employed. Training programmes, which impart skills to women, access to credit and marketing and other service support should be clearly spelt out in the watershed project and provided for.

Government guidelines have indicated that watershed projects may be saturated on priority basis by ensuring convergence with other Government programmes. However, this convergence is rarely been seen on the ground. It may be necessary to incorporate an institutional mechanism in the operational guidelines of Swaranjayanti Gram Swarajgar Yojana (SGSY), Rahtriya Mahila Kosh (RMK) and other micro credit based programmes for taking up watershed project areas on a priority basis. The credit needs of the women self helps groups should also get reflected in the district credit plan of the commercial banks.

### **Equity Issues**

Evaluation reports of watershed projects have very clearly brought out the fact that successful watershed projects which have sustained over the years were designed in such a way that every individual residing in the watershed area came to have a stake in the successful completion and maintenance of the watershed project. This is an important area, which many watershed projects have tended to

neglect. Gains from a watershed project largely accrue to the landholders. Marginal farmers and agricultural labourers only benefit from the project on account of increased agricultural activity, which increases opportunities for employment. If flow of benefits from the watershed is not specifically channelised to these groups in terms of greater access to Common Property Resources (CPRs), fodder for their cattle and fuel requirements, little incentive remains for these groups to cooperate in rejuvenation of the CPRs through the mechanisms of social fencing or any other method which the community might choose for regeneration of non-agricultural land. The issue of equitable distribution of gains, therefore, is crucial to the sustainability the project in the long run. In this regard, providing access to land to the marginal and landless agricultural labourers through the mechanism of rights on harvested water could be one alternative. It may be desirable to incorporate sharing of water by all residents in a watershed project as one of the preconditions for selecting a village for watershed development project.

### **Agricultural Support Services**

Many success stories have emerged in the course of last 10-15 years in regard to development of a particular area on watershed basis. However, the cases of failures of such initiatives are many times more than the instances of success. Apart from the off-cited reasons of lack of people's participation, lack of technical expertise at ground level, corruption and apathy of implementing agencies, many a times, the programmes have floundered because of lack of technical inputs which should have flown to the area once the basic infrastructure of a watershed development project had been put in place. Lack of agricultural extension facilities and the institutions that could supply inputs for a changed cropping pattern would not generate the expected incomes, which would have been projected as one of the outcomes on the successful implementation of the project. Such failures have a snowballing effect and adversely affect people's enthusiasm for taking up developmental projects. The adoption of water conservation technologies for irrigation purposes assume added importance for agricultural practices in watersheds, which experience low or scanty rainfall. Investments in drip irrigation, sprinkler irrigation and investments on research for crop varieties specifically suited to such areas and such irrigation systems are of particular importance and need to be provided for at the planning stage itself. The areas with extensive wastelands and lands under stress strongly correlate to lack of banking and insurance facilities, lack of veterinary services and other related services. Unless these services are provided to these areas, the expected benefits of watershed development will not materialise.

### **Promotion Of Non-Farm Employment**

In resource poor areas characteristics by drought, deserts and other degraded lands, non-farm activities which provide a very low level of sustenance to the people predominate. These activities are in the nature of a refuge employment where people work for low wages. Though in an agriculturally prosperous area, the proportion of income from non-farm employment is low, the level of non-farm income is higher as people are engaged in activities that service a dynamic agriculture. With

the successful completion of a watershed project, intensive agricultural practices are adopted by the farmers. It, therefore, becomes necessary to equip people with technical skills to provide for the requirements of a growing agricultural sector. Training needs, credit facilities, and creation of agro-processing infrastructure for value addition have to be provided. Though the guidelines on watershed projects issued by the different departments of Government of India mention the need for ensuring these linkages, progress has not been satisfactory. In the Tenth Plan period, the need for credit in a watershed project area, be it micro credit for women self-help group or credit for setting up service units or for agro-processing industries should be included in the districts credit plan and monitored at the district and State level.

### **Second Generation Issues in Watershed Projects**

The success of watershed projects depends to a large extent on the ability of the watershed community to address issues of equity, maintenance of watershed community structures created and the sustainability of such arrangements. It has been observed in a few cases that the initial cooperation of the community in a watershed project had come about as all stake holders in the area were more or less similarly placed economically. With the successful implementation of watershed projects, land owning families experienced higher level of income which created fissiparous tendencies in the community. The sections left out have very little stake in maintaining Watershed structures or adhering to the strict conventions that watershed community imposed on itself in the initial years of the project for natural regeneration of grasslands or forests within the watershed. Reports of trees being cut and grasslands being put under extreme biotic pressures have been documented. These issues would need to be adequately tackled if the movement is to become self-sustaining in the long run.

### **The Role of Panchayati Raj Institutions and NGOs in Watershed Projects.**

Watershed projects are implemented on watershed basis. These projects at times encompass 2 or 3 panchayats. Even where watershed boundary is co-terminus with the boundary of the panchayat, the elected panchayat members do not have any designated role in the watershed project. Watershed Committee that is responsible to the watershed association, a body that would be co-terminus with gram sabha in case watershed falls in one village panchayats, handles the day-to-day management of a project. Instances have come to light where elected members of a panchayat have, who were not associated with watershed project, became instrumental in sabotaging the project. A gram panchayat on an average receives funds from the Government in the range of Rs.50,000/- to Rs. 1,00,000/-. In West Bengal, Kerala and Orissa, where a panchayat covers many villages, Rs.2.0 lakh to Rs 3.0 lakhs are available to the them under different schemes. However, for a watershed project of 500 hectares, Rs.20 lakhs are provided for a period of 4 years. This money at times becomes a bone of contention between panchayats and the Watershed Committee members. There is, therefore, a need to resolve the question

of role of Panchayati Raj Institutions (PRIs) in watershed projects given the scale of financial assistance. It may also be desirable to evolve stricter norms of accounting and audit for watershed projects compared to the norms currently prevalent in case of projects, which are executed by panchayats.

NGOs have played a major role in regeneration of degraded lands in a number of States. In fact, successful projects that have been implemented on watershed basis have been largely handled by the NGOs. Annasaheb Hazare's experiments in Ralegaon Siddhi, Tarun Bharat Sangh in Rajasthan, MYRADA in Karnataka, Sadguru Foundation in Gujarat are some of the shining examples of excellent work done by the NGOs. However, these need to be enlarged and up scaled in the Tenth Plan period to bring more land under watershed projects. In this regard, the NGOs would do well to forge a partnership with the PRIs to carry this programme further.

### **Management Information System**

The extent of degradation of land and area under wasteland in the country remain a matter of conjuncture. There is no finality to these numbers. Different estimates available from agencies have not been verified on the ground by complete census of the land. This needs to be done for each piece of degraded or wasteland in terms of its location, extent of the area, ownership, the vegetative cover currently available on that land, and the chemical properties of land in order to enable formulation of appropriate policy for different types of land. It goes without saying that the policy for a wasteland which is large in area and under Government ownership will have to be very different from a policy for degraded lands in small parcels and under private ownership. Similarly, in spite of the plethora of schemes for development of waste/degraded lands, authentic information on the extent of land treated under different programmes is lacking. A management information system with clearly defined benchmarks indicating the type of structures created, extent of land treatment, increase in water table and other relevant parameters needs to be built in to get a holistic view of the progress achieved under the programmes so far and the work that needs to be accomplished in the next 5-10 years. Information available in Universities, especially Geography Departments districts for field work and Research institutions has to be integrated with the management information system that is to be created.

The plan of action delineated in the above paragraphs for the Tenth Plan period is germane to all watershed projects implemented by different Ministries of the Government of India. The Ministry of Rural Development implements watershed projects in three specified areas viz, drought prone, desert prone and wasteland under the programmes of DPAP, DDP and IWDP. These programmes have elaborate guidelines, which stress on the people's participation in the programmes as crucial to successful implementation and sustainability of the programme. Special care for specific needs of SCs / STs, vulnerable group and women are built into the programme guidelines. Watershed Association and Watershed Committee which implement the project draw heavily on the village community and have served as a forum for people's participation and training in leadership. It would be incumbent

upon the States in the Tenth Plan to ensure that these guidelines are followed in implementation of the programme in the spirit in which they were formulated.

## LAND REFORMS

The importance of secure rights in land for increased agricultural productivity, employment generation and poverty alleviation has been recognized as one of the central tenets of successive five year plans. Immediately after Independence, abolition of intermediaries was effected to bring actual cultivators in direct relationship with the State through amendments in State Land Acts. While abolition of intermediaries was the main thrust of land reforms in the initial years, the Acts also provided for security of tenure to tenants, and regulation of rent to control rack-renting.

The abolition of intermediaries succeeded in providing ownership rights to a large number of tenants. These tenants belonged to the middle castes and other backward classes. The land holdings that these castes became owners of, put them in the category of medium, small and marginal farmers. The advent of the green revolution technology coupled with schemes of '**Asset Transfer**' under Integrated Rural Development Programme (IRDP) have contributed significantly to the increased incomes not only from agricultural operations but also on account of diversification to animal husbandry and better standard of living of these cultivators.

The vast majority of people who work as agricultural labourers, however, did not benefit significantly from Zamindari abolition. Only poverty alleviation schemes targetted towards asset-less people in rural areas, in operation for the last 20 years, have provided them increased opportunities for income generation. However, the impact of such programmes has been more on the people who are closer to the poverty line than on the persons who are at a fair distance from it. 27 per cent of the rural population continues to live below poverty line (1999-2000). Scheduled Castes and Scheduled Tribes constitute a major proportion of the BPL families. These people have neither assets nor skills to participate in the limited but emerging employment opportunities in different sectors of the economy. The problem is further compounded by the fact that though the contribution of agriculture to GDP has declined from over 50 per cent in 1951 to around 25 per cent in 2000-01, a similar transformation of employment opportunities has not taken place. While 71 per cent of population was dependent on agriculture and allied activities for livelihood in 1951, in the year 2001, 59 per cent still work in the agricultural and allied sectors.

In view of the above developments, the need for providing access to land to the landless agricultural labourers, a majority of whom are Scheduled Castes, assumes added importance. The opportunities for lowering land ceilings, which were fixed in 1972, and redistribution of surplus land to landless agricultural labourers, is very limited. The total area declared ceiling surplus after 1972 amounts to less than 2 per cent of the net sown area in the country. Over the time, there has been an increase in the number of small and marginal farmers on account of sub-division of land holdings due to demographic pressures. The National Sample Survey (NSSO) data for 1992 shows that 72 per cent of rural households had less than one hectare

of land. Therefore, further reduction in land ceilings and acquisition of land for distribution to the poor is not a credible policy option any more.

This is not to underplay the need to acquire the land declared ceiling surplus and distribute the land acquired to the landless. The record of different States in implementing provisions of existing laws is dismal. Large scale concealment of land is rampant. Land acquisitions have been disputed. Cases have piled up in various Courts without resolution. There is need, therefore, to concentrate on detection of concealed land and strive for speedy disposal of cases pending in courts so that the land acquired by the Government under existing ceiling laws becomes available to the Government for redistribution to the poor.

### **Access to Land : Tenancy Reforms**

The scope for further redistribution of land as a policy option for poverty alleviation, seems extremely limited. New approaches to facilitate access to land to the poor have to be thought of and implemented by the States as land is a State subject. Evaluation Studies carried out by academicians and researchers have conclusively established that ownership of even a small plot of land enables a family to raise income, improve nutritional status, have access to credit facilities and lead a more dignified life. In addition, studies of economies of scale in farm operation also show that modern agricultural technology is scale neutral for majority of the food and cereal crops which the poor tend to grow. Further, new opportunities exist with reference to horticulture, floriculture and vegetable cultivation on small plots of land, including home stead lands. There is, therefore, a strong case for providing access to the landless poor to land.

One area which assumes importance in this regard is the question of tenancy. Tenancy reform in the post-Independence period was assigned a very high priority. Its basic thrust was on freedom from eviction and fixity of rent. The philosophy behind abolition of intermediaries had under-pinned the policy on tenancy reform also where by conferment of ownership rights to the tenants was the ultimate goal. The policy attempted to reconcile twin objectives of protection to existing tenants and resumption of land for personal cultivation by the medium, small and marginal farmers. In many States, the tenants were allowed to retain a part of the land under their own ownership while the landlord was allowed to resume the rest of land for personal cultivation. Though there are different variants of this theme in the State Tenancy Laws, ownership to the tenant was the ultimate goal.

In the post land reforms phase i.e. after the middle of 1950's, many States have outrightly prohibited tenancy. Uttar Pradesh, Bihar and even Orissa have either banned tenancy completely or imposed such restrictive conditions on the land holders that leasing out of land legally becomes virtually impossible. These three States are also the States that account for 48.24 per cent of the country's poor in 1999-2000. Though in Uttar Pradesh and Bihar, tenancy is legally banned, studies by Lal Bahadur Shastri National Academy of Administration show that over 34 per cent of land is operated under tenancy in Bihar. Disguised tenancy is equally widespread in Uttar Pradesh. Mechanisation of agriculture has enabled even those

families which do not have able-bodied male members to undertake agricultural operations to some how keep the land under the plough. The fear of tenant ultimately taking possession of the land in these areas has resulted in agricultural practices which are not conducive to increased agricultural production. This in turn also depresses employment opportunities for the landless agricultural labourers. In fact, a policy designed with the objective of providing security of tenure and elimination of rack-renting in order to protect tenants, seems to have resulted in over exploitation of the tenants as they are not even recognized by the law of the State as tenants at all.

In addition to the need for greater access to land for poor on account of slow growth of non-farm employment opportunities, the changes in the agrarian economy itself over the past 20-30 years, warrant that a fresh look is taken at the tenancy laws in the country. Different States are at different stages of agricultural transformation. Patterns of semi-feudal agriculture co-exist with corporate and commercial farming practices. In many parts of the country, especially where agriculture has reached commercial farming stage, middle and large farmers have been leasing in land from small and marginal farmers. NSSO surveys shows that area owned by the marginal and small farmers is greater than the area operated by these categories, further confirming the incidence of leasing out of land by marginal and small farmers. The merits or demerits of reverse tenancy require a detailed analysis. However, what these developments definitely indicate is the need for a fresh look at the tenancy laws of the States. The policies that are designed in future, will have to take care of these complexities.

One of the option could be to completely free State Tenancy Laws of all restrictive conditions. Conferment of ownership right beyond a particular period may be totally done away with. Land-holders with land below the ceiling limit, may be provided a guarantee that their land would not be taken away. The only condition on tenancy which needs to be imposed is on the fixation of rent. However, even this could be left to the market forces. Given the extent of concealed tenancy in States which have banned tenancy, it is not likely to increase area under tenancy dramatically in the short run. However, in the medium to long run, more land would be expected to come on the land lease market which can be accessed by the rural poor.

In addition to the tenancy reforms, access to land to the poor could also be ensured through other means. Some of these are described in the following paragraphs.

### **Civil Society Initiatives**

The existing institutional and legal arrangements have sought to provide land rights to the actual tiller. Civil society organizations have attempted innovative experiments which have enabled rural communities to rectify inequities of land ownership in the rural areas. Access to land for the landless has been built in their programmes. The experiment of Pani Panchayat in Ralegaon Sidhi is a case in point. On the harvested water, every member of the village community has a

proprietary right. Every member of the community gets a share in the harvested water for irrigation purposes irrespective of his land holding. As the water available to each member is limited, land holders with large land holdings have been persuaded to lease out their land to small and marginal farmers and agricultural labourers who have water rights but no land. The arrangement has allowed landless access to land. The large landholders have also benefited as they receive rent for land which would have otherwise remained fallow for lack of irrigation.

Another variant of this approach has been adopted in a few watersheds. The landholders in the watershed get water for irrigation. However, the non-land owning families in the village get a larger share of output from the Common Property Resources (CPR) which get rejuvenated after successful completion of the project. This has enabled many families to take up animal husbandry as an occupation and meet their fodder and fuel requirements from the CPR. Fishing rights on ponds constructed as part of the watershed project are only given to the self help groups of the landless. These arrangements effectively increase access of poor to the land and other sources of livelihood and improve their standard of living. These innovations have yet to be adopted widely and need to be upscaled.

### **Land Access in Watershed Projects Implemented Through Government Funding**

The Government implements a large number of projects which aim at total regeneration of degraded land. These schemes follow a common approach. Holistic treatment of a watershed with emphasis on water harvesting, conservation and production of food, fuel and fodder are the guiding principles of the watershed development strategy. Over the years, the public investment in these activities has been stepped up considerably. In the initial Watershed Development Projects which provided a role model for formulation of schemes on the national level, the village communities on their own had provided avenues for landless families to participate actively in the project and share in the benefits. The Projects implemented by government agencies at a considerable cost, however, do not provide for specific land access to landless poor. Evaluation studies of different projects have shown that the benefits of the project accrue largely to the landholders. Successful projects change the nature of an agricultural land from un-irrigated to irrigated. In such a situation, the ceiling laws of the State in every watershed could come into force and the ceiling surplus land could be distributed to the landless poor. Alternatively, the guidelines for watershed development projects could be modified by State to give priority to those watershed projects where village community by a resolution agrees to provide land access to the landless labourers on continuing basis. Such experiments have already been made in projects executed by NGOs and they could be made an integral part of the projects implemented through the public funds.

## **Land Purchase**

In addition to distribution of ceiling surplus lands and access through watershed development projects, outright purchase of land from farmers willing to sell lands also needs to be explored as an option for providing land to landless. In many parts of the country, families have migrated to urban areas. They continue to hold on to their land holdings in the absence of an efficient land market due to restrictions on lease, sale and mortgage of agricultural land. As a first step, the Government could create an enabling environment for emergence of land markets. The Government itself could enter the land market as a major player. The National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC) has a scheme for providing assistance to SC/ST families to purchase land. The response to the scheme was enthusiastic in some districts of Andhra Pradesh. Scheduled Caste farmers took loan from the NSFDC to purchase one to two hectares of land. In the erstwhile Integrated Rural Development Programme, there was a provision for purchase of land. Though an enabling provision for land purchase continues to exist in the revamped SGSY, the main focus of the scheme is on the creation of self-help groups and setting up of micro enterprises by such groups. Land could be purchased and distributed to land-less under SGSY. The landless who are provided land could be organized under a cooperative society for provision of other support services for agricultural operations.

## **Land Rights to Women**

Agricultural labour force in the country has witnessed the phenomenon of increasing feminisation. NSSO estimates for 1993-94 (50<sup>th</sup> round) show that 75.3 per cent of women workers were engaged in agriculture compared to only 58 per cent of male workers. In the rural labour force, 84.7 per cent of females were engaged in agriculture as compared to 73.8 male workers. Data on incremental addition to rural labour force shows that the rural male worker has a greater probability of getting absorbed into non-agriculture pursuits than the rural female worker. In addition to this, migration of able-bodied men to urban centers in search of employment, break-up of joint family system and other social factors such as widowhood, desertion by husbands have resulted in a large number of household being headed by females. In case of land holding families headed by women, the ownership right in the presence of male descendants does not devolve on the women. The land reforms laws treat agricultural land as a form of property separate from other property. The right of succession incorporated in State Land Reforms Acts prohibit inheritance by women if male descendants are alive. Even in the States where tenancy is recorded and inheritable, female descendant do not inherit tenancy rights.

Protecting social cohesion and prevention of sub-division and fragmentation of land holdings are some of the major arguments advanced against inheritance of women in land. However, these gender biased land laws put women headed

households in an extremely difficult situation. Without proper title to land, they are denied access to credit and other facilities available to farming communities. This not only affects the income generating capacity of the households but also impacts adversely on the agricultural production. Therefore, both on the grounds of equity and efficiency, State Governments need to provide for more gender friendly land laws.

### **Alienation of Tribal Lands**

The process of alienation of Tribal land has continued since independence because of an influx of non-tribals into tribal areas as a result of various developmental projects, exploitation of natural resources and industrial activities. It is an irony that on the one side outsiders/non tribals become destitutes and infiltrate into the Schedule areas in the name of development, while on the other hand local tribal population get displaced and migrate to urban areas in search of employment/job opportunities. This has given rise to severe discontent in the tribal areas.

One study of four districts Dhenkanal, Ganjam, Koraput and Phulbani in Orissa has estimated that about 56 per cent of the total tribal land was lost to non-tribals over a 25-30 year period. Of this total 40 per cent was lost through indebtedness and land mortgage, 23 per cent through encroachment, 17 per cent as a result of displacement by development projects, 15 per cent through personal sale, and the balance due to floods and other natural calamities. A less well-understood pattern is the administrative erosion of tribals' communal land rights through survey and settlement operations themselves. In recent decades, cadastral survey by the chain survey method has gradually given way to the plane-table method to reduce operational costs. But land with a gradient greater than 10 percent cannot accurately be surveyed by the plane table method, and in Orissa these unsurveyed lands have customarily been lumped together as 'uncultivable wasteland' in the record-of-rights in land. In reality, much of this area was owned by tribal households, and was cultivated in demarcated plots on which fruit trees had been planted. The outcome thus is catastrophic for tribal groups.

Lack of legal awareness about land rights among tribals as well as among Government officials and ineffective administrative structures have resulted in alienation of land. Inherent deficiencies in legal provision such as absence of machinery to initiate suo motto action, general period of limitation for adverse possession, lack of provision against trespass and against fraudulent, and collusive transfer of land to non-tribal exist. Since the tribals are generally ignorant of the legal provisions and processes they get easily exploited.

Improper land records of tribal lands have also led to alienation of tribal land. For proper maintenance of tribal land records an in-depth scrutiny of methods for preparation of land records, their maintenance and updating of land records in the tribal areas must be carried out at the earliest possible. Further computerisation of land records should be accorded highest priority in respect of tribal areas.

The Provision of the Panchayats (Extension of Scheduled Areas) Act, 1996 enacted for extending the provision of 73<sup>rd</sup> Constitutional Amendment Act, 1992 to the Scheduled Areas in nine States namely, Andhra Pradesh, Chattisgarh, Gujarat,

Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa and Rajasthan intends to enable tribal society to assume control over their own destiny and to preserve and conserve their traditional rights over natural resources including land. However, the stringent provisions of this law have remained only on paper and have not been operationalised by the State Governments.

The Land Inheritance Laws could be amended to provide for joint ownership of land in case of widow and her minor children so that the women is enabled to take recourse to loans from commercial and cooperative banks for agricultural purposes and avail of other benefits which are provided by the State to the farming communities. Even in States where tenancy is recorded and heritable, in absence of male descendents, the land either gets restored to the landlord. This militates against the interest of the unmarried female descendents or widow, deserted daughters who depend on their father for sustenance.

### **Land Reforms Information System**

One of the main reasons for concealment of land which has affected effective implementation of land reforms has been lack of comprehensive land rights database. The Government have taken up schemes for Computerisation of Land Records and Strengthening of Revenue Administration and Updating of Land Records to provide support to the programme of land reforms. The schemes have placed emphasis on modernisation of cadastral survey procedures and strengthening of training infrastructure facilities for revenue, survey and settlement staff. Provision of computers and other infrastructure has been made under these schemes. This process has to be carried forward in the Tenth Five Year Plan more vigorously to not only detect concealment of land but also reduce scope for litigation in rural areas.

## **DECENTRALISED PLANNING AND PANCHAYATI RAJ**

State Governments had enacted laws to set up panchayats at village and district levels immediately after independence in pursuance of the Directive Principles of State Policy. These panchayats, however, were a fora for political representation, bereft of any major developmental responsibilities. The increasing integration of India in the global economy, the hard budget constraint faced by both Central and State Governments and inefficiencies in the administrative structure culminated in the emergence of a widespread consensus to devolve powers to local institutions to enable people to participate in matters of critical importance to their livelihoods. The Constitutional Amendments (73rd and 74th) that conferred Constitutional status on the Panchayati Raj Institutions (PRIs) and local bodies did not have only democratic decentralisation as their objective. These institutions were seen as a process for harnessing and channelising the innate abilities of the people to bring about rural transformation in a way that every individual acquired his / her rightful place in the social, economic and political arena. Therefore, PRIs are not an agency of government. They are vehicles for social mobilisation, political education, training and leadership.

The Working Group on Decentralised Planning and Panchayati Raj Institutions for the Tenth Plan period reviewed the existing status of panchayati raj bodies in scheduled and non-scheduled areas and made recommendations that would have to be acted upon during the Tenth Plan. The Ninth Plan had called for devolution of functional responsibilities, administrative control on Government functionaries dealing with subjects listed in the XIth Schedule of the Constitution and financial resources for taking up developmental programmes to the PRIs. The progress made on devolution to PRIs during the Ninth Plan period, presents a mixed picture. Political devolution in terms of elections has been well established. Women, Scheduled Castes and Scheduled Tribes and other marginalized groups have got political representation at the decision making level in the rural areas. Though there have been problems in this regard, the intervention of courts, civil society organizations and increased awareness in the public at large have taken care of some of the problems encountered in the process of evolution of panchayats. Strengthening forces that facilitate political empowerment of rural communities would be an important area of action in the Tenth Plan period. Issues of transparency, accountability and development would require greater attention. The States, which have lagged behind in endowing panchayats with functions and finances in consonance with Constitutional mandate, would have to be encouraged to empower panchayats in the Tenth Plan period.

The Working Group noted with concern the tendency of State Governments to postpone elections citing unavoidable circumstances. High Courts and Supreme Court, in petitions concerning panchayat elections have clearly laid down guidelines in this regard. It is expected that Court pronouncements would ensure conduct of timely elections in the coming years. Election Commissions in the States need to be given greater autonomy in the conduct of the panchayat elections. The Working Group has suggested changes in the State's Panchayati Raj Acts in regard to the mode of election of sarpanches, reservations of seats of chairpersons, rotation of reserved seats for weaker sections, composition of panchayat samities and district panchayats.

The Gram Sabhas in most Panchayati Raj Acts have been entrusted with only ceremonial functions. The Working Group was of the view that gram sabha's powers and functions should be enlarged. Effective powers of implementation and monitoring of developmental plans should be vested in the gram sabha. Social audit by the gram sabha should be made mandatory in case of all development programmes. The committee system adopted in many States to facilitate a more participative decision making process in the panchayats should be incorporated in the States Panchayat Acts. The powers entrusted to a gram sabha in a Scheduled V area may be extended to all the gram sabha in non-scheduled areas as well.

Administrative and financial devolution by the States to the PRIs remains a major concern. Constitution has placed onerous responsibility on PRIs. They require financial resources to discharge the tasks assigned to them. These are a pre-requisite for their emergence as viable institutions of self-government. Financial devolution is also desirable as control of local communities on investment decisions leads to better utilization of scarce resources. Greater powers of taxation and

avenues for non-tax revenue for panchayats would be needed. States could provide matching grants to panchayats to take up specific projects. In addition, apart from the funds that flow to panchayats for centrally sponsored and state sector schemes, untied grants could also be provided to the PRIs. The PRIs need to raise resources from the local community to emerge out of the dependence syndrome on government funds. The functional domain of the PRIs can be enlarged only if the PRIs pay adequate attention to their resource base.

The onus for devolving functions, functionaries and financial resources to the PRIs rests with the State Governments. Though functions and finances have been transferred to the PRIs rather slowly by the States, the PRIs in all States have been hampered by lack of administrative support at their disposal. PRIs have to be adequately staffed. These functionaries have to be given training in planning, budgeting and accounting. An elaborate system for auditing of panchayat finances has to be put in place. At present, adequate safeguards against misuse of resources by elected functionaries do not exist in many States. These issues need to be tackled on a priority basis.

The functional devolution has not taken place not only for lack of political will, but also on account of lack of clarity at different levels of government regarding powers of each tier of the PRIs. With regard to 29 subjects listed in the XIth Schedule, the Government of India had appointed a Task Force to recommend functional distribution between zilla parishad, panchayat samiti and gram panchayat. The Task Force accepted the principle of 'subsidiarity' in work distribution and functions that could be performed by a lower tier have been earmarked for that tier only and not to a higher tier. The States would be expected to clearly delineate the role of each tier and entrust them with those functions.

Central Ministries / Departments administer many centrally sponsored and central sector schemes in respect of the functions that are transferred to PRIs. The guidelines for implementation of most of the schemes do not provide for a role of PRIs. The Planning Commission had set up a Task Force on Panchayati Raj Institutions which has examined centrally sponsored and central sector schemes of a number of Central Ministries / Departments and laid down modalities for involvement of PRIs in these schemes. The Central Ministries and Departments would be required to integrate the role of PRIs in schemes implemented by them at least in respect of subjects listed in the XIth Schedule as suggested by the Task Force.

Process of decentralized planning was enshrined in 74th Constitutional Amendment Act. It provided for the constitution for District Planning Committees (DPCs). The Constitutional provision on DPCs is rather weak as it provides for preparation of only draft plans by the DPCs. State Governments have not given adequate attention to the DPC's. Andhra Pradesh, Assam, Bihar, Gujarat and Maharashtra have not yet constituted the DPCs on the grounds that they have already have a district planning set up either in form of a District Board or a District Planning Board. In many States, which have constituted DPCs, they are in place only in a few districts. The Government of India's guidelines on district planning have not been fully operationalised. The Working Group has recommended that DPCs

should be set up and people at different levels have be trained in basics of planning process in order to enable them to plan for the developmental needs of their area. Gram Sabha / Panchayat should be associated in preparation of village development plans based on felt need of the village people. These Plans should feed into the panchayat samiti and district level plans to make grass root planning process a reality in the Tenth Plan period.

However, many other issues which are equally critical to the successful functioning of the PRIs require action which have to come from the community itself, civil society organizations and other non-governmental stakeholders.

Evaluation studies conducted by research organizations and voluntary groups, have consistently highlighted weak individual and institutional capabilities in the rural areas to take up developmental planning. Sensitisation of government functionaries and elected representatives, issues of women's representation and the need to create space for their role, inclusion of social groups have emerged as contentious issues in the Ninth Plan period. Two different strands can be seen across the States in this regard. Successful women and Scheduled Castes sarpanches who have done commendable work for community have been highlighted in the research studies as well as media reports. However, many examples of dominant interest groups and entrenched communities succeeding in thwarting their democratic aspirations have also been reported. These tendencies are expected to abate over time. Generating awareness among the people by undertaking periodic training exercises that educate people about their rights and responsibilities in a panchayat set up will have to be taken on hand. Many voluntary organizations have conducted pre-election awareness campaign before panchayat elections in few States. Such efforts will have to be extended on a large scale especially in States where oppression of weaker sections is widespread.

The voluntary sector has witnessed a phenomenal growth in the country in the last 20 years. These institutions have played an important role in community mobilisation, providing technical support to the community for developmental projects and in areas of health and education. It has been clearly established that where village panchayats, community organizations and user groups have worked in close cooperation, people have benefited immensely from the developmental projects initiated either by the Government or the communities themselves. People's organizations whether in the form of a non-governmental organization or a group of experts such as the "voluntary technical core" of Kerala, provide expertise and competence to the panchayats that they otherwise may not necessarily possess. However, in many places, emergence of constitutionally mandated Panchayati Raj bodies has led to a conflict of interest as both voluntary organizations and PRIs occupy the same space. The voluntary agencies have to recognize that PRIs are institutions of governance and the voluntary sector has to work in close cooperation of PRIs. On the other hand, PRIs have to recognize the critical role that voluntary organizations can play in building their capabilities. Guidelines would have to be evolved to provide for a better interface between PRIs and the voluntary sector.

## **DELIVERY MECHANISM**

The Working Groups strongly felt that though the programmes for poverty alleviation were well designed, poor delivery was a major hurdle in eradicating poverty. It was felt that the Government machinery at the cutting edge level was too thinly spread, poorly trained and ill equipped to implement programmes, which required not only commitment to poor but also certain amount of technical expertise. The groups were of the view that given the out reach of Government, the administrative machinery will have to be strengthened by reforming it from within, by providing support through net working with other institutions and by subjecting it to greater supervision and control by the Panchayati Raj Institutions (PRIs) and other Community Based Organisations (CBOs).

Training of Government functionaries at different levels to make them more sensitive to the problems faced by the rural poor and a change in orientation of bureaucracy from that of a regulator to a development administrator was emphasized. The bureaucracy has to be more transparent in its dealings and has to inculcate the values of accountability and responsibility. Training needs to be carried out at all levels with active involvement of NGOs. It was also suggested that enabling provisions should be made for Government functionaries to work with NGOs for a year or two. Similarly, functionaries of NGOs could also be taken by Government on contractual or deputation basis for specific projects,

The delivery of programmes has suffered at times also because of the lack of expertise, be it in the area of marketing, finance or accounting, available at the local administrative level. It was felt that that many development finance institutions have extended their operations right up to district and taluka levels. NABARD, NSFDC, SIDBI, RMK and other similar organizations have set up offices at regional / district levels. These offices are staffed by officials who have the requisite expertise required for micro finance / micro enterprise ventures. It would be a major challenge in the Tenth Five Year Plan to make available this expertise to the administrators dealing with development programmes.

In addition to reform of the bureaucracy from within and technical support to them from outside, it was imperative that the PRIs should exercise greater monitoring and control of functionaries dealing with the functional domain of the PRIs. The Working Group also felt that the PRIs would do well to work out evaluation standards for functionaries under their control. In this regard a greater attention needs to be paid to evaluation based on outcomes and not on financial expenditure. The role of 'right to information' in goading the administrative machinery to be more responsive was also emphasized. These are some of the issues that would require concerted efforts by all for the poverty alleviation programmes to be successful.

**ANNEXURE**

**No. M-12018/1/2000 – RD  
Planning Commission  
(Rural Development Division)**

**Yojana Bhavan, Sansad Marg  
New Delhi, December 6, 2000**

**ORDER**

**Subject: Steering Group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions.**

It is proposed to set up a Steering group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions for the formulation of Tenth Five Year Plan.

II. The composition of the Steering Group will be as under:

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|----|--|----------|
| 1. | Shri Kamaluddin Ahmed<br>Member,<br>Planning Commission,<br>New Delhi.   | Chairman |
| 2. | Secretary,<br>Ministry of Rural Development<br>Krishi Bhavan,<br>New Delhi.  | Member   |
| 3. | Additional Secretary & Financial Adviser<br>Ministry of Rural Development<br>Krishi Bhavan, New Delhi  | Member   |
| 4. | Additional Secretary,<br>Department of Land Resources,<br>Ministry of Rural Development,<br>NBO Building, 'G' Wing, Nirman Bhavan,<br>New Delhi. | Member   |
| 5. | Shri Badal Das<br>Principal Secretary (Rural Development),<br>Government of Madhya Pradesh,<br>Bhopal.   | Member   |

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|-----|---|--------|
| 6.  | Shri Chinmay Basu<br>Secretary (Rural Development),<br>Government of Orissa,<br>Bhubneshwar.  | Member |
| 7.  | Shri Srinivas Murthy<br>Secretary (Rural Development),<br>Government of Karnataka,<br>Bangalore.  | Member |
| 8   | Ms. Chandra Iyengar<br>Secretary (Rural Development),<br>Government of Maharashtra,<br>Mumbai.  | Member |
| 9.  | Director General<br>National Institute of Rural Development,<br>Rajendra Nagar,<br>Hyderabad.   | Member |
| 10. | Director General<br>Council for Advancement of Peoples’<br>Action & Rural Technology (CAPART),<br>Ministry of Rural Development,<br>India Habitat Centre, Lodhi Road,<br>New Delhi. | Member |
| 11. | Shri Y. C. Nanda<br>Chairman,<br>National Bank for Agriculture & Rural Development,<br>Sterling Centre, Dr. A.B. Road,<br>Worli, Bombay.  | Member |
| 12. | Prof. Hanumantha Rao<br>Director,<br>Centre for Economic & Social Studies,<br>Nizamiah Observatory Campus, Begumpet,<br>Hyderabad.  | Member |
| 13. | Shri V. Suresh<br>Chairman & Managing Director,<br>Housing & Urban Development Corporation,<br>India Habitat Centre,<br>Lodhi Road,<br>New Delhi.                                   | Member |

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|-----|--|------------------|
| 14. | Prof. G. K. Chadha<br>Professor of Economics,<br>Centre for Study of Regional Development,<br>Jawaharlal Nehru University,<br>New Delhi.   | Member           |
| 15. | Prof. Indira Hirway<br>Director & Professor of Economics,<br>Centre for Development Alternatives,<br>E-71 Akash, Near Chief Justice's Bungalow,<br>Bodakdev, Ahemdabad,<br>Gujarat.  | Member           |
| 16. | Prof. Ravi S. Srivastava<br>Professor of Economics,<br>Centre for the Study of Regional Development,<br>Jawaharlal Nehru University,<br>1328, Poorvanchal, JNU Campus,<br>New Delhi. | Member           |
| 17. | Dr. Raghav Ghia<br>Professor,<br>Faculty of Management Studies,<br>University of Delhi,<br>Delhi.  | Member           |
| 18. | Shri Rajesh Tandon<br>Director,<br>Society for Participatory Research in Asia(PRIA),<br>42 Tughlakabad Institutional Area,<br>New Delhi.   | Member           |
| 19. | Ms Renana Jhabvala<br>Self-Employed Women Association (SEWA),<br>Ahemdabad,<br>Gujarat.  | Member           |
| 20. | Shri D. Pulliah<br>Ex – M.P.,<br>City Press Compound,<br>Bellary, Karnataka.   | Member           |
| 21. | Dr. Rohini Nayyar<br>Adviser (Rural Development),<br>Planning Commission,<br>New Delhi.  | Member Secretary |

III. The terms of reference will be as follows:

1. To study and analyse the trends in rural poverty Statewise and at all India level.
2. To examine the ongoing rural poverty alleviation and area development programmes and recommend steps for strengthening the programmes to overcome the problems and bottlenecks being encountered in their implementation. In this light also, assess the role of the State Sector Schemes
3. To review the process of planning, implementation, evaluation and monitoring of the anti-poverty and area development programmes at different levels, and suggest improvements.
4. To recommend a package targeted at poverty alleviation, development of watersheds and rural infrastructure and extension social security benefits with a view to uplift the poor especially women and disadvantaged sections. To propose ways of improving the infrastructural support systems and forward and backward linkages which are critical for the success of these programmes.
5. To review the existing policy on rural housing and land reforms and to work out a suitable frame work for the Tenth Plan.
6. To examine the impact of watershed development projects/programmes particularly focusing on the issues of gender empowerment and social equity and suggest measures to improve the performance of these projects/programmes.
7. To review the status and performance of the Panchayati Raj Institutions (PRIs) in the light of the 73<sup>rd</sup> Constitutional Amendment Act and suggest modalities for effective functioning of the Panchayati Raj Institutions(PRIs). To evaluate the role of Non Governmental Organisations(NGOs) in the implementation of poverty alleviation and area development programmes. To suggest the steps to be taken for establishing an effective interface between PRIs and NGOs and other community based organizations.
8. To suggest the modalities for greater convergence and integration between the various poverty alleviation, area development and sectoral programmes.

IV. The Chairman of the Steering Group may set up sub-group/task forces, if necessary for undertaken in-depth studies and formulation of plan proposals.

V. The Steering Group may co-opt non-official experts/representatives of other agencies if required.

VI. The expenditure of the Members of T.A./D.A in connection with the meeting of the Steering Group will be borne by the parent-Department/Ministry/Organisation. The expenditure, if any, in respect of non-official Members will be borne by the Planning Commission as per rules and regulations of T.A./D.A. applicable to Grade-I officers of Government of India.

VII. The Steering Group will submit its final report to the Planning Commission by 31.05.2001.

Sd/-  
**(T.R. Meena)**  
Deputy Secretary (Administration)

Copy to: All Members of the Steering Group

Copy also to:

PS to Deputy Chairman, Planning Commission  
PPS to MOS (Planning), Planning Commission  
Sr. PPS to Secretary, Planning Commission  
PS to Member (KA), Planning Commission  
Heads of all Divisions  
All Officers of the Rural Development Division  
PA to Director (Administration)/Section Officer (Admn-I)  
Reception Officer, Planning Commission

**No. M-12018/1/2000 – RD  
Planning Commission  
(Rural Development Division)**

**Yojana Bhavan, Sansad Marg  
New Delhi, February 19, 2001**

**Addendum**

**Subject: Steering Group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions.**

This in continuation of earlier order of even number dated 15.12.2000 on the subject mentioned above.

This is to inform you that Shri G.D. Sharma, Director(RD), Room No. 220-B, Yojana Bhavan, Sansad Marg, New Delhi – 110001 Tel. 3711928, 3715481/2238 will act as the Nodal Officer and any further communication/clarification in this regard may be made with the Nodal Officer.

Sd/-  
**(T.R. Meena)**  
Deputy Secretary(Admn)

**Copy to:** All Members of the Steering Group

**Copy also to:**  
PS to Deputy Chairman, Planning Commission  
PPS to MOS (Planning ), Planning Commission  
Sr. PPS to Secretary, Planning Commission  
PS to Member (KA), Planning Commission  
Heads of all Divisions  
All Officers of the Rural Development Division  
PA to Director (Administration)/Section Officer (Admn-I)  
Reception Officer, Planning Commission

**No. M-12018/1/2000 – RD  
Planning Commission  
(Rural Development Division)**

**Yojana Bhavan, Sansad Marg  
New Delhi, dated March 29, 2001**

**ORDER**

**Subject: Steering Group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions.**

In continuation of the office order of even number dated 15<sup>th</sup> December, 2000 regarding constitution of the above Steering Group for the formulation of Tenth Five Year Plan, the following amendments are made:-

<b><u>For</u></b>		<b><u>Read as</u></b>	
Ms Renana Jhabvala Self-Employed Women Association (SEWA), Ahemdabad, Gujarat.	Member	Ms Reema Nanavatty General Secretary Self-Employed Women Association (SEWA), Ahemdabad, Gujarat.	Member
Prof. Hanumantha Rao Director, Centre for Economic & Social Studies, Nizamiah Observatory Campus, Begumpet, Hyderabad.	Member	Prof. S. Mahendra Dev Director, Centre for Economic & Social Studies, Nizamiah Observatory Campus, Begumpet, Hyderabad.	Member

Sd/-  
**(T.R. Meena)**  
Deputy Secretary (Administration)

**Copy to:** All Members of the Steering Group

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Reception Officer, Planning Commission

**No. M-12018/1/2000 – RD  
Planning Commission  
(Rural Development Division)**

**Yojana Bhavan, Sansad Marg  
New Delhi, May 28, 2001**

**ORDER**

**Subject: Steering Group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions.**

In continuation to Planning Commission order of even number dated 15.12.2000 regarding constitution of the Steering Group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions for the formulation of the Tenth Five Year Plan, it has been decided to extend the term of the Steering Group up to 31.7.2001.

Sd/-  
**(T.R. Meena)**  
**Deputy Secretary(Admn)**

**Copy to:**

All Members of the Steering Group

**Copy also to:**

PS to Deputy Chairman, Planning Commission  
PPS to MOS (Planning ), Planning Commission  
Sr. PPS to Secretary, Planning Commission  
PS to Member (KA), Planning Commission  
Heads of all Divisions  
All Officers of the Rural Development Division  
PA to Director (Administration)/Section Officer (Admn-I)  
Reception Officer, Planning Commission

**No. M-12018/1/2000 – RD  
Planning Commission  
(Rural Development Division)**

**Yojana Bhavan, Sansad Marg  
New Delhi, September 18, 2001**

**ORDER**

**Subject: Steering Group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions.**

In continuation to Planning Commission order of even number dated 15.12.2000 regarding constitution of the Steering Group on Rural Poverty Alleviation, Watershed Development and Decentralised Planning & Panchayati Raj Institutions for the formulation of the Tenth Five Year Plan, it has been decided to extend the term of the Steering Group up to 31.10.2001.

It has been decided to co-opt (i) Prof. Bina Agarwal, Institute of Economic Growth, Delhi University, Delhi; and (ii) Air Vice Marshal S. Sahni, Development Alternatives, 1077 Civil Lines, Jhansi – 284001, Uttar Pradesh as Members of the Steering Group.

Sd/-  
**(T.R. Meena)**  
**Deputy Secretary(Admn)**

**Copy to:**

All Members of the Steering Group

**Copy also to:**

PS to Deputy Chairman, Planning Commission  
PPS to MOS (Planning ), Planning Commission  
Sr. PPS to Secretary, Planning Commission  
PS to Member (KA), Planning Commission  
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