

REPORT OF THE COMMITTEE TO  
REVIEW THE EXISTING ADMINISTRATIVE  
ARRANGEMENTS FOR RURAL DEVELOPMENT  
AND POVERTY ALLEVIATION PROGRAMMES

( C A A R D )



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The Committee was set up by the Planning Commission, and was given secretarial support by the Department of Rural Development, Ministry of Agriculture, Government of India.

DEPARTMENT OF RURAL DEVELOPMENT  
MINISTRY OF AGRICULTURE  
DECEMBER 1985

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# PREFACE

The Government of India, in the Planning Commission, constituted a Committee in their letter No. M. 13043/5/83-RD-AS dated 25th March, 1985, to review the existing administrative arrangements for rural development and poverty alleviation programmes and to recommend appropriate structural mechanisms to ensure that they are planned in an integrated manner and effectively implemented. I was appointed as Chairman of that Committee.

2. The Committee met 7 times. A National workshop was sponsored, and held at the National Institute of Rural Development, Hyderabad from July 9-11, 1985. A number of distinguished people consisting of academicians, economists, social scientists, administrators, bankers as well as functionaries at the district level and below participated in the workshop. A number of papers were presented, and 4 Working Groups discussed different aspects of the problem. This Workshop gave the Committee a feel of the problems faced at the State level and below, in the implementation of the programme of rural development.

3. The Committee also had the advantage of studying a number of reviews of the anti-poverty programmes which had been conducted by agencies like the NABARD, the Programme Evaluation Organisation, the Comptroller and Auditor General of India and also various academicians who have carried on a lively debate about these programmes during the last 2-3 years.

4. The Committee after taking into account these views, discussed all aspects about the subject, and have come to appropriate conclusions. The Committee has since completed its formulation of the report, and I have great pleasure to forward it to you.

5. I would like to mention some of the important points which constitute the core of the report.

(i) The time has now come to take a total view of Rural Development. It has to encompass all fields of economic activities handled by different organisations at the field level. It is not advisable any longer to limit the anti-poverty programmes only to a few schemes. It is necessary that economic growth should be poverty alleviating and poverty alleviation programmes should be growth oriented.

(ii) The implementation of the programmes so far have revealed certain defects. Uniform patterns for the whole country will not do. While the objectives for removal of poverty as laid down in the Seventh Plan, must be adhered to, local initiative must be encouraged and the detailed strategy worked out by local people. It is, therefore, essential to involve the people, and their representatives, effectively in drawing up programmes of rural development and their implementation.

(iii) The Panchayati Raj bodies viz. the Zila Parishad, Panchayat Samities, Mandal or village panchayats have to be activated, and given all the support needed so that they can become effective organisations for handling their own problems. Election to these bodies should be held regularly and care taken to see that they are not superseded for trivial reasons.

(iv) After a long time, the election to the Parliament, and all the State Assemblies have been completed. Elected Governments are now in charge in all the States. No State is under President's

Rule. This is indeed an achievement to be proud of, and the moment is ripe for further Democratisation and introduction of participatory features in tackling the problems of Rural Development

(v) A drive should, therefore, be undertaken to have elections to Zila Parishads, Panchayat Samities, Village or Mandal Panchayats completed before 31st December, 1986 by declaring 1986, "The Year of Panchayati Raj". This requires political will from the highest level.

(vi) The District is the proper unit for planning and development. The Zila Parishad should, therefore, become the principal body for management of all development programmes which can be handled at that level. The President of the Zila Parishad can be directly elected for a term co-terminus with the Zila Parishad, or for one year each on the Mayoral pattern. The work of the Zila Parishad should be done by a number of sub-committees, elected on the basis of the proportional representation, so that participatory democracy could be developed and encouraged.

(vii) There are far too many officers dealing with Development Administration at the State level. This should be immediately rectified. A senior officer of the level of a Chief Secretary to Government should be appointed as Development Commissioner, as was the case formerly. He should be assisted by a number of Secretaries to Government, and who will ensure that leadership of an exceptionally high quality is provided.

(viii) Development has come of age. It is desirable to recognise this in our administrative structures. It is high time that a radical departure is made and the reliance on feudal and colonial structures done away with. At the district level, a post of a District Development Commissioner be created and an officer with a service of minimum of 11-16 years, and invariably senior to the Collector should be appointed. He should be the head of all the Development Departments and be assisted by, among others, a District Planning Officer, a District Finance and Accounts Officer and an officer dealing exclusively with anti-poverty programmes. The District Development Commissioner should also be the Chief Executive Officer of the Zila Parishad.

(ix) The Collector will continue to function and be in charge of Law and Order, Land Revenue, Excise, Registration, Elections etc. These functions have been neglected, and it would not be advisable, for the time being to place them under the Zila Parishad.

(x) The Block Development Officer has become ineffective, and the credibility of the organisation has been eroded considerably during the last decade. This should be rectified by having an Assistant Development Commissioner at the Taluka or block level. He should be invariably an officer below 35 years of age, should be adequately trained and motivated. The organisation at the Block Level should be well knit, and all Development activities effectively coordinated.

(xi) The system of deputations from one Department to those dealing with anti-poverty programmes should be dispensed with. The principal officers of all the Development Departments viz. Agriculture, Education, Public Works or Public Health etc. should be the officers who have to be held responsible for the implementation of rural development, including anti-poverty programmes.

(xii) The concept of a District budget has been enunciated for the first time. It is desirable that this is brought into being as quickly as possible.

(xiii) The concept of a properly prepared District Plan has been reiterated. The preparation of a proper plan is a pre-requisite for having a process of development which will ensure that the poor are properly taken care of. All the Development Departments should clearly indicate the activities which they would undertake for assisting the poor. The creation of proper linkages between different agencies, and providing the needed infrastructure should be clearly indicated in the District Plan, which should make use of all the resources available both in the Plan and non-plan, as well as Institutional resources.

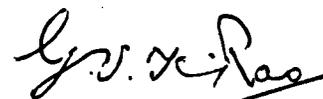
(xiv) It is essential to encourage voluntary agencies, so that a number of people will initiate innovative and experimental programmes of rural development. A sophisticated policy of encouraging these agencies is necessary.

(xv) The processes of Economic Development themselves should be so designed as to remove poverty. The implementation of Land Reforms has to be done with greater vigour so as to ultimately ensure that the land goes to the tiller.

(xvi) The recommendations will involve a total restructuring of the development machinery at the district level and below. There are far too many government functionaries at the District level, who are working at cross purposes. A detailed review is necessary in each District, and unnecessary posts and agencies abolished. It will be necessary to strengthen the administrative structure at the block level and below.

6. The States may be requested to prepare specific schemes for the district indicating the posts to be abolished, and also the new posts, if any, to be created. These proposals could be scrutinised by a Committee of Secretaries of the Government of India and sanctions given quickly, so that they could be implemented from the second year of the Seventh Plan. The extra cost may be shared between the Government of India and the State Government in the ratio of 2:1.

7. I would like to place on record the generous assistance given to the Committee in its work by all officers of the Department of Rural Development and also of the Planning Commission. In particular, I would like to sincerely thank Shri Shivraj Singh, Joint Secretary, who functioned as a Member Secretary and also Dr. N.J. Kurian, Director of Department of Rural Development, both of whom took considerable trouble in collecting data and exhibited exemplary zeal and competence in facilitating the work of the Committee, in a short period.



(G.V.K. Rao)  
Chairman

Committee on Administrative  
Arrangements for Rural Development

December 24, 1985

## CHAPTER-I INTRODUCTION

1.1 Rural Development as an integrated concept for growth, social justice and poverty alleviation continues to be one of the principal areas of emphasis in the 7th Five Year Plan. The effective implementation of rural development programmes in an integrated manner, calls for better planning at the district level and below, closer monitoring, concurrent evaluation and tighter organisational set up to ensure optimum use of resources and to reach the benefits to those for whom they are meant. The Planning Commission, therefore, set up this Committee to review the existing administrative arrangements for rural development and poverty alleviation programmes and to recommend appropriate structural mechanism to ensure that they are planned in an integrated manner and implemented effectively.

### COMPOSITION AND TERMS OF REFERENCE

1.2 The composition of the Committee is as follows :

- |    |  |          |
|----|--|----------|
| 1. | Dr. G.V.K. Rao, Ex Member<br>Planning Commission.  | Chairman |
| 2. | Dr. P.C. Joshi, Professor<br>Institute of Economic Growth,<br>New Delhi.                             | Member   |
| 3. | Dr. B.D. Sharma,<br>Vice Chancellor,<br>North-Eastern Hill University<br>Shillong.                   | Member   |
| 4. | Prof. G. Rama Reddy,*<br>Vice Chancellor,<br>Andhra Pradesh Open University<br>Hyderabad.            | Member   |
| 5. | Dr. Asim Dasgupta,<br>Member, State Planning Board,<br>West Bengal, Calcutta.                        | Member   |
| 6. | Shri Anil C. Shah,<br>Chief Executive,<br>Aga Khan Rural Support<br>Programme (India),<br>Ahmedabad. | Member   |

\* Now Vice Chancellor Indira Gandhi Open University, New Delhi.

- |     |   |           |
|-----|---|-----------|
| 7.  | Adviser, Rural Development, **<br>Planning Commission,<br>New Delhi.  | Member    |
| 8.  | Shri.K. Subramaniam,<br>Managing Director,<br>Nizam Sugar Factory,<br>Hyderabad.  | Member    |
| 9.  | Shri J.C. Jetli, Addl. Secretary,<br>Ministry of Agriculture,<br>Department of Rural Development,<br>New Delhi.   | Member    |
| 10. | Shri G.L. Bailur, @<br>Financial Commissioner &<br>Secretary to Government,<br>Forests and Wild Life<br>Preservation Departments,<br>Haryana, Chandigarh. | Member    |
| 11. | Dr. V. Venkatesan, Joint Secretary<br>(Extension) & later Dr. T.V. Sampath,<br>Agriculture Commissioner, Ministry<br>of Agriculture, New Delhi.           | Member    |
| 12. | Shri Shivraj Singh, Joint Secretary,<br>Ministry of Agriculture,<br>Deptt. of Rural Development,<br>New Delhi.  | Secretary |

1.3 Besides the above members, Shri M. Subrahmaniam, Secretary, Department of Agriculture & Cooperation, Shri K. Ramanujam, Secretary, Department of Personnel & Training, Shri D. Bandyopadhyay, Secretary, Department of Rural Development, Dr. P.R. Dubhashi, Director, IIPA, Shri M. Vardarajan, Agricultural Production Commissioner, Uttar Pradesh and Dr. K.V. Sundaram, Joint Adviser, Planning Commission served as permanent invitees to the Committee. Also Shri K.S. Sastry of the Comptroller and Auditor General's Office was co-opted as a member of the Committee.

#### 1.4 THE TERMS OF REFERENCE OF THE COMMITTEE ARE AS FOLLOWS :

(1) To review the existing organisational set up, and on going Rural Development and Poverty Alleviation Programmes, and identify structural overlaps and constraints in the integrated delivery of services under different Programmes.

\*\* Dr. B.N. Sahay, Joint Adviser,  
Planning Commission, attended the meeting.

@ Shri Bailur could not attend any meeting.

(2) To suggest an appropriate administrative set up at the district level and below, which could provide an integrated framework for decentralised planning and implementation of these programmes.

(3) To study the role of *Panchayati Raj* Bodies and their relationship with the proposed administrative set up, and to make appropriate recommendations in this regard.

(4) To examine and make recommendations with regard to the relationship and working linkages between the proposed organisational set up and other agencies such as voluntary organisations, cooperatives and financial institutions, as part of a total delivery mechanism for Rural Development; and

(5) To suggest arrangements that would best ensure an effective participatory role for members of the target groups and appropriate relationship between them and the organisational set up.

The notification issued on the Constitution of the Committee is given at Annexure I-A.

1.5 The Committee held seven meetings, all at New Delhi excepting the 3rd meeting which was held at Hyderabad, on the following dates :-

1st	20th April, 1985
2nd	1st June, 1985
3rd	12th July, 1985
4th	6th September, 1985
5th	30th October, 1985
6th	29-30th November, 1985
7th	23-24th December, 1985

1.6 A National Workshop was sponsored by the Committee which was held at the National Institute of Rural Development, Hyderabad from 9th to 11th July, 1985. About 100 distinguished personalities, consisting of academics, economists, social scientists, heads of voluntary organisations, administrators, bankers as well as operational level rural development functionaries attended the workshop. The Workshop was inaugurated by Dr. C.H. Hanumantha Rao, Member Planning Commission. After the general discussions, four groups were formed for detailed deliberations; Group I on the Organisational set up for Rural Development, Group II on Panchayati Raj Bodies, Group III on Cooperatives and Financial Institutions and Group IV on Role of Voluntary Agencies and Organisations of the Poor. The recommendations of the Groups along with the list of participants is given at Annexure I-B.

1.7 To discuss conceptual issues, relating to Rural Development and poverty alleviation Programmes, the Committee held a meeting with a group of eminent economists and social scientists on 5th September, 1985 in Delhi. The Committee called on Shri P.V. Narasimha Rao, Union Minister for Human Resources Development and had a fruitful exchange of views. The Committee also had the benefit of exchanging views with a few eminent experts, viz. Dr. M.S. Swaminathan, Director International Rice Research Institute Manila, Dr. C.H. Hanumantha Rao, Member Planning Commission and Shri D.D. Sathe, Ex-Chief Secretary, Government of Maharashtra.

1.8 The present report is divided into the following ten chapters :-

<b>Chapter I</b>	Introduction
<b>Chapter II</b>	Rural Development and Poverty Alleviation : Some Conceptual Issues.
<b>Chapter III</b>	Review of Rural Development, Administrative arrangements and existing structure.
<b>Chapter IV</b>	Decentralised Planning at District Level and Below.
<b>Chapter V</b>	District Budgeting
<b>Chapter VI</b>	Panchayati Raj — Past, Present & Future.
<b>Chapter VII</b>	Role of Voluntary Agencies and Organisation of the poor.
<b>Chapter VIII</b>	Credit
<b>Chapter IX</b>	Proposals for future administrative set up.
<b>Chapter X</b>	Summary of Recommendations.

1.9 The Committee has recognised the critical importance of the administrative arrangements, right from the village level upto the district level, for rural development and poverty alleviation programmes, so as to achieve the desired results. The Committee has observed that there is a broad consensus among experts, policy makers and programme Operators that the basic unit for policy planning and programme implementation should be the district. With the implementation of a number of rural development and poverty alleviation programmes, from time to time, a number of agencies/offices have come into being at various levels. The Committee feels that there is a need for major restructuring and rationalisation of these agencies/offices. The Committee has ventured to make a number of recommendations for revamping, rationalising, restructuring etc. of the administrative arrangements for rural development and anti-poverty programmes. The staffing pattern suggested in the report is only illustrative and the State Governments are expected to adopt it by making suitable adjustments, depending upon local conditions and needs. It is hoped that the State Governments/UTs. and all others concerned would examine the various recommendations relating to them in the report and take speedy and effective action on them.

## CHAPTER-II

# Rural Development and poverty alleviation :

### Some conceptual issues

2.1 The Committee focussed its deliberations and recommendations primarily on review and restructuring of administrative arrangements for more effective implementation of rural development and anti-poverty programmes. However, reviewing the implementation processes in different parts of the country, the Committee felt very strongly that not all the short falls and failures in realising the objective of poverty alleviation were caused by weaknesses and defects of the administrative set-up. Administrative restructuring alone, therefore, cannot be expected to accelerate the processes of poverty alleviation. Shortfalls and failures in achieving the anti-poverty objective were more fundamentally derived from certain basic deficiencies and ambiguities in the approach and concepts of rural development and poverty alleviation. The Committee, therefore, found it necessary to view the question of administrative restructuring in the background of reviewing and clarifying the basic concepts themselves underlying the development strategy and anti-poverty programmes. The Workshop discussions among social scientists, administrators, and representatives of voluntary agencies at NIRD, Hyderabad also highlighted the importance of some basic rethinking on the existing conceptions and their philosophical and operational implications. The Social scientists whom the Committee met also provided insights and information extremely useful in understanding the conceptual deficiencies of existing programme and strategies which, apart from the concern for the poor, also reflected the distorting influence of short-term view and pressures of politicians and other interest groups.

2.2 The Committee noted that in recent years social science research and investigators had contributed valuable quantitative data and analysis of mass poverty. These had also contributed insights on the qualitative side of the poverty question— its emergence as the foremost political issue of our times and unprecendent unrest and awakening among the poor, especially the rural poor whose poverty was intertwined also with social inequality and injustice. All this gave poverty removal a sharp political edge and urgency. Scientific research had also highlighted that in the present scientific age the conquest over poverty had become an attainable goal within a foreseeable future, if a developing country had the required political will to mobilise all its resources for an anti-poverty programme and to overcome the resistance of vested interests. Late-comer countries had at their disposal the vast experience of Western Welfare states and of socialist societies. Further, they could also tap fresh knowledge now available about the working of natural and social systems and processes in developing countries which was relevant for achieving the anti-poverty objective.

2.3 There was also the positive evidence of alleviation of the worst forms of poverty and destitution from many developing countries and from many pockets within India itself. It is the combination of effective State intervention from above and social initiative and mass mobilisation from below which had produced significant results in pulling sizeable sections of the poor out of age old poverty, in many parts of the developing world. The attention of the Committee has also been drawn

very pointedly to the sharp contrast which India presents with its persistent mass poverty to many other Asian countries, far less endowed with growth potential and scientific expertise and far less radical in their social and political philosophy. The latter had wiped out in a big way hunger and destitution of the rural masses which are yet a chronic feature of Indian life in large parts of India.

2.4 Why this persisting mass poverty still in India ? Some basic questions have been raised, both of a conceptual and operational, political and techno-economic nature. These basic questions were : What are the assumptions underlying the agricultural development and anti-poverty programmes in regard to casual-nexus between technology and agrarian structure, development programmes and strategies and the power structure ? What chain of cause-effect relations has been assumed by the planners between the general development strategy (including agricultural development strategy) on the one hand and rural development and anti-poverty programmes on the other ? How far these assumptions and premises are derived from an adequate conceptual framework, adequate in terms of explaining the phenomena of mass poverty ? What are structural mechanisms and process which continue to make the rich richer and which did not allow the mass of the poor to be released from the vicious circle of poverty, dependence and exploitation, though they certainly allowed the upper layer of the poor to rise above the poverty line ? Are development processes making an effective and perceptible dent on mass poverty ? Are they emancipating the poor from chronic poverty-dependence- exploitation trap ? Are they assisting them to cross the poverty barrier and to secure their release on an enduring basis from exploitation by the richer classes on whom they are dependent for their day to day survival and subsistence ?

2.5 The Committee was aware that adequate answers to these questions were not yet available. Further, research work of a multi-disciplinary nature and of sufficient empirical depth and region-specificity was required to provide adequate scientific support to the action programmes directed at alleviating mass poverty. At the same time, the Committee noted that policy makers had not absorbed fully the valuable insights and information that were already available from recent social science studies. These focussed on the phenomena of emerging "structural dualism" in the economy and society which aggravated the problem of mass poverty and which resulted in the increasing disjunction between the growth objective on the one hand and the anti-poverty objective on the other. The inner dynamics of the emerging economic system and the logic of overall development accentuated the hiatus between the classes and the masses and resulted in growing marginalisation of the poor. It was felt that it will be highly unrealistic to assume that anti-poverty programmes alone can effectively counteract these tendencies and tilt the overall balance in favour of the poor.

2.6 What, therefore, emerged from the discussions was that mass poverty was not just a sectional, sectoral or partial problem which could be tackled through sectional, sectoral or partial approaches. Poverty was the product of the total system—economic, technological, social, educational, cultural, political and moral. Left to its own logic in a dynamic context, the dominant tendency of the system worked not in favour but against the interest of the masses. Consequently, poverty could not be removed without consciously and determinedly re-orienting and restructuring the entire elite-dominated system and its economic, technological, social, cultural, political and moral forces in favour of the masses. Poverty was the product of social inequality and exploitation on the one hand and under-development on the other. Poverty was as much the consequence of inequitous and exploitative patterns of growth as of absence of growth. Any anti-poverty approach which did not take an integrated view and which did not propose a simultaneous fight against social inequality and exploitation at one end and under-development at the other was bound to be ineffective and even harmful for the interests of the poor. Poverty eradication required a mass-oriented total approach in all strategic spheres.

2.7 The fact that the planning strategy did not ensure adequate dovetailing of the growth strategy with the anti-poverty objective and of the anti-poverty strategy with the growth potential of the region denoted the absence of an integrated and total approach both to development and poverty amelioration. It clearly implied that the planners have yet to take full cognizance of the constraints imposed by the dualistic structure on tapping the anti-poverty potential of growth programmes and processes. They have yet to think seriously about mechanisms of neutralising these constraints. These constraints can be neutralized only through mass-oriented agrarian reform, labour-absorbing and land-augmenting technological innovation, political decentralisation and administrative restructuring to ensure planning from the bottom, and above all, grass-roots mobilisation of the poor.

2.8 The Committee noted that Jawaharlal Nehru had himself highlighted the importance of an integrated conception of social change and economic growth, the former involving fight against exploitation and injustice and the latter against underdevelopment for achieving poverty alleviation. In his speech entitled 'Crossing the Barrier of Poverty' delivered in 1958, Nehru noted :

'If left to normal forces under the capitalist system, the poor will get poorer and a handful of rich richer. It is true that the state will intervene. From the riches of the rich it will provide the poor with education, health; housing and other amenities. But such interference does not solve the basic difficulty of a system which widens the gap.'

2.9 In this context Nehru outlined the role of planning as "essentially a process whereby we stop these cumulative forces at work which make the poor poorer and start a new series of cumulative forces which make them get over that difficulty. We have to stop the cumulative forces which make the rich richer and we have to start the cumulative forces which enable the poor to get over the barrier of poverty." In other words, a programme of alleviating poverty at the bottom cannot be effective without incorporating in it effective measures to stop the accumulation of wealth among the top and middle classes.

2.10 In support of this trend of thought Nehru also recalled Mahatma Gandhi's valuable insights into mass poverty and the Gandhian strategy of a two-fold reform, one directed at the top against elite acquisitiveness and affluence and the other directed towards the bottom for mass uplift-towards strengthening the access of the poor to the means of production and their role in the production system and production processes. Nehru was also aware of the difficult choices to be encountered in the battle against poverty. In his well known document entitled 'Basic Approach' prepared for discussion at the AICC in 1958, Nehru stated in clear terms that in view of India's "terrible" problem of extreme poverty we have always a difficult choice before us : whether to concentrate on production by itself in selected and favourable areas, thus for the moment rather ignoring the poor areas, or try to develop the backward areas at the same time so as to lessen the inequalities between regions". Nehru's answer was clear and unambiguous that "a balance has to be struck and a national plan evolved"

2.11 Arising from above, the Committee noted that the persistence of mass poverty and its aggravation in certain regions has its source in a large measure in the policy choices made specially during the mid sixties in the field of agricultural planning. The new agricultural strategy, as Professor D.R. Gadgil pointed out during Fourth Plan discussions, was based on "concentrating agricultural development effort in selected areas where it was felt, due to previous existence of socio-economic overheads and earlier investments, the returns to additional investments would be specially large". Prof. Gadgil characterised this "as a short term view which led over the years to increasing the disparity in conditions between the backward and the less endowed areas which have been neglected and the already developed areas which have been further developed". He also pointed out that the

emphasis of recent development has not meant development of areas having easily developable resources as the prolonged neglect of underground water resources in the Indo-Gangetic basin and elsewhere has highlighted.

Prof. Gadgil had, therefore, recommended a shift of approach during the Fourth Plan itself. He recommended that in view of the basic role of agriculture in the economy and in the livelihood of the masses, "not only intensive, secure and irrigated agriculture in the already developed areas but primarily production in all types of areas, secure or insecure, developed or underdeveloped must receive close attention". This meant making investments in all vital fields including scientific research and technological innovation, social development, social consumption and social security. The Committee noted that this shift of approach which has enormous and untapped anti-poverty potential has still to be brought about.

2.12 The Committee further took note of the view that an approach of concentrating on the larger proportion of the land surface without consideration of the larger proportion of the labour-power had also accentuated the inequality and the poverty problem. This approach underlying the new agricultural strategy resulted in concentration for agricultural development on a selected class of "middling and substantial farmers" controlling almost 80% of the operated land, while giving a low priority to 80% of the agricultural population consisting of the small and marginal cultivators and agricultural labourers who controlled only 15% to 20% of the land surface. In other words, an unequal sharing of the benefits as between different classes of the rural population and a virtual neglect of the poor regions and poor classes was in-built into the past agricultural strategy itself. As stated by the Seventh Five Year Plan, this created a situation in which 15% of the area under production accounts for 50% of the increase in foodgrains production in the post-Green Revolution period. The inequality of the development process is further evident from the fact that 30% of the population accounts for over 50% of the income-expenditure both in rural and urban areas and for the bulk of demand in manufactured goods.

2.13 If the anti-poverty objective and not the pure growth objective has to be given primacy, then, as Prof. Gadgil pointed out long back, "the importance of giving attention to labour as a valuable though neglected resource in Indian plan of development cannot be overemphasised. No equitable distribution of benefits of development is possible unless the use of labour resources is put in the forefront". After a wide-ranging and indepth discussion on conceptual issues, the Committee noted the following points as of great operational importance for the anti-poverty objective :

2.14. Firstly, planning since Independence had not yet succeeded in utilising the full potential of modern science and technology and techniques of social engineering for the fight against poverty. This is largely because poverty is still treated as a sectional problem to be tackled through sectional programmes and a partial approach and not through a total approach and a total mobilisation of society's entire growth potential for national war against mass poverty. As a result the persistence and even accentuation of mass poverty has continued alongside emergence of an affluent and consumerist sub-society in India. The Committee feels that there is a wide gap between profession and practice in a political system which upholds the ideal of a just society but allows islands of elite affluence to emerge and grow in the midst of mass poverty, deprivation and destitution; which allows a small part of society to have luxuries, comforts and amenities available to the rich in developed countries without trying hard to provide the poor with the basic needs of their survival (viz. food, drinking water, clothing, shelter, protection from diseases arising from undernourishment and malnourishment, literacy and legal aid etc.). Such a system is not only indifferent to the interest of the poor; it is indifferent to the national interest. The division between rich and poor, which still continues to be the most important division, poses a serious threat to national integration and social

cohesion from within. The anti-poverty objective, therefore, requires not only more effective programmes for lifting the poor above the poverty line. It also requires more effective programmes to contain the rich, to prevent and curb the growth of consumerism, and to stop the diversion as well as leakages of the productive resources of rural areas towards meeting the consumerist "greed" of the elite classes in the urban areas.

2.15 The Committee noted that there is an overlap of mass poverty, with lack of access of the poor to productive assets, social inequality and injustice, illiteracy and superstition, lack of information and consciousness of rights and lack of political organisation among the poor. The battle against poverty, therefore, has to be fought on several fronts at the same time to replace the vicious circle of poverty with the virtuous circle of prosperity. In short, without the support of the entire political, economic, social, cultural, scientific, technological and health and educational programmes being geared to the objective of poverty alleviation, anti-poverty programmes will only act as palliatives and not as effective agents of poverty alleviation.

2.16 Secondly, there is growing evidence in support of the view that the vast poverty-alleviating potential of agricultural development and rural economic diversification still remains grossly underutilised. In the relatively developed regions which have been the beneficiaries of the Green Revolution, the economic surpluses resulting from it have yet to be channelised in the direction of development of the non-farm, non-agricultural and tertiary sectors of the economy. An important policy challenge lies in preventing the diversion and leakages of these surpluses in non-priority areas of conspicuous consumption, unproductive asset preferences and speculative activities by the 'new rich'. The conversion of these surpluses into capital accumulation for rural economic diversification and educational and cultural development will itself make an immense contribution to poverty alleviation.

2.17 In the rich-economy regions, as the experience of many Asian countries confirms, there is potentially large complementarity rather than conflict between growth and equity, agricultural development and poverty alleviation, if appropriate policies are evolved and implemented. For these complementarities to be fully tapped and for the conflict between more production and equitable distribution to be effectively neutralised, what is required is an integrated package of growth and equity in which tiller-oriented and production-promoting agrarian reforms are blended with labour-absorbing and land-augmenting form of technological progress. Further in these backward regions the "first stage land reforms", which are directed at giving land-to-the tiller by eliminating the discrepancy between ownership and cultivation and by broad-basing land ownership through land ceilings, need to be combined with "second-stage land reforms". The latter are aimed at promoting more efficient land utilisation and land management. This can be ensured through land consolidation, the access to non-land assets, inputs and credit on a group and/or cooperative basis as part of "second stage reforms". Above all, such organisational mechanisms are urgent as, on the one hand, make exploitation of modern-technology by small and marginal farmers possible and, on the other, enable them to collectively resist exploitation by traders, money-lenders, and other exploiters including middlemen and intermediaries of all kinds

2.18 In backward Eastern States like Bihar, East U.P., Orissa etc. which constitute the concentrated pockets of mass poverty, even the first stage land reforms have not yet been fully effected. This is clear from the fact that 50 per cent to 60 per cent of land under rice cultivation is under sharecropping specially in East U.P., Bihar, West Bengal and Assam. Further, land ceilings have also not yet been effectively implemented, leaving large areas of land still under the control of bigger land owners who are cultivating it very inefficiently. Again, in view of the fact that new agricultural

technology has made a much lower holding size than prescribed by the land ceilings, economically viable, there is a case for downward revision of the prescribed land ceilings. While the "first stage land reforms" themselves are not fully implemented, the prospects of utilising new technology has made the implementation of "the second stage land reforms" highly urgent. It is obvious that most of the farms, apart from being small and marginal are also subdivided and fragmented. As a result they cannot utilise new possibilities of improving yields through more efficient exploitation of ground water potential and use of water-fertilizer high yielding seed varieties-based technologies without "second stage land reforms". Without combining together the poor farmers cannot exploit the economies of scale in marketing, purchases of inputs, implements and services etc. The need, is therefore, for effective state action backed by grassroots mobilisation with a view to dovetailing implementation of "first stage" with "second stage" land reforms.

2.19 Apart from organisational and institutional innovations, the adaption of technology to small and marginal farms also requires strengthening of the infrastructure for scientific research and technological services; of effective communication between the vast masses of agricultural producers on the one hand and agricultural scientists and technicians on the other, thereby facilitating linkage between the land and the farm; of efficient information transfer to millions of producers scattered in geographically heterogeneous and isolated regions through a judicious mix of traditional and modern communication modes. Above all, the building up of an efficient and equitable water conservation and distribution system ensuring regular and timely supply of water is a crucial component of technological support to small and tiny farms. In short, the Committee is strongly of the view that with appropriate institutional and technological support, the agricultural sector itself is bound to offer newer and larger opportunities for wholtime and part-time employment not only to the self-employed but also to the landless.

2.20 Thirdly, the target-group-oriented anti-poverty programmes themselves need to be more imaginatively and realistically integrated with the growth potential of the region keeping the area specificities fully in view. As earlier Prof. Godgil pointed out: "Our economy does not have resources to give employment just for the sake of employment. Employment opportunities have to be integrated with the path of development". The Committee noted evidence of mis-direction of funds under IRDP, NREP etc. and leakages in the delivery system. The worst side of it was that the maximum leakage of funds was in backward regions where neither the land base and infrastructural development nor efficient administrative and technical support was available to permit utilisation of funds for the prescribed productive purposes. It has also been pointed out that the erosion of community rights in forests, fisheries, grazing lands and sources of fodder made it extremely difficult for the small and marginal farmers and the landless to tap the vast potential of animal husbandry, fishery and forestry for poverty alleviation.

2.21 Anti-poverty programmes, therefore, have to take into account not only regional peculiarities but also the specific problems of each category of the poor — the potentially viable farmers, the potentially non-viable farmers and the substantial section of landless agricultural labourers. If new asset owners are to be set on a path of self-sustaining development, then infrastructural improvements must accompany if not precede asset transfer. Further, collective and group organisations of the small and tiny producers must be promoted and strengthened to ensure their staying power and bargaining power. Again, policies and procedures must be reformed to provide for construction of wells and other capital assets on private plots of small and tiny farmers with the aid of public funds and public agencies. The supply of technical services to the small farm sector is a crucial element of a poor-oriented agricultural policy. A judicious mix of asset transfer and wage employment has to be worked out to make them mutually reinforcing within the constraints and possibilities provided by factor endowments and the stage of development in each region.

2.22 Fourthly, as indicated earlier, the poverty alleviation programme requires the support of a conscious policy of promoting social development and strengthening social consumption (including health and nutrition, literacy and education, information and communication, legal aid and protection by administrative and social agencies etc.). Literacy and immunity from disease are basic preconditions for facilitating the entry of the poor into the modern world of new skills and productive capabilities. The poor cannot be left to their own private effort and initiative for moving towards modernisation in an unequal world. All the basic institutions of society must be mobilised to aid them in this battle for survival in a changing context and in the difficult transition from survival to growth.

2.23 Fifthly, as a sequel to the passing away of the traditional society, the shift from custom to contract, the change from communal and group loyalties to individualistic orientations, and from charity and philanthropy to notions of social Darwinianism, the poor as a whole, found the emerging total social environment becoming far more insensitive and harsh to them than was the case in the past. In particular the disabled, the handicapped and the aged (including widows, orphans, the victims of disease, accidents, natural and social calamities) were being left uncared and unattended as no new mechanisms of social security has replaced the traditional institutions. They were becoming the *declassé* of the emerging social order. The importance of social institutions at the local level taking over the responsibility of providing security, protection and care to these special categories through free kitchens, care and shelter in community homes, and pensions and state aids of appropriate nature cannot be over-emphasised. Moreover, the poor are exploited by dominant groups through the mechanisms of debt bondage etc. The consumption loans, in addition to production loans, had to be provided to the poor for rescuing them from total dependence on the rich during periods of crisis and distress. Further, in tribal areas and other poverty-stricken regions, effective guarantee has to be provided against land and asset alienation and against the prospect of total expropriation from traditional means of livelihood.

2.24 The Committee feels that the fight against poverty can be meaningful only in terms of a manysided and total policy thrust and intervention to replace exploitative, inegalitarian and oppressive system by a new system oriented to the needs of the poor in key sectors, both on a short term and long term basis.

2.25 In the short run, the policy objective should be to protect the poor from expropriation, proletarianisation and marginalisation. In the long run the policy objective should be to utilise the creative potential of the poor for setting them on the path of self-sustaining growth on the basis of skill formation and responsiveness to new economic opportunities. In the long run the poor should be treated not just as a suffering and helpless mass but as a highly productive force. They should be treated not just as the victims of social injustice and under-development but as the producers of the wealth of the nation. They should be tapped as builders of a new system based on social justice and economic dynamism, the former deriving its force from democracy and socialism and the latter from phenomenal advance of modern science and technology

2.26 In the above background, the Committee regards clarity on concepts of development and poverty alleviation and a firm political commitment to a poor-oriented development path and perspective as the first decisive step towards realising the anti-poverty objective. This step is, however, a necessary but not a sufficient condition for advancing towards the goal.

2.27 The battle of poverty is ultimately fought at the level of quality of *programmes and the quality of instruments* fashioned for implementing these programmes. The programmes themselves are of two types : the first institutional and the second technocratic in nature. The first type of

programmes relate to the redistribution of land and non-land assets, to reorganisation of the productive system and to institution-building in favour of the poor who are weak in their access to assets, inputs and skills and strong in their labour resources. The second kind of programmes, namely the technocratic ones, are production-oriented programmes based on the use of new technologies and services. While the quality of the former depends on political will and social organisation, the quality of production programmes depends on attention to operational details, on the specificities of the area and the characteristics of the specific population group for whom the programme is designed.

2.28 No doubt, in determining broad social priorities, allocation of resources to these priority areas, ensuring technical support in terms of qualified personnel and services, Central and State level planning, direction and monitoring is very crucial. But to carry Central and State level planning for rural development and poverty alleviation beyond this stage and to the levels of planning of schemes and projects in terms of specifics and of concrete details is not only unrealistic and unwise but also wasteful and disastrous. This explains why in many areas rural development programmes being designed from above and having no correspondence to the realities of the rural socio-economic situation and no involvement of people below have not taken off the ground. They have not brought significant gains and benefits to the potential beneficiaries from the poorer strata. It is in a large measure of the absence of local level institutions that these programmes have miscarried and very often resulted in windfall, unearned gains to parasitic middlemen, intermediaries and brokers between the government and gullible, unformed and unorganised masses.

2.29 It is in this background that the Committee recalls the perceptive observation of Prof. Gadgil that "there is no all-India solution to our problems"! He further warned that planning for this country now and at this stage cannot be done from Delhi or from State capitals alone. When we were building a few irrigation works or setting up a few steel plants, then solving those problems of industrial diversification or merely experimenting with hybrid seeds, could be done at few places. But now when we are trying to solve problems of local employment or local dispersal of industry or of small holders, and labourers, these being local problems they must be looked at locally by local people. Planning solutions of these is far more tough than planning at the top. It is only when local people participate in the process of identifying and solving these problems, then we can hope to make a significant dent on these problems.

2.30 The Committee fully concurs with the above view regarding the role of "Planning from the bottom" in ensuring more realistic formulation and more effective implementation of poor-oriented strategies and programmes in response to local conditions and circumstances, needs and resources. After the broad guidelines are formulated and resources are allocated, the battle of poor-oriented planning is fought at the level of attention to concrete details. The perception of and sensitiveness to local details is, however, alien to agencies which are remote and far off from the local situation. Moreover, the mobilisation of local resources and release of creativity and enthusiasm at the ground level will remain alien to Indian planning so long as planning from the bottom is not introduced to ensure local participation and leadership. Commitment to plan from the bottom implies a clear recognition, again as Prof. Gadgil emphasised, that "Planning is not something that comes from outside or above but what each State, district, locality and community does to develop its own resources and potentialities. This implies a wide diffusion of initiatives, decision-making and participation; it also implies a parallel shouldering of responsibilities".

2.31 The vision embodied in India's Constitution was expressed in the concept of growth with social justice within a democratic framework; and this concept will remain partial in its coverage so long as the vast masses constituting the majority of Indians actually remain outside the scope of this

concept; so long as democratic, egalitarian and dynamic values do not encompass the rural masses; and so long as an institutional framework is not evolved specifically at the district, block and village levels which gives scope and opportunity to the masses to participate in the process of nation-building, to get involved in the building up of a new and just economic and social order. Early steps towards political and economic decentralisation are, therefore, essential as correctives to the politicoeconomic dominance by the "haves" and their appropriation of the major share of the gains from development programmes. Panchayati Raj as the expression of the will of the majority at the local level, administrative restructuring to create a set-up accountable and responsive at the local levels, scope for voluntary agencies as a corrective to Statism and over-bureaucratisation, and scope for organisations and movements of the rural poor- all these form an integrated whole in the unfolding of the democratic socialist process at the local levels.

2.32 The Committee took note of the doubts and fears expressed by many knowledgeable persons about the prospects and feasibility of genuine decentralisation in view of the existence of sharp class disparities, social inequalities and lack of organisation among the masses in rural areas which may ultimately lead to the domination of local level institutions by the new rich of the rural society. The Committee noted the force of this argument but expressed the view that the corrective for the weaknesses of a democracy lay not in retreat from democracy but in taking firmer steps towards greater democracy including economic democracy. Similarly, the corrective to half-hearted socialism was not a retreat from socialism but firmer steps towards more genuine socialism. In the Committee's view, political decentralisation would allow the forward-looking, mass-oriented and dedicated elements in society to turn institutions of political democracy at the local level into instruments of furthering economic democracy; instruments not of buttressing the *status quo* but of transforming the rural economy and society in the desired direction through harnessing of the political energy and productive capabilities of the common people.

2.33 The Committee is of the view that the growing unrest and awakening at the lower levels can be channelised into a positive force for nation-building at the grass-roots only by local level institutions and by a local leadership which learns to relate national goals to the local milieu and to view local problems in a national perspective. As taught by Mahatma Gandhi, the local level democracy is the training ground for vast masses in the spirit of Swaraj i.e. the capacity for self-rule.

2.34 As Mahatma Gandhi said, a noble cause or an idea requires dedicated human agents to realize it. The Committee is of the view that to prevent decentralised development from extending the arena for self-seeking political operators and careerists, it is necessary that patriotic and socially motivated elements of the intelligentsia must begin to perceive in decentralisation the opportunity to set the Indian masses on the path of self-emancipation from old and new forms of poverty and exploitation.

2.35 The Committee would like to re-emphasise the following succinct and appropriate observation of Prof. G. Parthasarathy :

"Rural poverty is rooted in the system in which the poor are deprived of assets but do not gain adequately the support of employment in the organised sector. There is a stubborn persistence of its incidence as rural resources are diverted to elite consumption and to meet the needs of investment for the elite through market processes. Where there is no socialisation of assets or radical land reforms, complemented by a strong public sector, there are formidable obstacles to reduction in the incidence of poverty within a given time frame. There will be need for a mix of employment and asset development programmes for

the poor, the mix depending upon the need of each location. These will, however, succeed only if there is no drain of rural resources through market processes and the organisation of rural development programmes facilitates the emergence of the group power of the poor. The former requires that the peasants should gain control over markets and processing units through their own organisation and rural surplus should be used for diversification of rural economy. The latter requires shift from individual to group approaches and control of poorer groups over Panchayati Raj bodies which need to be vested with the responsibility for area development”.

## CHAPTER — III

# Review of Rural Development, Administrative Arrangements and Existing Structure

3.1 Over the period of last three decades of planned development, significant changes have taken place in the administrative set-up at the district level and below. It was the 'Grow More Food' Enquiry Committee which stressed the need for an integrated organisational structure for rural development and recommended the establishment of a Development Block over 100-120 villages under the charge of a Block Development Officer (BDO), assisted by technical officers in disciplines such as agriculture, animal husbandry, cooperation and engineering and village level workers @ one for 5-10 villages. Recommendations were made by that Committee for an integrated structure at the District level under the Collector and at the State level under a Development Commissioner, to be supervised and advised by a Cabinet Committee headed by the Chief Minister.

3.2 This blue print was given concrete shape with the launching of the Community Development Programme, followed by the National Extension Scheme which covered the entire country. The Development Block was created as the basic unit of planning and integrated rural development, comprising Agriculture and allied activities, Education, Health, Social Welfare, Communications, Supplementary Employment, etc., with special emphasis on self help and public participation. A schematic budget was indicated and a staffing pattern, comprising the BDO, 8 Extension Officers (in Agriculture, Animal Husbandry, Cooperation, Panchayats, Rural Industries, Engineering, Social Education, and programmes for Women and Children), 10 Gram Sevaks or Village Level Workers (VLWs), 2 Gram Sevikas (Lady VLWs), Programme Assistant, a Storekeeper-cum-Accountant and some support staff on the ministerial side, was prescribed for a standard block.

3.3 The whole programme was meant to be executed in 3 stages. With each stage the schematic budget outlays were to be reduced and at the final stage it was expected that a substantial schematic budget would no longer be necessary; for the first two stages covering 10 years, a schematic budget of Rs. 17 lakhs @ Rs. 12 lakhs and Rs. 5 lakhs respectively was provided.

3.4 For the District level, provision was made for a District Planning Committee under the Chairmanship of the Collector, consisting of a District Planning Officer and other officers of technical and development departments and some non-official members.

3.5 At the state level there was the office of the Development Commissioner, who was incharge of all the Development work under the supervision of the Development Committee, usually chaired by the Chief Minister. The Community development programme was reviewed by the Balvant Rai Mehta Committee in the year 1957 to assess the extent of people's participation and to recommend the creation of Institutions through which such participation could be achieved.

3.6 The integrated approach to rural development, however, got gradually diluted, mainly, on account of two factors. All the work relating to village industries was handed over to the Khadi and Village Industries Commission (KVIC) as early as 1953. And more importantly with the growing need

for self-reliance in food, the emphasis of rural development shifted almost exclusively to increasing agriculture production. This resulted in the launching of the Intensive Agriculture District Programme (IADP) in 1960 in selected districts — “areas of quick response” — followed by the Intensive Agriculture Areas Programme (IAAP), and the High Yielding Varieties Programme (HYVP) in 1965. This had two simultaneous results: (a) The Community Development Programme itself lost much of its earlier cohesive force and yielded to what may be called a conscious disintegration which was accompanied by falling budgets and the take over of much of the staff by the respective line agencies; and (b) even though the intensive efforts in agriculture led to the “Green Revolution”, the benefits of this remained largely confined to the larger farmers and areas which were better placed to receive the benefits of the HYV technology package.

3.7 By the early Seventies the need to take special measures for benefitting the poor sections of the population and for development of backward and disadvantaged areas, was sharply felt. Four categories of Programmes were launched; (a) individual beneficiary oriented programme aimed at Small and Marginal Farmers (SFDA/MFAL) later supplemented by the Integrated Rural Development (IRD), (b) programmes for additional wage employment opportunities — Crash Scheme for Rural Employment (CSRE), (Pilot Intensive Rural Employment Programme (PIREP), and the food for work programme, and (c) programmes for development of ecologically disadvantaged areas, where unemployment and poverty are markedly present apart from their low productivity — the Drought Prone Areas Programme and Desert Development Programme (DPAP and DDP); and (d) a Minimum Needs Programme aimed at raising the level of living of the people in the rural areas through the provision of some basic social consumption inputs and vital components of rural economic infrastructure. Separately, a Training and Visit Programme was started for ensuring increased agriculture production.

3.8 The launching of some of these programmes was accompanied by the creation of new programme — oriented and often over-lapping, structural mechanisms, while others resulted in strengthening the tendency for independent line-functioning as opposed to integration. Thus, Small Farmers Development Agencies were created in the form of Registered Societies in the Districts covered by the SFDA/MFAL programme. Similar Agencies were also created for the Drought Prone Areas and Desert Development Programmes. In the late seventies, the need to give a greater thrust to the Development of Cottage and Village Industries as well as Small Scale Industries led to the creation of the District Industries Centres (DIC) in each District. While in SFDA/MFAL Blocks it was attempted to increase the number of VLWs (which did not happen in all cases), in some States 70-80% of the VLWs and other Extension personnel were taken away from the control of the BDO, under the T & V system of Extension. With the growing and almost exclusive emphasis on Agriculture, the block budgets in respect of other sectoral activities dwindled and were replaced by Special Programme budgets in the concerned blocks. This was accompanied by many of the posts of specialist extension officers being either withdrawn or kept vacant for long periods, and where they continued, they were brought under direct departmental line of control. The Community Development Programme itself had virtually shrunk into a kind of residuary sector with budgets confined in many cases to meeting the staff expenditure. In the case of some States where there were larger outlays, they comprised a number of activities which were overlapping with normal sectoral activities. Thus, by the late Seventies, the block machinery was, by and large, in shambles and at the District level there was a multiplicity of institutions, special and sectoral competing to serve essentially the same target group.

3.9 With the launching of the Sixth Plan, the attempts at tackling the problems of the deprived sections of the population and disadvantaged geographical areas were sought to be further

consolidated, rationalised and vastly expanded. The SFDA/MFAL which were essentially confined to Agriculture and allied sectors operating in only 1818 blocks, were merged with the Integrated Rural Development Programme which was extended to cover all the blocks in the country, and, the scope of which included all activities in the Primary, Secondary and Tertiary sectors. Under this programme, income based criteria for identification of the target groups were prescribed and a household approach was adopted. The Programme aimed to provide productive skills (through TRYSEM) and assets (through a mix of subsidy and credit) with the objective of assisting 15 million households/families during the Sixth Plan with an investment of Rs. 4500 crores.

3.10 The Food for work Programme redefined and restructured in the form of National Rural Employment Programme (NREP) was made a regular Plan Programme in 1981. This programme aims at generating additional employment opportunities in the rural areas simultaneously creating durable community assets for strengthening the rural infrastructure. It also seeks to improve the nutritional status and the living standards of the rural poor. The DRDAs are expected to act as the coordinating agencies for planning and implementation of this programme at the District level. Another special Employment programme — the Rural Landless Employment Guarantee Programme (RLEGP), launched in 1983-84 has the specific objective of providing upto 100 days of employment per annum to at least one member of each rural landless household. The RLEGP envisages creation of durable assets for strengthening the rural infrastructure which will lead to rapid growth. The State Governments are expected to prepare a shelf of projects for implementation under this programme.

3.11 The Drought Prone Areas Programme (DPAP) and the Desert Development Programme (DDP) are primarily area development programmes. The DPAP aims at promoting a more productive dryland agriculture on the basis of the soil-water-climate resources of the area; development and productive use of water resources of the area, soil and moisture conservation including promotion of proper land use practices; afforestation including farm forestry and livestock development including development of pasture and fodder resources. The DDP has the main objective of controlling desertification and promotion of opportunities to raise the level of production and employment through activities like, irrigation, afforestation, soil and water conservation, dryland agriculture, ground water development, livestock development etc.

3.12 In addition to the major rural development programmes of IRDP, NREP, RLEGP, DPAP and DDP, there are a number of other programmes under implementation. These include the Minimum Needs Programme (MNP), the special programme of assistance to small and marginal farmers for increasing agricultural productivity, Command Area Development Programme (CADP), Special Component Plan and Tribal Sub-plan, Hill Area Development Programme etc. The Tribal Sub-plan approach was adopted in the Fifth Plan and the Special Component Plans for the Scheduled Tribes were formulated in the Sixth Plan and these resulted in earmarked allocations for Tribal Sub-plans and Scheduled Castes Socio-economic development, apart from the general programmes of economic development. Besides these Centrally sponsored/All India programmes, a number of States are implementing special programmes for the benefit of the poor, like employment guarantee schemes, mid-day meal schemes, old age pension schemes etc. on their own. The performance of IRDP, NREP etc. in the Sixth Plan is at Annexure III-A, III-B.

3.13 In order to appreciate the requirement of staff support for the rural development programmes at the District level and below, it may be appropriate to summarise the managerial and technical inputs required for their planning and implementation. These requirements in regard to the major rural development programmes are listed below:

## **IRDP**

- (i) Carrying out surveys to identify the target group households;
- (ii) Preparation of annual and perspective credit plans which, apart from individual projects, should involve planning for and provision of the required infrastructural support and backward and forward linkages;
- (iii) Preparation of household plans and projects, in a wide variety of sectors;
- (iv) Arranging bank finance for each such family;
- (v) Monitoring, follow up and nursing of each project;
- (vi) Identification of trades as per felt needs and preferences and, provision of training for entrepreneurship development and skill formation in the selected trades.

## **NREP & RLEGP**

- (i) Identification of schemes according to the felt preferences and local needs based on existing infrastructural gaps and preparation of shelf of projects;
- (ii) Survey for assessment of employment requirements, particularly of the lower deciles within the poverty group, and provision of actual employment to the identified persons in adequate measures;
- (iii) Supervision of implementation of a large number of widely dispersed projects;
- (iv) Monitoring and evaluation.

## **DPAP & DDP**

- (i) Identification of water-sheds and preparation of integrated watershed development plans, with the objective of restoration of ecological balance and arresting desertification.
- (ii) Development and management of irrigation resources, soil and moisture conservation.
- (iii) Introduction of new agronomic practices and cropping patterns.
- (iv) Development of livestock resources, etc.

3.14 When these requirements are viewed together with the sheer physical magnitude of these programmes, the high degree of administration and management intensity and, the need for developing mechanisms for organisational integration comes into sharp focus. In the Sixth Plan, there was a realisation of the imperative need for strengthening the total delivery mechanism and some steps were also initiated to meet the problem. These are examined in the following paragraphs:

## District Level

3.15 A major step was taken with the amalgamation of the different agencies existing hitherto for different programmes into a single 'District Rural Development Agency'. New DRDAs were created in areas where no agencies existed earlier. The DRDA has been made responsible for the implementation of the IRDP, TRYSEM, SLPP, NREP/RLEGP, DPAP, DDP and the programme of Assistance to Small and Marginal Farmers.

3.16 A staffing pattern has been laid down for the DRDAs and upto 10 per cent of the IRDP outlays per district can be spent on establishment expenses. Over and above, the 2-3 APOs provided in earlier SFDA, provision has been made for an Economist/Statistician, Credit Planning Officer, and a Rural Industries Officer who are together said to constitute the planning team of the DRDA. All these officers are responsible for planning, project formulation as well as implementation in their respective sectors. Besides, provision has also been made for a monitoring cell under an APO, and additional staff has been provided on the accounts side.

3.17 The APO, industries is also supposed to look after TRYSEM. In addition, instructions have been issued that DICs would act as the technical arm of the DRDA and perform functions relating to identification of investment opportunities, preparation of bankable projects, provision of expert service to beneficiaries, designing of training programmes and identification of training centres.

3.18 For the NREP, initially one post of an officer of the rank of an Assistant Engineer with a supporting post of an accountant had been approved. With the launching of the Rural Landless Employment Guarantee Programme, however, it was felt that this would not be enough and further strengthening would be required on the engineering side. The form of this could vary from State to State, in view of the fact that for RLEGP, the States have been expressly permitted to take up works directly through the line departments. Keeping this in view, the guidelines for the NREP/RLEGP now permit the utilisation of upto 5% of the total allocation for appropriate staff strengthening at different levels.

3.19 For the DPAP/DDP it has been provided on the basis of the recommendations of the Task Force on the Drought Prone Areas Programme and Desert Development Programme set up by Ministry of Rural Development in June, 1980 that funds upto 18% of the allocation can be spent, both on the DPAP component of staff in the DRDA, as well as for strengthening of line agencies.

3.20 For the Small and Marginal Farmers Assistance Programme, the break up of per block outlays is Rs. 3.00 lakhs for minor irrigation; Rs. 1.00 lakh for farm forestry; and Rs. 1.00 lakh for minikits, land development and staff. The guidelines do not prescribe any fixed ceiling for expenditure on staff, and do not indicate the levels at which such staff could be appointed.

3.21 However, there is no uniformity in the actual staffing pattern at the DRDA level and an overall picture of staff in position under IRDP, NREP or DPAP and the Small and Marginal Farmers Assistance Programme is not available. Provisions have also been made in certain other schemes like Development of Women and Children in Rural Areas (DWCRA), Scheme for Rural Godowns etc. for strengthening of staff.

3.22 Besides the provision with respect to staff in relation to the Special Programme of Rural Development, it would be pertinent to mention that there are two other schemes for providing staff

and institutional support at the district level, viz: (a) The Planning Commission scheme to provide a planning team at the district level, comprising a Chief Planning Officer and 5 specialists in different disciplines including one for specific programmes and (b) District Manpower Planning and Employment, Generation Councils (DMPEGCs) have been set up for work relating to district employment, budgeting, identification of opportunities for self-employment and providing assistance to work seekers. The relationship of both these schemes with the DRDA has not been spelt out.

## **Block Level**

3.23 For the Block level, a Central Scheme for Strengthening of Staff is in operation, which generally aims to restore the earlier CD staffing pattern by filling up the gaps created by transfer of Extension Officers/VLWs to line departments, with provision for an additional post of an Extension Officer-Credit. Over 20,000 posts have been sanctioned under this scheme so far. The precise position of the number of posts filled up is not known, but it is not very satisfactory.

3.24 The foregoing review would show that while efforts have been made to strengthen the delivery mechanism for Rural Development Programme, the earlier tendency to have Programme wise staff, if not structures, continues, if anything, on a larger scale than earlier. A quantification of the provisions for staff provided in this way may indeed show staggering results. Moreover, in such a situation there is every possibility of administrative costs rising, while vital gaps may still remain and there may be a substantial element of overlap and duplication instead of integration in the total system. Some examples of such overlap are:

- (i) Identification of self-employment opportunities is supposed to be done by the Manpower Planning and Employment Generation Councils (DMPEGCs), the DICs and the DRDAs and employment budgeting is mentioned as a function both of the DMPEGCs and the employment expert on the District Planning Team.
- (ii) The function of preparing a district plan is simultaneously vested in the planning team under the Chief Planning Officer and in the DRDA. Both of these bodies operate under centrally sponsored schemes but without any reference to each other
- (iii) Self-employment ventures are being concurrently promoted and implemented by the DMPEGCs, KVIC, DICs and the DRDAs under different schemes with differences in critical parameters like loan amounts and rates of interest, subsidy, etc. although the target group of beneficiaries remains substantially the same.
- (iv) Afforestation, land development, minor irrigation, etc. are being simultaneously carried out through the NREP, RLEGP, DPAP and the normal sectoral programmes with uniform monitoring parameters related essentially to expenditure and physical coverage but without reference to any common master plan.
- (v) Roads are being constructed under the MNP, NREP, RLEGP and in some cases, even through the CD budgets but the criteria of selection are not always uniform, and in the absence of integrated planning there is no effective prioritisation and even monitoring.

### 3.25 On the other hand the following deficiencies and gaps are noticeable at the District level

- (i) There are no coordination mechanisms at the District level whereby the District Rural Development Agency can actually discharge the role suggested by the nomenclature and probably intended by the originators of the concept. Its role is presently more or less confined to channelising finance for one, and in some cases, two programmes. At the same time, the impact of these Programmes, particularly the IRDP, has been relatively limited because of the absence of infrastructural support which was expected to be provided through the sectoral programmes, an expectation which has been almost totally belied.
- (ii) Even for the specific programmes being dealt with by the DRDA, the provision of one APO each in certain disciplines hardly equips it with the wherewithal for planning, project formulation and implementation in their respective sectors.
- (iii) There is a perceptible deficiency on the monitoring side and even the posts sanctioned have not been filled up in many places.
- (iv) There is no expertise on the side of area development planning, comprehensive watershed planning and technology dissemination which would be the distinctive features for Special Area Development Programmes. What is done is only adhoc physical coverage under some known activities in drought prone areas e.g. afforestation, soil and water conservation, etc.
- (v) The engineering side continues to be woefully weak in terms of the need to have a shelf of projects in conformity with approved techno-economic norms and adequate field supervision.
- (vi) There is virtually no arrangement for identification and registration of those who require employment and monitoring of the actual employment provided. To date, we have no details about the category of persons who have actually been provided employment under NREP and for how many days. Thus, the impact on overall employment of even such a vast programme is not really known.
- (vii) The other important institutions that could provide staff and line support to the DRDA in functions directly related to rural development programmes viz. the DIC, the DMPEGC etc. continue to function under their own separate departments and have at best marginal coordination with DRDAs.

3.26 At the block level also there are some major deficiencies. As already indicated, there is a major problem of the BDO no longer having effective control over the Extension Officers because of the latter's own line hierarchies. Even if the line of control were to be appropriately corrected, the sheer volume of work and funds now flowing in at the Block Level would necessitate a second look at the earlier schematic pattern evolved for the CD Programmes, assuming that even this had been fully restored. As against an amount of Rs. 17 lakhs per block in 10 years then, the financial involvement would now be over Rs. one crore per block, on the average every year, under all the programmes of the Centre and States put together. Apart from the massive increase in the sheer volume of work, the intricacy and diversity of work parameters would require a much greater intensity of efforts and

management expertise which is just not there. All this, in turn, has to be viewed in the context of a substantially increased population per block than in the early Fifties.

3.27 The preceding review brings out that the earlier concept of community development has, over the years, got fragmented into several independent components and special programmes which do not automatically fit into an integrated rural development framework. Further, while high amount of resources are flowing into the rural areas, structural weaknesses come in the way of their productive utilisation. A number of evaluation studies have also highlighted the administrative and other constraints in the implementation of rural development programmes.

3.28 The Evaluation study undertaken by the PEO has specifically gone into the question of administrative and organisational arrangements made for the planning and implementation of IRDP. This Study found that in most of the States there was absence of a strong administrative set up for implementing the programme. The State-level organisations lacked the required degree of support of sectoral and subject matter specialists. The study also found lack of proper administrative control of project officers of the DRDAs over the BDOs and lack of inter-sectoral linkages at the block level. Some of the findings of this study as well as Studies conducted by Reserve Bank of India and National Bank for Agriculture and Rural Development, Institute of Financial & Management Research, Madras are at Annexure-III C.

3.29 A view has been expressed that inadequate success of IRDP cannot be considered an administrative failure in the sense that more careful administration, with larger number and more motivated personnel, can convert the bulk of failures into successes. According to this, the strategy of helping the poor in rural society to get over poverty with the help of assets given to them, is largely misconceived. While accepting that in a multi-pronged attack on rural poverty this approach surely has a legitimate place, it cannot be the mainstay of such a programme.

3.30 Another view points out that the failure of a strategy or an idea does not necessarily prove its irrelevance. The Administrative failures may be due to the extent that what is given to the administration is itself not well conceived. In this context the critical importance of constituting a decentralised planning authority and machinery at the district level to formulate an integrated district/block/village development plan which would combine both the development and beneficiary aspects with a shared objective of amelioration of poverty has been emphasised. Favouring the asset transfer strategy, it has been observed that the poor can become producers in their own right and need not surrender to the fate of remaining mere wage earners for ever.

3.31 It has been observed that in an economy with more than 60% of the working force in self-employment, the IRDP kind of approach has to be important. The weak planning component is a serious draw-back of our rural development programmes and it is essential to set up a single planning body at the district level to solve the problems. Unless the various rural development programmes are brought under one body the goals of rural development are not likely to be achieved.

3.32 The Committee has examined a large number of evaluation studies on rural development programmes conducted by reputed academic and research institutions, banks and others. The contents of these studies have been noted although these have not been specifically mentioned in this review. A summary of the finding of major evaluation studies on IRDP, NREP and DPAP is given in Annexure-III D,

3.33 The Committee has collected detailed information from 12 States regarding staff

availability at the district level and below. By and large, the staff is very large and the relationship between staff of different departments has not been spelt out with care. It appears that there are too many supervisors at the district level, while staff at the block level has been thinned out.

3.34 A similar view is expressed in the Seventh Plan document where it is stated: “In agriculture and rural development, a large number of new programmes have been started. Along with these programmes, a diversity of organisational and administrative structures has been established, but often the organisational arrangements and the staff for a new programme are put in place with little attention to existing structures and personnel. There is now an elaborate “development bureaucracy” operating at field level and at higher levels in the administration. There are also local self-government bodies and cooperatives. There is need to re-examine this whole structure, simplify and rationalise it, to reduce duplication and to ensure adequate horizontal coordination at local levels. This is necessary not merely to reduce the burden of expenditure but to improve performance, ensure accountability and make the system more comprehensible to the common man”.

3.35 Again, the Committee fully subscribes to the view expressed in the Seventh Plan document in regard to implementation of Poverty Alleviation Programmes— “The launching of a large number of programmes both through the normal sectoral efforts and other steps designed to cater to target-group households has resulted in a multiplicity of organisations, leading to duplication of management efforts. Further, the delivery system at various levels has proved to be inadequate. The effective implementation of poverty alleviation programmes would call for better planning at the district level involving various disciplines or departments, tighter organisational set-up to ensure optimal use of resources, and closer monitoring measures will be taken during the Seventh Plan for strengthening proper training and orientation of the local administrative machinery within the framework of an integrated administrative organisation.”

## CHAPTER IV

# Decentralised Planning at District Level and Below

4.1 The Seventh Plan lays considerable emphasis on decentralised planning. It is but natural that a subject like decentralised planning raises a host of issues and problems on the mechanics, dynamics and management of planning functions. This chapter is devoted to a discussion of these issues and problems. This discussion is quite relevant because the decentralisation effort is essentially a managerial activity which calls for a range of administrative or organisational devices that will improve the efficiency, effectiveness and responsiveness of planning at various levels.

4.2 In the history of planned development in our country, the Fourth Plan period (1969-74) stands out as a significant milestone. During this period, certain important departures both in the planning process as well as in the content of planning were introduced. The most important change was that in relation to the pattern of devolution of plan funds to the State level. This initiated a first stage of decentralisation of the planning process from the National to the State level in a realistic sense. Since then, the State Governments in the country have been building up their own machinery for planning at the State level and improving their planning methodologies. It may now be stated that planning as a technical activity at the level of the States has been firmly entrenched. The next step is to take this decentralisation process further down to the next appropriate level below the State. There is now broad consensus among experts, policy makers and planners that the basic unit for policy planning, project formulation and implementation at the sub-State level would be the district.

4.3 The concept of decentralised planning to the District level has been in the air for nearly three decades. The Community Development Programme launched by the Union Government in 1953 was motivated by the desire for decentralised development. In 1954, the States were asked to prepare District and Village Plans. In the late 50s., the Panchayati Raj Institutions were established at the district and lower levels to provide an institutional base for people's active involvement in development. A number of committees have subsequently been set up by the Government of India to examine the various issues connected with grassroots level planning and implementation. Special mention may be made in this context to the Dantwala Working Group on Block level planning, the Asoka Mehta Committee on Panchayati Raj Institutions and the Planning Commission's Working Group on District Planning. We have carefully considered the various recommendations of these groups before setting out our views on the design of an appropriate organisational structure for planning and plan implementation at the district level.

4.4. The Working Group on District Planning has rightly emphasised that District Planning should be conceived as a single wholistic operation (and not as a fragmented operation among many agencies) in which all individual sectoral programmes and projects would be harmonised into a unified planning activity. With such a concept of District Planning as the background, the Working Group has detailed the various arrangements necessary for rendering the district planning process effective, including the various pre-requisites that should be met, the institutional arrangements that should be devised and the essentials of a planning methodology that should be followed.

4.5 It has been noted that the States differ widely in their experience relating to decentralised district planning. For some States, the experience has been quite limited being confined at best only to one or two years. Consequently, the decentralisation procedures and methodologies are still evolving in these States. Most of the States are just launching some moves towards decentralisation of the planning process at the district level. Some have moved a little afar, having devised certain measures of decentralisation (partial decentralisation). In fact, it is only a few States in the country like Maharashtra, Gujarat, Jammu & Kashmir, Uttar Pradesh, Karnataka and lately West Bengal which have made some progress in this direction. But even in these States, the Working Group had observed that “real planning functions have not percolated to the district level, nor the Panchayati Raj Institutions have been involved in the process”. In Maharashtra, the Planning functions was initially entrusted to Panchayati Raj Institutions. But later, new District Planning bodies headed by the Minister of State have been set up. Similar set-ups have also emerged in Gujarat and Uttar Pradesh. In a number of other States, the District Planning Bodies are headed by officials. Functional decentralisation, in the sense of clearly defining the scope of the planning functions at the district level, has been attempted in these States. There has also been an attempt at the disaggregation of funds at the State level (ranging from 30% in Uttar Pradesh to 45% in Jammu & Kashmir of the total State Plan funds) for allocation amongst the districts. The methodologies for inter-district allocation of outlays have also been evolved in these States. Concomitantly, suitable administrative decentralisation measures have also been introduced.

4.6 These are some significant developments. However, ‘localism’ in planning to the extent that is desired has not come about, since a major portion of the district outlays are apportioned amongst the line departments who make the decisions at the State level about their district-wise allocations. This leaves the district with little or no decision-making powers. Partly to remedy this situation and to confer some decision-making powers to the local level, a few States like Gujarat have made some special provision, by instituting a small quantum of “un-tied funds”, which are meant to be used exclusively for a limited number of small local level planning schemes. In the Gujarat scheme, 20% of the divisible outlay at the State level is set apart for distribution among the districts as ‘un-tied funds’, of which 15% is meant as discretionary outlay to be utilised by the district planning body for local schemes at its discretion. The remaining 5% is intended as an ‘incentive grant’, payable to the districts, subject to their raising their own resources on a matching basis. The Working Group on District Planning has commended this approach for adoption by other States. The present trends reveal that these innovations in district planning are now being sought to be replicated in a number of other States. This briefly sums up the present state of the art of District Planning in the country.

4.7 In order to place district planning on a sound and scientific footing, the Planning Commission’s Working Group on District Planning had identified certain essential pre-requisites to be fulfilled. These are:

- (i) Existence of political will and commitment;
- (ii) Setting up of District Planning Body in each district;
- (iii) Setting up a suitable machinery for planning in each district;
- (iv) Clear demarcation of planning functions;
- (v) Disaggregation of plan funds and devolution of financial resources;

- (vi) Delegation of administrative powers;
- (vii) Evolution of new patterns of political and administrative behaviour;
- (viii) Ensuring public participation at all stages in the Planning process; and
- (ix) Training and re-training of personnel.

4.8 In order that the States in different levels of development may move towards decentralisation over a definite period of time, the District Planning Working Group had advocated a progressive or "stages" approach. The Stage-I will be a phase of "initiation", which will involve *inter-alia*, establishing planning procedures, disaggregating outlays between the State and district sectors, evolving criteria for inter-district allocation of plan funds and strengthening of planning capabilities at the district level. Stage-II will be one of "Limited Decentralisation", when planning for certain sectors of activity like MNP, Agriculture and allied activities and all target-group-oriented planning will be brought within the purview of district planning. Granting extensive delegation of powers to the district level will be specially sought to be achieved during this stage. Stage-III will be the final stage, which will encompass planning for all district sector activities. During this stage, a set of wide-ranging administrative, financial and decision-making powers will devolve upon the district and a high level of popular participation will be sought to be achieved. It is envisaged that all States in the country would reach the final phase by the year 2000 A.D. The Working Group had recommended that as far as possible, the States should try to reach this goal even before the time span indicated. This Committee is basically in agreement with the approach to decentralisation indicated by the Working Group on District Planning.

4.9 In order to provide concrete direction to the decentralisation process visualised above, we feel that the establishment of a sound planning and implementation machinery at the district level is crucial. In our view, this planning and implementation machinery must have three major wings. One would be a Planning Cell to carry out the major tasks in district planning, such as preparing a resource inventory, project appraisal and selection, setting of priorities and plan formulation for the district and to perform the review and monitoring functions during the stage of implementation. As suggested by the Planning Commission's Working Group, we also recommend that this planning cell should have a District Planning Officer, assisted by a suitable multi-disciplinary technical team. In our view, the second wing of the District Planning and implementation machinery must be the one concerned with the detailed planning and implementation of all anti-poverty programmes. As has been made clear in this report elsewhere, our concept of a programme of poverty alleviation is something quite different from the one contained in the present IRD Programme. It would embrace the entire gamut of rural development- including all aspects of production, productivity, infrastructure and welfare. Each and every programme concentrating on any aspect of rural development will also have within it, an anti-poverty component or a sub-plan for the poor. Thus it is not merely the productive sectors of the economy like agriculture and small industry, but also other sectors like health, education etc. which would include in them a component exclusively meant for the poor. This wing of the District Planning and implementation machinery will be concerned with the planning and implementation tasks related to all anti-poverty schemes contained in every sector of rural development. We recommend that this wing should consist of a Project Coordinator/Director for anti-poverty programmes with his complement of staff to undertake the micro-level planning tasks envisaged here. The third wing of the District Planning and implementation machinery will be a budgetary and financial control mechanism which will manage the total development activities at the district level from the financial angle. We recommend that a District Finance and Accounts Officer together with his complement of staff

should be in control of this Wing. This officer will control both plan and non-plan expenditures in the district. As we have indicated elsewhere in this report, the plan and non-plan distinction should vanish at the district level. There should be considerable delegation of powers (including reappropriation powers) to the District Finance & Account Officer from the State level so that there is smooth channelling of funds to the various developmental activities in the district. We feel that the tripartite planning and implementation machinery set up envisaged here is the most crucial to the success of decentralised planning process at the district level.

4.10 This leads us to the question as to who should be the head of this tripartite development machinery and what should be his status and functions in relation to the existing administrative set up at the district level. The previous committees/Working Groups which have gone into this question have, by and large, recommended the strengthening of the position of the collector in some manner. For instance, the Planning Commission's Working Group on District Planning had emphasised the need for bringing about effective horizontal coordination at the district level by taking action along four major directions. These include: (a) strengthening of the position of the Collector; (b) Placing the departmental functionaries under the direct administrative control of the Collector by deeming their services as on deputation from their departments; (c) making the district officials accountable to the District Planning Body; and (d) streamlining and simplifying procedures for according administrative and technical sanctions. In our view, the strengthening of the position of the Collector, either by delegation of more powers to him or by posting of a senior person in the service will not make much of a difference, as long as he is loaded with all developmental functions alongwith his other duties of law and order and revenue. At present, the Collector is heavily over-loaded with multifarious functions. Though most of the developmental activities at the district level are implemented by the various functional/line departments, the Collector as the Chief Executive in the district has a central role as the coordinator of all the programmes implemented in the district. This Committee feels that developmental functions at the district level should be separated and entrusted to an officer called the District Development Commissioner who should be much senior in rank to the present District Collector. This, in our opinion, will enable the officer to give undivided attention to development matters and also help establish the primacy of development administration over housekeeping functions. Detailed recommendations in this regard are given in Chapter IX of this report.

4.11 It is our view that alongwith the establishment of the office of District Development Commissioner, a significant restructuring of planning and implementation machinery at the district level should also take place. The proliferation of developmental programmes with their own vertical structures and the excessive departmentalisation at the district level have been found to be counterproductive to integrated and coordinated development. The District Rural Development Agency specifically established for the implementation of anti-poverty programmes should be gradually phased out and merged into the office of the District Development Commissioner. The services of the principal technical officers at the district level of the various specialised departments should be available to the District Development body headed by the Commissioner. Alongwith the strengthening of District Development Administration, the planning functions at the district level should also be enlarged. There should be a clear demarcation between the planning functions at the state level and the district level. The Planning Commission's Working Group had emphasised this aspect and has called it "functional decentralisation". The district plan should not be simply the district segment of the state plan involving a simple mechanical disaggregation of the state plan schemes. It should be the product of a well conceived and well debated exercise taking full note of the local aspirations and local needs of the district community. In this context, the recommendation made by the Working Group on District Planning for setting up district planning bodies in which adequate

representation is provided for the under-privileged economic/occupational/social groups, voluntary agencies etc. is a very relevant one. We endorse this recommendation.

4.12 The Working Group on District Planning has also recommended that the institutional framework for district planning should be conceived as a social instrument of decision-making, which should be a happy blend of local autonomy, administrative capability and planning expertise. In this context, the integration of the Panchayati Raj institutional set up with the district development administration set up is an aspect which cannot be ignored. Our recommendations in this regard have been spelt out in another Chapter (Chapter VI). The Working Group on District Planning had also recommended that 'ultimately the Zilla Parishads should assume all the planning functions at the district level. Till they develop the capabilities of planning, other arrangements may prevail'.

4.13 The question of linking up district planning to the planning at other area levels in the hierarchy of multilevel planning and integrating the district plan into the State plan are issues which are very relevant to decentralised planning and implementation. The level next to the district is the State, although in some bigger States in the country there is also an additional tier called 'Division'. But this level does not perform any planning functions and only acts as a coordinating level. At the time of the formulation of the Seventh Five Year Plan, a vigorous debate was initiated by the Economic Advisory Council to the Prime Minister on the question of introducing an additional tier at the intermediate level between the district and the State to bring about more effective coordination of planning and development activities in the State. We, however, understand that barring some large states in the country (where a divisional set-up already exists), the reaction of most of the States was not quite favourable to this idea. We therefore do not make any recommendations on this question, but would leave it to the decision of the States in accordance with the existing administrative structure in their areas.

4.14 Once the district plans, as envisaged here have been prepared, some suitable administrative arrangements should be made to consider them and integrate them into the State Plan. For this purpose, we recommend the setting up of a State Development Council (on the analogy of the National Development Council), so that the plans are brought into a common framework. Elsewhere, we have elaborated and discussed this idea. This will establish a healthy dialogue of the districts with the State.

4.15 The decentralised planning concept, when extended to the level below the district would embrace planning at the block or sub-block (i.e. a cluster of villages) and the village levels.

4.16 The major operational machinery for implementation of District Rural Development Plan should be the block level set up. During the years that followed the phasing of the community development programme in the rural areas, the block-level set up has lost its original pre-eminent position in development administration. As in the case of district, at the block level also (though to a lesser extent), there has been proliferation of agencies and programmes over the last three decades. Alongwith this, the complexities and technical content of the various programmes/projects/schemes also have increased. The BDO's office which was expected to serve as a catalyst in the developmental process in the initial years is not in a position to effectively meet the demands on it now. Further, as against an annual budget of a few lakh rupees in the initial years of planning, at present annual investment of over a crore of rupees is being made in a block. This Committee recommends that the Block Development Office should be the sheet-anchor of the entire rural development process but upgraded. The level of the Chief Executive Officer at the Block/Tehsil should be upgraded and

designated as an Assistant Development Commissioner. He should be an officer of the status of Sub-Divisional Officer. The detailed recommendations are given in Chapter IX of the report.

4.17 The changes that have occurred in the orientation of planning in recent years have led to an increasing emphasis on micro-level planning involving "community action" and "group action" for the planning of a cluster of families and villages designed for the alleviation of rural poverty and for the provision of services and facilities within easy access of rural settlements. One of the views expressed in this context is that even the present block area is too large a unit for purpose of such planning. A cluster of 10-12 villages with a rural service centre as its focal point is preferred in this context. The Ashoka Mehta Committee has recommended the "Mandal" with a population of about 15,000 people as the suitable unit area below the district for such planning purposes. Some state governments like Andhra Pradesh and Karnataka are trying to introduce this arrangement. It is for the State Governments to decide on the appropriate unit area for planning below the district, taking the various aspects of their current administrative set-up into account, including administrative costs and availability of personnel.

4.18 Whatever be the unit area for planning just below the district - block or sub-block - the village continues to be discrete entity for planning from the bottom. It is therefore necessary to consider methods of improving local level participation in planning for rural development at the village level, which is most crucial in this regard. The Village Panchayats must be invigorated for this purpose in the first instance. The Planning Commission has recently documented a success story in rural development in Tamil Nadu in a village called Kundra Kudi\*. This study provides considerable insights into the factors that have contributed to success in rural development. Stated in terms of broad principles at the level of generality, these are:

- (a) Building up a responsible and responsive Receiving Mechanism called the 'Village Planning Forum (VPF)', which is a people's institution for planning and development, to provide a forum for various classes of people and interests in the village to interact among themselves and to prepare an acceptable framework for planning.
- (b) Ensuring a willing, understanding and adaptive Delivery Mechanism which, in effect, implies bringing about attitudinal changes among the government functionaries engaged in development administration.
- (c) Bringing into existence a 'think-tank' or 'Third Party Planner' which can play both an advisory role in planning on a continuous basis, as well as a catalyst/motivational role in implementation with some degree of involvement (not mere association) in the planning and implementation process.
- (d) Identifying a local leader of high personal integrity who is respected by all sections of the people and who can integrate the functions mentioned in (a), (b) and (c).
- (e) Ensuring a style of functioning (of the planning mechanism) which will be informed by an informal group dynamic approach to decision making and which would be neither compelling nor absorbing in its performance and which would be able to eliminate any conflicts/fluctuations arising during the planning process.

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\* Planning Commission: "Towards Improved Local Level Planning for Rural Development" - case study of Kundrakudi, Tamil Nadu, July 1985.

- (f) Adoption of flexible procedures and consensus building techniques as well as healthy conventions in the working process.
- (g) Devising of a network of informal consultative groups outside the regular institutional mechanism for group action which would expand the scope of public participation and also ensure voluntary agency participation.
- (h) Training - both formal and informal - for the local youth inducted into the development projects to impart both the skills as well as moral qualities.

4.19 While it is difficult to meet all the requirements stated above in every village context, the idea of institutionalisation of village group dynamics and improvement of the capabilities of the “receiving mechanism” through an organisation like the “Village planning Forum” can go a long way towards improving local level planning for rural development and result in a better realisation of our investments in rural areas. The Committee recommends that the State Governments may take note of the conclusions reached in this study.

4.20 Decentralised planning calls for an immense amount of data and information specially to meet the new orientations in planning that have emerged in recent years. This would mean making improved arrangements for the collection, storing, processing and retrieval of data in a quick manner. Information technologies have vastly improved in recent times. The introduction of the micro processors and the development of relatively cheap standard software for these seem to hold great potential for district planners. State Governments may take note of these developments and consider the introduction of technologies appropriate to their contexts.

4.21 To sum up, decentralised planning at the district level has to be pursued carefully taking into account the various points raised in this Chapter. At the risk of repetition, we may reiterate the following recommendations:

- (i) Rural Development represents the major component of District Planning. The concept of rural development that we have adopted in this report is a very comprehensive one and extends beyond the limited scope of the Centrally Sponsored Integrated Rural Development Programme, that is currently being implemented in all the States. It would include all those programmes meant to increase production and raise productivity in the rural areas as well as programmes meant to improve the physical well-being and quality of life of the rural people, such as improved food supplies and nutrition together with basic services such as health and education and basic infrastructure such as expansion of communications and improvement of housing. Since rural development is intended to reduce poverty, every sectoral programme for rural development designed to increase production, raise productivity and to provide basic services must include within it a component exclusively meant for the target groups i.e. the lowest income groups or the rural poor. This would mean that each and every sectoral programme meant for the rural areas will also have something like a sub-plan for the rural poor as part of such programme. Thus the concept of rural development presented here takes a “systems view” of development with a built-in-strategy for the target groups in the rural areas. In our view, all the various components of rural development should be effectively coordinated under the umbrella of District Planning. By doing so, balanced rural-urban relations may also ensure, as district planning will bring under its purview the planning for small towns also. The

Working Group on District Planning had also recommended the inclusion of small towns in district planning.

- (ii) The District Plan should encompass the total activity in the district. The idea of totality needs some elaboration. It would mean that activities undertaken both under plan and non-plan funds should be taken into account for evaluating performance and projecting needs. Plan after plan, the State Governments have been undertaking development works in each sector like agriculture, animal husbandry, minor irrigation, cooperation, forestry, small and village industries, education, health etc. If this total achievement is not taken into account, truncated planning will ensue and realistic planning will not be possible. The plan, non-plan distinction is meant only for an accounting procedure. For district planning, this distinction should vanish.
- (iii) We strongly believe that rural development should be responsive to the needs of the rural people. If this should be so, the first and necessary step is to devolve substantial and effective power to a democratically constituted level of local governance that is concerned with the determination and implementation of rural development programmes. In other words, the Panchayat Raj Institutions should be activated both to provide a forum for the resolution of objective conflicts of interest and a technical organisation for planning and administration that is capable of formulating development plans (in consultation with other government entities) and of carrying them into practice. We further recommend that in order to balance the power of the rich in the PRIs, it must be ensured that their base among the people is rendered sufficiently diverse to allow for the expression and reconciliation of a variety of class and functional interests.
- (iv) In order to give some leeway and manouverability in planning and decision-making to the District Planning body, it is necessary to place some funds at its disposal which are not tied to any departmental schemes and which may be used towards small schemes meant to meet the local priorities, needs and aspirations of the local community. The Gujarat method of providing 'un-tied funds' to the district together with its discretionary and incentive components was referred to earlier. This Committee recommends such an approach for adoption by all States, so as to give the District Planning bodies some role in planning for their local areas. The quantum of such 'un-tied fund' provided to the district should be sizeable, so that it evokes a sense of enthusiasm and responsibility among the local bodies and builds up their capability to plan and manage local-level projects. States could decide the quantum of 'un-tied funds' as their resources would permit.
- (v) We advocate that there should be a single all embracing planning authority at the district level. This planning authority as we have envisaged above, should be an arm of the Zilla Parishad. We recommend that the fragmented planning structures that currently exist at the district level must be gradually fused into the planning apparatus envisaged here. This alone would effectively ensure linkages in area development at the district level.
- (vi) We strongly feel that if development administration at the district level is to be rendered effective, the Chief Executive at the district level should be given appropriate authority, control and command over the line officials. The District Collector today who is saddled with law and order, revenue and developmental functions is unable to find adequate time for the latter with the result that coordination at the district level is not effective. We,

therefore, recommend that there should be a separate senior officer to attend solely to developmental functions. He may be designated as District Development Commissioner. He should be an official much senior to the present District Collector and should possess wide developmental experience. At the Block level, he should be assisted by Assistant Development Commissioners.

- (vii) We feel that the functions of the existing important institutional structures at the district level as well as the linkages and relationships among them need to be rationalised, so that they are non-overlapping and mutually supportive. Such institutional structures identified by us are: (a) the District PRI (wherever it exists), (b) the DRDA, (c) The District Planning Council and (d) other special development agencies at the district level, e.g. Tribal Development Agency. In Chapter IX we have discussed the organisational structure in which the functions of these institutions/agencies will be performed by appropriate bodies with a democratic base.

## CHAPTER V

# District Budgeting

5.1 One of the reasons why decentralised planning has not got off the ground is that the arrangements for presentation of budgets of State Governments have not been suitably modified to incorporate districtwise allocations. The Demands for Grants presented to the State Legislature do not show districtwise allocations. These allocations are sometimes made much after the presentation of annual budgets. Delays in communicating these allocations and, indeed, sanctions to the schemes themselves result in delays in their execution and rush of expenditure towards the close of the year leading, in turn, to inefficient and wasteful spending. The Committee, therefore, consider it imperative that districtwise budgets should be presented to the State Legislature.

### **Constitutional position:**

5.2 Article 202(1) of the Constitution stipulates that in respect of every financial year, a statement of the estimated receipts and expenditure of the State for that year should be laid before the State Legislatures. Since no money can be withdrawn from the Consolidated Fund of the State without authorisation (through an Appropriation Act) by the State Legislature, this “annual financial statement” (popularly known as budget) is required to be presented well before the commencement of the financial year to which it relates. Under Article 203(2) of the Constitution, the expenditure estimates incorporated in the annual financial statement are to be submitted to the Legislative Assembly in the form of Demands for Grants. Both the Annual Financial Statement and the Demands for Grants follow the accounting classification prescribed on the advice of the Comptroller and Auditor General of India under Article 150 of the Constitution. The Comptroller and Auditor General prescribes this classification by what are called “Major Heads” and “Minor Heads” of Account applicable uniformly to all the Governments in India. There are two tiers of classification below the minor head level for which the Comptroller and Auditor General lays down only general guidelines. These are “Sub-heads” which denote the particular programmes and schemes undertaken by respective Governments and Departments to denote the purpose of the expenditure, and the “detailed heads” below each sub-head like salaries, travel expenses, office expenses, etc. to indicate the nature of the expenditure.

5.3 It is not necessary for the State Governments to present voluminous budget documents to fulfil the Constitutional requirements as above. Some demystification of budgeting is in any case called for. The content of and the level of detail incorporated in any budget document should be relevant to the purpose for which the document would be used. We have, therefore, examined this question carefully and recommend the following scheme of presentation.

### **The Proposals:**

5.4 The annual financial statements are presented to the Legislature only by Major Heads of account, i.e. by broad functions like Agriculture, Health, Education etc. It will, therefore, be sufficient compliance of the Constitutional requirement if each Department of the State Government presents

a Demand for Grant incorporating in it the budgetary outlays sought under each major head of account. The present practice, however, is to incorporate in the Demand for Grant details right upto the detailed head of account. If we have to persist with this practice, presentation of districtwise budgets will further complicate matters and make the exercises wholly unmanageable. The Central Government had with effect from 1974-75 switched over to presentation of Demands for Grants at two levels, one giving the scheme-wise allocation and the second giving further details like salaries etc. To incorporate the districtwise allocations, we suggest a three-level presentation in the States.

5.5 The first level, which may be deemed to be the Demand for Grant for the purpose of Article 203(2) of the Constitution, may present the expenditure estimates by major heads of account. The Demand for Grant may be split up into two sections, namely, the State Sector and the District Sector. In respect of the State Sector, each major head may give the allocations by minor heads. In respect of the District Sector, each major head may give the districtwise allocations. This will be analogous to the present practice of treating Tribal Area sub-plan as a minor head under each major head. Each district will be virtually a minor head for the purpose of presentation of Demand for Grant under each major head. The proposed Demand for Grant may be seen in Format I at Annexure V-A.

5.6 The second and third level of Demands for Grants may be designated as Supplements to Demands for Grants (Part-I and Part-II respectively). Part I of the Supplement to the Demand for Grant may give schemewise budgetary outlays and Part II may give further break-down under detailed heads like salaries etc. Part I of the Supplement will help in the consideration of schemewise allocation of resources with reference to the objectives, policies and priorities while Part II of the Supplement will be relevant to the control of expenditure by the executive authorities. In view of the matter, the Legislature should be primarily interested in the Demand for Grant and the Supplements (Part I) while the Supplements (Part II) will be the operative budgets for use by the executive officials.

5.7 The Supplements (both Part I and Part II) may be prepared Departmentwise for the State Sector and Districtwise for the District Sector as in Formats 2 to 5 at Annexures V-B to V-E respectively. Formats 2 and 4 relate to the State Sector and Formats 3 and 5 to the District Sector. Formats 2 and 3 will be the most important documents for the purpose of consideration of objectives, policies and priorities and consequent allocation of resources. They should, therefore, be accompanied by complete analytical write-up. The performance budgets currently being presented separately should be integrated with them. The idea is that the Legislature and the public should know not only how much money is allocated for a particular programme or scheme but also what the objective or purpose of the programme or scheme is, on what basis resources are allocated and how it is to be implemented. Presentation of the Demands for Grants as suggested by us will, therefore, make the budgeting process more meaningful. Format 3 will be what may be called the District Budget. The District Plan should be integrated into this budget indicating in a separate statement the extra budgetary resources allocated to any programme.

5.8 The general practice is to seek the prior approval of the Estimates Committee of the State Legislature to any change proposed in the format of the Budget documents. Implementation of our recommendations may, therefore, require their prior approval. On the basis of our discussions with political leaders at various levels, our assessment is that this will be forthcoming since no information presently being given to the Legislature will be withheld; it will only be rearranged to make for more meaningful presentation. Additionally, districtwise allocations will be readily available as integral part of the budget documents.

## **Issues arising from the proposals:**

5.9 It may be argued that our proposals do not add up to full scale presentation of district budgets and that it would be better if a separate Demand for Grant is presented in respect of each district. We have not chosen to recommend this for the reasons: (1) the classification of schemes between State Sector and District Sector will have to be evolved and stabilised over a period of two or three years; (2) the structure of Demands for Grants has to be conterminous with the allocation of subjects among the members of the Council of Ministers. So long as this allocation is by Departments, not by Districts, presentation of the Demands for Grants by Department is inescapable. However, the proposed structure is such that it will easily lend itself to further restructuring of the Demands for Grants to present Districtwise Demands for Grants at a later stage.

5.10 Under the existing Constitutional provisions, reappropriation of funds between revenue and capital sections of the Demands for Grants is not permissible. There is no such bar for reallocation of funds between "plan" and "non-plan" or between State Plan, Central Plan or Centrally sponsored Plan. However, executive instructions exist to limit the powers of executive Departments in respect of the latter. In the scheme proposed by us, too, there will be no legal restriction for reappropriation of funds between the State Sector and the District Sector or among the different districts. However, it is desirable that executive instructions are issued to the effect that allocations to each district in respect of each major head will be altered only with the prior approval of the Planning or Finance Departments. In other words, allocations for each District in respect of each major head should get frozen. They should not normally be altered by the State level Departments so that the development process at the district level is not dislocated; they cannot be altered by the District authorities so long as these are provided in different Demands for Grants. Within the allocation for each major head, however, the district authorities will have, and should have, the freedom to switch resources as between different programmes and schemes so as to improve allocative efficiency and achieve the desired results.

## **Accounting classification:**

5.11 In order to successfully implement this scheme of budgeting it is necessary to have a close look at the accounting classification by major heads of account. Fortunately, a separate exercise to elaborate the accounting classification to incorporate the priorities in the Seventh Five Year Plan is already under way in consultation with the Comptroller and Auditor General of India. We understand that this exercise is expected to be completed shortly and the revised classification will be given effect to w.e.f. 1987-88. Now is, therefore, the opportune time to look at the changes on the anvil from the perspective of district budgeting and make suitable modifications. We recommend accordingly.

5.12 There is another aspect bearing on the accounting classification. Strong apprehensions have been voiced to us that decentralisation of the planning and budgeting process, with or without concomitant decentralisation of political power, will lead to, given the existing power structure in the rural areas, diversion of resources from programmes intended to benefit weaker sections to programmes which will benefit those who wield real power. We do not dismiss these apprehensions as unfounded. Nor do we have any illusions that emergence of countervailing forces like "open Government" or organisation of the beneficiaries belonging to weaker sections is round the corner. What we wish to propose, therefore, is a structure of district budget which will not permit such diversions. For this purpose, it may not be adequate to issue administrative instructions not to divert

funds from specific schemes for the simple reason that as the number of schemes increases 'policing' becomes so much more difficult. Moreover, such scheme-tied allocations will erode the concept of local level or area based budgeting itself. We, therefore, suggest that an earnest effort may be made to modify the accounting classification itself in such a way as to minimise the risks of such diversion. We wish to give a few illustrations of how this can be done.

5.13 We understand that in the elaboration of the accounting classification on the anvil a separate major head "Welfare of Scheduled Castes, Scheduled Tribes and Backward Classes" is proposed, slicing it off from the existing major head "288 Social Security and Welfare". In our scheme of budgeting each major head will be treated as a separate block implying that (1) the allocations made to the major head "Welfare of Scheduled Castes, Scheduled Tribes and Backward Classes" to any district is more or less frozen and cannot be diverted to other major heads even within the same district and (2) the district authorities will have the freedom to reallocate funds between the various programmes and schemes under this major head. The apprehension voiced to us is that the latter might mean that funds allocated to welfare of scheduled castes may be diverted to welfare of backward classes and *vice versa*. The solution to this problem lies in providing separate major heads for "Welfare of Scheduled Castes, Welfare of Scheduled Tribes" and "Welfare of Backward Classes".

5.14 By way of another illustration, we may cite the case of education. If there is only one composite major head for "General Education" there is a possibility that funds meant for "primary education" may get diverted to other levels of education with lower priority. In this view of the matter one could consider a separate major head "Elementary Education" to comprise 'school education upto primary level', 'non-formal or adult education' and 'vocational training'.

5.15 While the above two illustrations suggest further elaboration of the proposed accounting classification, there may be need to combine some of the proposed major heads. In the proposals under consideration there will be a separate major head "Special Programmes for Rural Development" under which IRDP will be classified and a separate major head "Rural Employment" under which NREP and RLEGP will be classified. We have received considerable evidence to show that at the field level it will be more advantageous to make conjunctive use of funds allocated to these three programmes. We are inclined to think that there should be only one major head with a generic name, such as "Income Generation Programmes".

5.16 We could only highlight the problem and illustrate our approach in the limited time available to us. We recommend that the concerned Departments in the Central and State Governments may apply themselves to this task urgently and suggest further changes in the accounting classification to the Budget Division of the Ministry of Finance in the Government of India (who have the nodal responsibility for coordinating with the Comptroller and Auditor General of India) before 31st March, 1986 so that the changes can be effected in the revised classification without difficulty.

### **Plan Classification:**

5.17 While on the subject of classification, it is also necessary to look into the question of classification of public expenditure into "plan" and "non-plan" components. It is now well known that the present classification has led to the neglect of maintenance of assets created in the previous plans. Several primary schools and primary health centres are without the basic staff and equipment. As the

Hanumantha Rao Committee on District Planning rightly pointed out, if maintenance of educational institutions or of irrigation projects completed earlier are part of non-plan activity and, hence, are not adequately taken care of, investment on their further extension cannot but be infructuous (Page 41, Volume 1). We have given this matter very careful consideration. In the context of the approach in the Seventh Five Year Plan of concentrating on the basic needs of the rural population we feel that due attention should be paid not only to maintenance expenditure but on running the entire service so that a total view of the service is taken and resources allocated in the most efficient manner. For example, it may be more economical to add an additional teacher in an existing school or run an additional shift instead of constructing an additional school. Under the present dispensation the salary of additional teacher or the cost of running an additional shift can no doubt be classified as "Plan" but after the current plan period is over they will be reclassified as "non-plan". This is neither logical nor conducive to efficiency. We, therefore, endorse the recommendation in the Seventh Plan document that planning and budgetary procedures should be so modified "that an integrated view is taken of development outlays, regardless of whether they are new schemes of the current plan or the maintenance schemes stated in earlier plans". Eventually, however, we should aim at classifying the entire expenditure on basic social services like primary health, drinking water, sanitation, family planning, primary education, adult education, vocational training, welfare of the weaker sections and anti-poverty programmes as "plan" expenditure.

### **Centrally Sponsored Plan Schemes:**

5.18 The last issue arising out of our scheme of district budgeting we would like to comment upon is the formulation and implementation of Central and Centrally Sponsored Plan Schemes. Implementation of these schemes through the State Government bristles with complications such as (1) non-reflection of the outlays in the State Budgets due to delayed communication of allocations by the Central Ministries/Departments (2) difficulties in segregation of actual expenditure on these schemes, and their certification by the Accountants General arising, partly, from the lack of conceptual distinction between these schemes and the State Plan and nonplan schemes undertaken by the State Governments in the same sector. These difficulties will multiply with the further classification of programmes into State Sector and District Sector schemes. Two steps are recommended to minimise them. One, the Central Ministry/Department should, as far as possible, place the schemes either in the State Sector or in the District Sector, not in both. Second, the schemes should be broadbanded with reference to the more basic objectives served by them. For example, all schemes concerning the welfare of Scheduled Castes could be broadbanded into one scheme and a 'block' grant given by the concerned Central Ministry/Department with clearly specified national objectives, policies and priorities. The criteria for distribution of the grant as between the States should be spelt out. Once the accounting classification is also streamlined the Central Ministries/Departments should be content with administering a 'block' grant in respect of each function under their charge represented by a major head of account. For example, it should be quite feasible to have one block grant for "fisheries", one for "animal husbandry", and so on. State Governments may be given the freedom to allocate grants as between different schemes or as between districts subject to adhering to national objectives, policies and priorities in that sector. Such an approach will provide a built-in check against proliferation of Centrally Sponsored Schemes which have, understandably, invited criticism from time to time. We recommend that the Central Ministries/Departments may complete this broadbanding exercise before 31st March, 1986 so that if there is any need for modification of the accounting classification it can also be attended to before the revised classification comes into force with effect from 1987-88.

## **Accounts and Audit:**

5.19 While we have dealt with the administrative arrangements separately, in order to complete the picture relating to district budgeting we would like to refer to accounting and audit arrangements arising from the presentation of Demands for Grants in the above manner. Compilation of accounts separately for each District will not only be very desirable but can also be deemed to be somewhat obligatory. The Accountants General will, therefore, have to be requested to decentralise their offices preferably to locate one office in each district, in order to compile the accounts for each district promptly and furnish them to the district level authorities to enable them to monitor the progress of expenditure on various schemes and programmes. Incidentally, opening of district level accounts offices will help in prompt settlement of claims of Government employees posted at the district level thereby, hopefully, improving their morale and motivation to serve in interior places.

5.20 Under the proposals made by us, there will be considerable devolution of funds to the district level authorities. Hence, their accountability in terms of both the regularity of expenditure and achievement of results becomes very important. Audit should be done more or less concurrently and the audit reports presented promptly, say, within three months from the close of the financial year.

5.21 We do hope that the Comptroller and Auditor General of India could be persuaded to prepare district-wise Preliminary Audit Reports for consideration by the district level authorities. This will not, in any way, fetter his discretion to incorporate the more important points in the Audit Reports to be presented by him to the Legislature, under article 151 of the Constitution.

## CHAPTER-VI

# Panchayati Raj — Past, Present and Future

6.1 Recognising the importance of democratic institutions at grass root level, Article 40 in Part IV (Directive Principles of State Policy) of the Constitution has stated that the State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-Government. States have established Gram Panchayats for villages or groups of villages with civic and economic activities for a village community as one of the functions.

6.2 The Community Development programme was started in 1952 and the Block came to be established as a unit of development administration. It was followed by the National Extension Service to build up an administrative system to tackle the problems of growth and development at the local level. The public participation at the block level was mainly through nominated representatives of the public. It was observed that the public involvement was not effective and the development of a democratic structure of administration from district downwards was felt necessary for meaningful popular participation.

6.3 The Balwant Rai Mehta Study Team was appointed in 1957 to study the C.D. and NES Programmes, especially from the point of view of assessing the extent of popular participation and to recommend creation of institutions through which such participation can be achieved. The Study Team recommended constitution of statutory elective local bodies with the necessary resources, power and authority devolved on them and a decentralised administrative system working under their control. It also recommended that the basic unit of democratic decentralisation should be located at the block/samiti level. The Study Team envisaged directly elected panchayats for a village or group of villages, an executive body called Panchayat Samiti for a block with directly elected and coopted members and an advisory body called Zila Parishad at the district level constituted indirectly, mainly through ex-officio members from lower tier and other with the Collector as Chairman. The National Development Council affirmed the objectives of democratic decentralisation and suggested that each State should work out the structure which suited its conditions best. This was the genesis of the Panchayati Raj System and ushering this in Rajasthan, late Pt. Nehru hailed it as "the most revolutionary and historical step in the context of new India".

6.4 Panchayati Raj Institutions, being units of local self Government, come as a State subject under the Constitution and the States and Union Territories are free to design their structure, powers and functions keeping in view their local situations. All States and Union Territories have enacted laws for the establishment of Panchayati Raj institutions except the States of Meghalaya and Nagaland and Union Territories of Lakshadweep and Mizoram. A three-tier system has been adopted in 12 States and one Union Territory. Two-tier system exists in 4 States and 2 Union Territories. There is only one tier of Gram Panchayat in 4 States and 4 Union Territories. Some details of the existing situation are given in Annexure VI-A.

6.5 Naturally, members of a Gram Panchayat are elected directly. At the 2nd tier i.e. Block/Tehsil, (except in the case of Assam where it is at sub-division level) there is a mixture of

different systems at this level. Five States have provision for direct election, one of them with an indirect election component also. In 5 other States there is indirect election with other representation. In the case of 6 States a body at this level is constituted by ex-officio membership from lower tier and others. At the third tier, namely the District level only 5 States have a provision for direct election of its members alongwith representation of ex-officio and other members. In all other States, the district; level body is constituted with ex-officio membership from the lower tier and other representation, with an indirect election component in two States. Thus it can be seen that there is a wide variety in the structure of Panchayati Raj institutions adopted by different States. The term of office of these bodies is generally 5 years, though there are those with 3, 4 and 6 year terms.

6.6 There are over 2,17,300 Village Panchayats in the country covering over 96 per cent of about 5.79 lakh inhabited villages and 92 per cent of the rural population of the country. On an average a Panchayat covers 2-3 villages and a population of about 2400. There are 4526 Panchayat Samitis (by whatever name called) at the Block/Tehsil level covering 88 per cent of the blocks in the country. On an average a Panchayat Samithi covers about 48 Gram Panchayats. There are 330 Zila Parishads (by whatever name called) covering about 76 per cent of the districts in the country and each Zila Parishad has on an average 13-14 Panchayat Samitis and about 660 Gram Panchayats. There are of course wide local variations.

6.7 The functions entrusted to Panchayats generally include provision and maintenance of civic services, public hygiene, maintenance of public works like tanks, local irrigation works, community wells, village roads and drainage etc. In some States they are also responsible for primary education, providing inputs for agricultural production, rural industries, primary health care and medical relief, women and child welfare, maintenance of common grazing grounds and other lands and property vested in them. The Panchayat Samitis generally implement various local schemes entrusted to them and some works taken up from their own resources. The Zila Parishads are generally advisory funds distributing bodies, except in a few States where fairly substantial funds have been placed at their disposal for taking up locally needed schemes.

6.8 Bulk of the income of the Panchayati Raj bodies comes from assignments in the land revenue and water rate and/or additional surcharge or cess thereon and various grants by the State Governments. Some revenue is also derived from tax on buildings and non-agricultural lands, the surcharge on stamp duty on transfer of immovable property or on other permitted State taxes, from their vested property, and in some cases from Octroi and assignment of forest revenue etc. The other local taxes, fees, cesses, tolls, licence fees etc. on selected professions/trades/callings/industries, water supply, sanitation, lighting, markets, bazaars and hats, pilgrims, fairs and festivals, exhibitions, theatrical and cinema shows, rest-houses, bus and cart stands, vehicles, animals, cattle ponds, slaughter houses, ferries, bridges, cattle grazing, commercial crops etc. permitted in the various State Legislations do not yield much revenue and the bulk of such revenue is at the Gram Panchaya level. In some States Panchayat Samitis and Zila Parishads have no powers of taxation. According to an estimate based on available figures for 1982-83, the total tax revenue realised by Panchayati Raj institutions constituted a mere 0.1 per cent of all-States tax revenue. The tax and non-tax income (including grants) realised by the Panchayati Raj institutions constituted 4 per cent of the tax and non-tax revenue of all States and 3 per cent of all-State tax and non-tax revenue and capital receipts. Obviously, the resources of the Panchayati Raj institutions are too meagre to enable them to discharge effectively the functions which are devolved on or expected of them.

6.9 After the initial enthusiasm, following the creation of these institutions, there has been stagnation and later a decline in the functioning of these institutions in many parts of the country,

while there are some notable exceptions. Apart from inadequate resources, elections to these bodies have not been held regularly. In fact, elections have become overdue for one or more tiers of the Panchayati Raj institutions in 11 States and in 8 States even elections to Gram Panchayats are overdue. Elections have been put off on one pretext or another like drought, floods, census, general elections, delimitation reservation etc., and the term of the existing bodies have been extended or the bodies have been superseded. The Sixth Plan objective of strengthening the process of democratic decentralisation, devolving on them such functions which are capable of being planned and implemented at the respective levels, and involving them in the planning and execution of Integrated Rural Development Programme, National Rural Employment Programme, District and Block-level planning and the Minimum Needs Programme has had only partial success. Wherever the Panchayati Raj bodies have been actively involved, the implementation of rural development programmes has been decidedly better and the selection of beneficiaries and designing of schemes have been more satisfactory.

6.10 It is generally accepted that various programmes of rural development will become realistic and meaningful only if people's representatives are actively involved in the local level planning, design, formulation and implementation of these schemes and in selection of beneficiaries in the anti-poverty and employment programmes. In order that the felt needs of the local people and the area are articulated for planning, priorities are established and effectively implemented, there is no better instrument to meet this need other than Panchayati Raj institutions. These institutions need to be revitalised and endowed with necessary resources and powers to discharge the functions and responsibilities assigned to them.

6.11 The Committee noted that the Prime Minister has also written to all the Chief Ministers in this regard and requested them to hold regular elections to the Panchayati Raj bodies whenever due, give them adequate administrative power and financial back-up to make them vibrant instruments of popular participation in the development process. It is only through regular elections and ensuring of continued existence and functioning of democratically elected local level bodies that responsible public opinion can be generated and the local bodies become responsive to the needs of the people of the area effective and meaningful in the planning and implementation process. Recently Shri R. Venkataraman the Vice-President of India while delivering the G.B. Pant Memorial Lecture said: "Panchayati Raj institutions, for instance, were consciously thought of and devised as a means of remaining informal and of obtaining people's participation. In many States elections have not been held to the Panchayats at the Gram or the Zila level for ten years or more. This had the effect of isolating our plans from the beneficiaries of the plans ..... People have not been involved in the formulation, monitoring and implementation of our plans..... The distortions in the planning process as a result of the neglect of our Panchayati Raj institutions has serious consequences..... I feel that Constitution should be amended and elections to Panchayats should be compulsory as in the case of State Legislatures and Parliament. That is the only way to ensure people's participation in the Planning process." It was in the year 1956 that late Pt. Nehru launched the Panchayati Raj movement. Three decades have elapsed since then and the time has come to have a fresh look at these institutions and reactivate them. The Committee recommends that the year 1986 should be observed as "The year of Panchayati Raj" and a drive should be undertaken to conduct elections before 31.12.1986 to the various tiers of panchayati raj institutions wherever they are overdue. Opportunity should also be taken during the year 1986 to restructure and revitalise them on the lines of the recommendations of the Committee.

6.12 The Asoka Mehta Committee which reviewed the situation in 1978 to recommend an institutional design for Panchayati Raj in the light of the developmental thrust and technical expertise required for planning and implementation of rural development programmes commented; "the

inescapable compulsion is that the district be the first point for decentralisation, under popular supervision, below the State-level". District has come to be recognised as a viable administrative unit at which planning, coordination and resource allocation are feasible and technical expertise is available. A higher level of popular leadership can also emerge at this level.

6.13 The World Conference on Agrarian Reforms and Rural Development held in 1979 under the auspices of the FAO has recommended a programme of action which includes decentralisation of institutions and process of government decision making and delegation to institutions of local government, increasing responsibility for decision making in rural development activities, in particular the planning machinery and process, within the framework of national policy, to enable people's participation in the planning, formulation and implementation of development activities and programmes relating to their regions or areas.

6.14 Two expert groups have examined the issue of planning at the district-level and below, namely the working Group on Block-level planning headed by Prof. M.L. Dantwala and the Working Group on District Planning headed by Dr. C.H. Hanumantha Rao, Member, Planning Commission. Both these committees have studied various aspects of decentralised planning at the district and the block level and have made recommendations which are, by and large, similar. Both groups have recommended that the basic decentralised planning function has to be done at the district level. The Expert Group on district planning has commended that the institutional framework for district planning should be a social instrument of decision making which should be a happy blend of local autonomy, administrative capability and planning expertise. This Committee is in broad agreement with the main recommendations of the two expert groups.

6.15 The development strategy of the Seventh Plan aims at a direct attack on the problems of poverty, unemployment and regional imbalances. The success of this depends on effective steps for the decentralisation of planning and development administration on the one hand and involvement and participation of the people in the formulation and implementation process through elected grassroot level institutions, voluntary agencies as well as organisations of the poor. These will help in enhancing the effectiveness of the poverty alleviation programmes, in minimising leakages and in integration of these programmes with area development consistent with local needs. Decentralisation and democratisation are compulsions of rural development. There is no alternative to raising the awareness of the rural poor and activating and involving representative institutions from below (village panchayats, panchayat samitis, zila parishads) in the planning and implementation of rural development programmes in an integrated manner for optimal use of resources and for closer monitoring. This is particularly emphasized in the context of special programmes of poverty alleviation and the provision of minimum needs.

6.16 The Community Development Programme was essentially an area development programme intended to provide institutionalised socio-economic facilities. The creation of the block machinery was a significant step forward in development administration to give an integrated structure to take a total view of the development of an area. But over the years, this has got eroded by the introduction of a multiplicity of sectoral and special programmes, with a proliferation of departmental functionaries both at the district level and at the block level. There has been little coordination in their work and the activities have become fragmented and compartmentalised. Even the setting up of District Rural Development Agencies and the strengthening of the blocks under IRDP have not resulted in the needed integration or overall co-ordination at the district-block level and there are a number of instances in which a battery of schemes/projects/programmes aimed at the

same target group or the same geographical areas, being planned and implemented by independent agencies in a totally un-coordinated manner. The poverty alleviation programmes and the minimum needs programme are two main sets of programmes which need to be planned and implemented in a closely coordinated and integrated manner along with infrastructure and other development programmes. Such a field level coordination and integration is conspicuous by its absence. The Community Development and Panchayat Raj Institutions have performed only a limited and peripheral role in local level integrated planning.

6.17 Growth with social justice and poverty alleviation continues to be emphasised in the Seventh Five Year Plan. Studies have shown that poverty has tended to diminish where growth has been sustained over a long period and, by and large, there has been a positive association between reduction in rural poverty and improved agricultural performance. It is also seen that the percentage of persons below the poverty line in rural areas has tended to increase when the per capita agricultural production has decreased. However, the 'trickle down' of the benefits of growth for alleviation of poverty has not been significant and, therefore, a strategy of direct attack on poverty through a 'pull up' measure has been implemented with significant results.

6.18 Development experience in the past has clearly indicated that gains from growth, by and large, flow in proportion to the existing asset holdings. Experience of some countries has shown that a more equitable distribution of assets at the start of the growth process will generally result in the new incomes being distributed better. The major asset in the rural areas being land, effective implementation of land reforms has got a crucial importance in this context. There is still a highly skewed distribution of land holdings. According to the agricultural Census of 1980-81 of operational holdings, operational holdings of 2 ha. and below (small and marginal) were 66.6 million (74.5% of the total number) operating an area of 42.76 million ha. (26.3% of the total area) whereas operational holdings of 10 ha and above (large) were 2.15 million (2.4% of the total number) operating an area of 37.13 million ha. (22.8% of the total area). Apart from the fact, due to various reasons, the declared surplus land is far less than the estimated surplus land is involved in litigation. Ownership rights have not been conferred on tenants in some States. In many parts of the country there are insecure tenants and share-croppers. The success of the strategy of increasing agricultural production and asset endowment to the rural poor for income generating activities depend on effective land and tenurial reforms. Even marginal and sub-marginal land would be of much importance to the poor. Even for non-land based activities possession of a certain minimum land holding would be desirable. The Seventh Five Year Plan has stated that land reforms should be an intrinsic part of the anti-poverty strategy. Redistributive land reforms and bringing on record oral, informal and insecure tenants to provide security of tenure followed by conferment of ownership have to be pushed through. The involvement of Panchayati Raj institutions in this process would be of considerable importance, as experience has shown. Assistance to assignees of surplus land should be integrated with the programme of IRDP, NREP etc. The developmental role of the Revenue Department in this regard is also to be recognised, especially in the context of maintenance of upto date land and crop records required for various purposes like land reforms, flow of agricultural credit, food procurement, social forestry etc. apart from the requirements of planning.

6.19 The importance of anti-poverty programme in rural development has to be considered in the correct perspective. Measures of poverty alleviation, whether it be through an asset endowment under IRDP or provision of wage income through NREP/RLEGP or drought proofing under the area development programmes of DPAP and DDP have to be integrated with the Minimum Needs Programme, as they are mutually supportive. The Seventh Five Year Plan has emphasised this aspect and urged the creation of the necessary linkages between beneficiary and area development oriented

anti-poverty programmes of rural development and the Minimum Needs Programme components of human resources and area development.

6.20 Indeed it is necessary that such integration and establishment of linkages are given a concrete shape. Infrastructural development on an integrated area basis is essential. For example, agriculture and dairy development schemes have to be linked with provision of inputs and credit, communication, roads, markets, rural electrification etc. Livestock development has to be connected with animal health cover and pasture and fodder development. Irrigation should cover catchment area treatment to command area development. Water shed development should encompass soil and water conservation, ground water exploitation, dryland farming technology, pasture and fodder development and afforestation. It is well-known that education of girls and woman, nutrition, rural health and sanitation and rural water supply have a very significant role to play in the family welfare programmes and to achieve the small family norm. Forest development through farm forestry and social forestry has to give emphasis on fuel wood and fodder to meet the requirement of rural domestic cooking energy and a large livestock population. The complementarity of the activities and the supplemental role of the funds from different sources can be properly realised only if an integrated area planning can be done at the district level. With the shift in emphasis from multi-area sectoral programmes to multi-sectoral area programmes and projectisation, the technical expertise required for such an exercise can only be found at the district level and not below. Effective horizontal coordination between different agencies would be possible under a single umbrella body at the District level with a dynamic leadership.

6.21 There are a large number of small schemes which are vital to the poor and of great utility to agricultural development but inadequate attention is bestowed on them. Examples are, small minor irrigation schemes, soil and water conservation including check dams and water harvesting structures, community irrigation wells etc. Equally important are certain functions where the border line between maintenance and development is rather thin for example, provision of equipment to schools, drugs to dispensaries etc. Then there are maintenance functions that are often neglected-maintenance of roads, buildings, water supply schemes and hand pumps etc. Devolving these to the district level will help in giving greater attention better planning and more effective and purposeful management. While the distinction between plan and non-plan can get blurred at the district level with a district budget, care should, however, be exercised to see that funds meant for maintenance do not get diverted, as improper and inadequate maintenance will prove much more expensive in the long run.

6.22 An organisational structure requires to be built up for integrated planning, effective implementation, better management, closer monitoring and concurrent evaluation to ensure optimal use of resources and delivery of benefits to those for whom they are meant. This should also keep in view national objectives, state priorities, regional requirements, local needs and people's aspirations. The structure at the district-level will, therefore, have a dual function of integrated area planning and effective implementation.

6.23 States have been generally lukewarm to the process of democratic decentralisation. In most States the Panchayati Raj bodies have been allowed to languish without powers and resources. Development has come of age and the time has come to take the planning, decision-making and implementation process nearer to the people through democratic bodies. The inevitable need to transfer power of the State to democratic bodies at the local level has to be recognised. Inadequacies in the present system have to be remedied and a participative feeling in the gigantic task of rural development and poverty alleviation needs to be generated. The rural development administration

has to become poor-oriented in its attitudes, procedures and processes. A unified development administration structure has to be brought in at the district level and below. A quantum jumps in organisational design required to meet these tasks is now not only opportune but also ineluctable.

6.24 The Committee is of the opinion that there should be a significant decentralisation at the District level. There should be a District-level body, say, the Zila Parishad for the rural areas, with directly elected members at the rate of one member for every 30,000 to 40,000 population, with suitable scaling down for sparsely populated and hilly areas. Representative of the District Cooperative Bank, urban local self-Government institutions as well as members of the Legislative Assembly and Parliament may also be associated in this body. Adequate representation should also be provided for under-privileged economic/occupational/social groups including Scheduled Castes, Scheduled Tribes and women as well as for organisation of the poor, if there be such bodies. The Committee noted that the recent Karnataka Legislation has provided 25% reservation for women. The term of Zila Parishad should be between 3 to 5 years. Election should be held regularly whenever it becomes due. They should not be normally superseded and even if it is done under extraordinary circumstances, it should not be more than 6 months, within which time fresh elections should be conducted.

6.25 So far as the office of the Chairman of Zila Parishad is concerned, States could adopt one of two models. He could be elected from among its own members for the term of the Zila Parishad. However, in order to give a greater sense of participative feeling and to avoid growth of frictional power centres, the alternative model of the mayoral pattern with an elected Chairman holding office for one year is commended by the Committee for consideration of the States. The election in both cases of the Chairman and the Vice-Chairman, if there be one, could be by the mechanism of a single transferable vote. The Chairman and the members of the Zila Parishad would also need to be given orientation/training which should be organised by the National Institute of Rural Development, Hyderabad.

6.26 All the developmental departments with their line informations at the district-level and below should be brought squarely under the Zila Parishad. The budgets, non-plan and plan, of these departments and the funds for various special schemes implemented at the district level or below should be transferred to Zila Parishad to form the district budget. In implementation, of course, the norms and guidelines for the various special programmes should be adhered to and the funds for these should not be divertible. The planning exercise will have to mesh them and the various sectoral and area development programmes into a mosaic and draw up a comprehensive design of integrated development of each area. An illustrative list of departments which can be placed under the Zila Parishad is given below :

1. Agriculture including soil conservation, horticulture.
2. Animal husbandry and veterinary services, fisheries.
3. Cooperation.
4. Minor irrigation and ground water development.
5. Primary and adult education.
6. Public health and family welfare including primary health centres.

7. Rural water supply and sanitation,
8. District and Rural Roads and Departmental buildings in district (from PWD).
9. Small Scale and rural industries (District Industries Centre)
10. Welfare of Scheduled Castes and Scheduled Tribes.
11. Social and women welfare including children.
12. Social Forestry (from Forest Department).

6.27 The officers of the line departments will continue to discharge functions devolved on them by statutes. However, the States will have to work out suitable arrangements for delineation of work between the Zila Parishad and other statutory authorities, such as the Command Area Development Authority which may be operating in the same area.

6.28 The Zila Parishads may operate through various committees. They should be compact and in order to ensure participation of all the members of the Zila Parishad in one Committee or other, the members of the committees should be elected by the members of the Zila Parishad from among themselves in accordance with the system of proportional representation by means of single transferable vote. The Committee suggests the following typical committees of the Zila Parishad;

1. General Standing Committee to look after establishment and miscellaneous residuary matters.
2. Finance and Audit Committee to look after finances, framing of budgets, considering proposals for increase in revenue, consideration of proposals affecting finances, examination of receipts and expenditure, internal audit.
3. Planning Committee to look after integrated planning including co-operative and other credit planning as well as area development programmes of DPAP/DDP where existing, statistics, evaluation of programmes and schemes.
4. Anti-poverty Programme Committee to look after the programmes of IRDP, NREP, RLEGP etc., as also employment generating works under drought relief.
5. Public Works and Amenities Committee to look after minor irrigation, district and rural roads, buildings, rural housing, village extensions, rural water supply, ground water development, rural electrification etc.
6. Agricultural and Animal Husbandry Committee to look after agriculture, (including seed farms, provision of seeds and fertilisers, crop protection), soil and water conservation, agricultural extension, dry land development, command area development, horticulture, livestock development, animal health, and veterinary services, pasture and fodder development, fisheries, cooperative societies etc.
7. Education Committee to look after primary and adult education except academic matter.
8. Health Committee to look after hospitals and dispensaries including primary health centres below district level, nutrition, rural health and sanitation, rural water supply and family welfare schemes.

9. Industries Committee to look after small-scale, village and cottage industries promotion, training, provision of inputs and marketing.

10. Social Forestry Committee to look after the programmes of farm forestry, social forestry and the new Minimum Needs Programme of Rural Domestic Cooking Energy.

11. Social Justice Committee to look after institutions and programmes for welfare of Scheduled Castes, Scheduled Tribes, social and women's welfare and schemes for other weaker section of the society.

6.29 It would be seen from the above that all the basic developmental departments and programmes including the anti-poverty programmes and the Minimum Needs Programme which are vital to rural development come squarely under the Zila Parishad with non-official leadership for integrated and harmonised functioning. The planning and decision making process will be effectively decentralised. The various developmental departments will provide the technical expertise required for planning and function under the supervision of the concerned committees. With democratic decentralisation of development functions on the lines suggested above, one can say that country will be taking the first important step towards a district government.

6.30 In order that the objective of planning from below is achieved and felt needs of the people and the area are catered to, it would also be desirable to provide a certain sectorally unallocated lumpsum to each Zila Parishad. The determination of such amounts to be provided by the State Government could be entrusted to a Finance Commission to be appointed by each Government say, once in 5 years.

6.31 It is also to be recognised that the needs of the district as they would emerge in the District Plans prepared by the Zila Parishads could be far more than what the resources would permit. It is also possible that the perception of priorities at District level could be such that, added together, the amounts required for these would be much larger than the amounts that can be allocated under the State Plan with its priorities. A mechanism for harmonising these would also be necessary. The Committee suggests that there should be a State Development Council for the purpose with the Chief Minister as the Chairman. All the Ministers of Government and Chairmen of Zila Parishads could be its members. The Development Commissioner could be its Secretary. The State Development Council could meet as often as necessary. Among its functions could be the approval of district plans as well as approval of the State Annual Plan prepared by meshing together the district plans and other sectoral plans.

6.32 At the level lower than that of the district, two different models are available for consideration of the State Governments. The Block has come to be recognised as a development administration unit and integrated area planning can also start at the block level for preparation of District Plans ultimately. The Committee has also envisaged restoration of original concept of integrated development at the Block level which was conceived for the Community Development Programme and providing administrative leadership at this level higher than prevalent at present. The Committee also recommends that there should be a directly elected body, say the Panchayat Samiti, to be responsible for planning and implementation of developmental schemes under the guidance of the Zila Parishad. There should be reservation on this body for the Scheduled Castes, Scheduled Tribes, women etc. The body at this level should also have representatives of Marketing Cooperative Societies and Land Development Banks operating at the Block level. The line Departments operating

at the Block level should function under the Panchayat Samiti. The Panchayat Samiti should get Block plans prepared for its approval. The Panchayat Samiti will also have executive functions in implementation of the schemes as also final selection of beneficiaries under IRDP etc. Below the level the existing structure of directly elected Gram Panchayats will continue.

6.33 Another model which may be considered is the constitution of Mandal Panchayats for a group of villages with a population of 15,000 to 20,000 instead of the present Gram Panchayats. This should have directly elected members with reservations for Scheduled Castes, Scheduled Tribes, women etc. This could be an executive body entrusted with schemes which can be implemented at that level. They could also be involved in the selection of beneficiaries for anti-poverty and employment programmes. In this model the States may also like to have a Panchayat Samiti at the Block level as an Advisory-cum-coordinating body constituted indirectly from representatives of Mandal Panchayats, Zila Parishads, members of area cooperative institutions etc. which could also be responsible for getting Block plans prepared.

6.34 There should be a Gram Sabha for each village consisting of all the voters of village. This should meet as often as necessary but the interval between any two consecutive meetings should not be more than 6 months. The meeting should be presided over by the Chairman or in his absence, the Vice-Chairman of the Gram Panchayat or the Mandal Panchayat, as the case may be. The identification of beneficiaries under poverty alleviation programmes like IRDP, NREP, RLEGP etc. should be done in Gram Sabha meetings. The Panchayat should place before the Gram Sabha a report about development programmes taken up for the village during the previous year and proposals for the current year for their consideration. The Gram Sabha can give proposals for new programmes and also help in organising various activities in the village. The recommendations of the Gram Sabha should be given due consideration by the Gram/Mandal Panchayat, Panchayat Samiti and Zila Parishad.

6.35 The Panchayat Samiti and the Gram/Mandal Panchayat should have a sub-committee, consisting mainly of women members, for considering and implementing programmes and schemes for welfare of women and children, including adult education.

6.36 Many villages and towns have untapped human resources like retired persons with technical or other expertise willing to offer their services and also persons who are active in social work. There should be provision to co-opt or associate such persons or representatives of voluntary agencies or of organisations of the poor on the relevant committees of the Panchayati Raj institutions. Voluntary agencies operating in different areas and organisations of the poor should also be involved in the developmental programmes in a large measure.

## CHAPTER-VII

# ROLE OF VOLUNTARY AGENCIES AND ORGANISATION OF THE POOR

7.1 There is an urgent need for accepting the changing role of Voluntary Organisations in the implementation of anti-poverty and Minimum Needs Programme. While the role of Voluntary agencies has been accepted in supplementing government effort, there is still general confusion and lack of understanding on how best to involve them directly. It must be recognised that times have changed and there are many other economically and socially vulnerable groups like small and marginal farmers, agricultural labourers, scheduled castes and tribes, bonded labourers, rural artisans and rural woman who also need to be reached. Expertise of a different kind is required, strategies of a different nature need to be designed, personnel with different attitudes and orientation will need to be mobilised to reach these target groups. More grass root voluntary agencies need to be identified to help perform this gigantic task.

7.2 The task is so gigantic that it has been generally accepted that the government cannot do this task alone. There is scope for trying alternatives where three decades of people's participation has resulted in many village level groups in the non-governmental sector, both formal and informal in nature. Where small groups have been working for years in non-traditional areas of development work, in the 7th Plan period it will be necessary to locate and identify them and see how best State Governments can use their expertise and experience in more effective implementation of anti-poverty and minimum needs programme.

7.3 It is an incorrect assumption that any activity outside government which is non-governmental is 'voluntary'. In the non-governmental sector, there is need to differentiate and distinguish between cooperatives, gram panchayats, farmers societies, religious, social and cultural organisations — and voluntary agencies working in rural development in the implementation of anti-poverty and minimum needs programme.

7.4 Much has been written on village contribution towards the development process. From the 1st Plan, one essential element was to collect contribution in cash or kind from the beneficiaries as a first step towards self-reliance. By the 3rd Plan, 'Voluntary Contributions' in the Community Development Programme in cash, kind and service have been estimated at about Rs. 100 crores. But this effort at mobilising resources from the community was given little importance in subsequent Plans. In the 5th and 6th Plan there was hardly any mention on raising resources from the community for technical and socio-economic services rendered. In the 7th Plan largely through efforts of voluntary agencies an attempt will be made to revive this idea of raising resources from the community to implement their own programmes.

7.5 The accent in the 7th Plan period will be to professionalise volunteerism. Introduce simple professional and Managerial expertise in keeping with the resources and capabilities of voluntary agencies so as to be in a position to meet with the basic public requirement of accountability. However, this should not be done at the expense of locally available human and financial resources.

The ideal combination would be to use the spirit of volunteerism still prevalent in villages and slums in the young men and women from different occupations — farmers, rural artisans, scheduled castes and scheduled tribes, agricultural labourers, girijans, bonded labourers — upgrade their skills and give them the tools to become better citizens. If, as a result, they are able to stand on their own feet, this could be claimed as an achievement by voluntary agencies.

7.6 To achieve better results and reach maximum benefits to the rural poor, there is no denying the fact that voluntary agencies have to upgrade their professional skills and develop some Managerial expertise. While the tendency is to depend on people with more theoretical knowledge than practical experience in training and skill development where institutions have become a necessity, there is an obvious need to tap the resources from

(1) within the voluntary sector

(2) from the people themselves and

(3) from the small percentage of bureaucracy from All India Central and State Services who could take study leave as per rules and work in recognised voluntary organisations without jeopardising their careers. The use of these human resources could be non-institutional without unnecessary overhead costs.

7.7 The underlying message that voluntary agencies are emphasising repeatedly and which has been recognised right from the 1st Plan to the 6th Plan is that the communication and credibility gap between the Planner and implementor (in fact between theory and action) should be reduced. Development models especially in the area of block level planning through voluntary agencies have shown this to be possible and alternatives need to be tried out on a much larger and organised scale. The de-mystification of the planning process where the implementer is also a party to the design is long overdue.

7.8 Identification and role of voluntary agencies has already been clarified in great detail in the 7th Plan document approved by the National Development Council.

7.9 From the middle of the 6th Plan period a number of initiatives to re-establish a dialogue between government and voluntary agencies at the level of Government of India have yielded encouraging and tangible results. In this context, the late Prime Minister had also written to all the Chief Ministers in October, 1982 to establish Consultative Groups of voluntary agencies.

7.10 By far the most encouraging development has been the healthy revival of the Freedom from Hunger Campaign Committee now called People's Action for Development (India) (PADI) has a General Body where voluntary agencies of national stature and known for the work they have done in rural development are members. Voluntary agencies are also members of the Governing Council. PADI has become a forum through which the views of voluntary agencies from the field reach the government: it promotes voluntary effort in the country; it channels foreign and indigenous funds for the implementation of anti-poverty and minimum needs programme; it protects the interests of Voluntary agencies working all over the country.

7.11 As a necessary pressure group and to act as a watchdog, the Committee for the Implementation of Legal Aid Schemes (CILAS) under the Chairmanship of Chief Justice P.N. Bhagwati has constituted a group primarily designed to support and assist the work of social action

groups at the village level. The Group consists of senior officials of the Government of India who are called upon to assist village level activist groups working in the field of rural development.

7.12 Such forums as the State Level Consultative Groups, PADI, and CILAS are some of the many attempts at assisting voluntary agencies involved in anti-poverty programmes of the village level. What the Central Social Welfare Board and its State Branches are for social service and social welfare agencies, what the National Institute of Public Cooperation and Child Development (NIPCCD) is for institutionalised non-governmental organisations based in urban and semi-urban areas, the Consultative Groups, PADI, and CILAS are forums for village level grass root small activist social action groups in rural development.

7.13 In pursuance of the directive of the late Prime Minister, a process of identifying genuine voluntary agencies was initiated in consultation with the State Government concerned. The need for a Consultative Group was expressed by almost all the voluntary agencies. The communication gap between government and voluntary agencies was growing and because State Governments had to depend on second and third hand source of information in the work done on release of bonded labour, minimum wages, women's development etc. reaching the State Capitals was occasionally biased, incorrect and leading to further misunderstandings. The need for a forum to explain the point of view of voluntary agencies and their problems was long overdue.

7.14 If the promotion of voluntary effort is to succeed, guidelines, to minimise delays and harassment by frequent references of project proposals to various government departments/agencies will have to be formulated. In this connection, it is to be noted that after three decades of voluntary effort in the country there is enough technical and human resources available within the voluntary sector to study and evaluate projects and assess its feasibility.

7.15 It is with this objective that separate administrative arrangements of PADI have been suggested. PADI/PAD should prepare a panel of experts available in different districts/States who are prepared to assist on a voluntary and honorary basis in the implementation of anti-poverty and minimum needs programme through voluntary agencies. The services of these experts should be utilised for examination, monitoring and evaluation of projects. Where projects are multi-sectoral, a team of experts from the voluntary sector could be constituted. This channel will eliminate the present procedure of asking comments of government departments/agencies/functionaries regarding viability, progress and quality of implementation of projects.

7.16 These experts can also be utilised to assist voluntary agencies to prepare proper projects, produce audit statements in time as well as annual reports on the work done.

### **Three-Tier Administrative System**

7.17 It is proposed that at the Central level, voluntary effort in the rural development sector with its allied service, is promoted on a much larger scale with greater responsibilities through People's Action for Development India (PADI).

7.18 The institutional arrangement for a single window approach should ensure that voluntary agencies do not have to run from pillar to post to avail of assistance from government.

7.19 In order to encourage and sustain the spirit of volunteerism it is necessary to tap the human resources available within government in All India Central and State Services and who are

keen to offer their services and experiences to upgrade professionalism in the voluntary sector. This also include retired personnel, ex-servicemen etc.

## **State**

7.20 It is suggested that the State Level Consultative Groups recommended by the late Prime Minister and to be headed by either the Chief Secretary or the Development Commissioner, be registered under the Societies Registration Act as People's Action for Development. The selection and approval of the State Governments of voluntary agencies to be members of the Consultative Group with the assistance of the State Governments is already in progress and where finalised they could be given a legal status.

7.21 The State level Consultative Group of Voluntary agencies, is to ensure communication with policy making levels on a consistent basis. Consistent monitoring of programmes and immediate corrections are some of the intangible services that voluntary agencies can provide to the Government. In other words:—

- (i) the voluntary agencies provide information on the qualitative aspects of the anti-poverty and minimum needs programme; and
- (ii) the voluntary agencies can experiment with effective monitoring systems based on community involvement.

## **Block**

7.22 A Voluntary Agency if it is to be successful must be tried out at the cutting edge level of Block and below. By its very nature, scope, operations and size, it cannot possibly adopt the district as a unit because that will mean by and large taking on more than they can handle.

7.23 The Voluntary Agency cannot do without the Administrative and institutional support at the District, State and National level and the single window approach in this case would be the most effective channel of funds and information.

7.24 There is a need to try out new models/alternative approaches and new systems of reaching the rural poor and seeing that benefits actually reach them at lesser costs.

7.25 The Voluntary Agency must necessarily be different from Government models but at the same time it must also contain elements that are acceptable to all types of Voluntary Agencies with different ideologies. The Voluntary Agency must take the following elements into account:—

- (i) The administrative structure of the Voluntary Agency as far as possible must confine itself to the Block level and below.
- (ii) The emphasis of the Voluntary Agency must to on the development of human resources leading to overall development.
- (iii) Voluntary Agency should give little or no importance to development being target and time oriented.

- (iv) The administrative structure of the Voluntary Agency must indeed be less expensive than what it costs the government. The delivery system today is prohibitively expensive. This is only possible by:
  - (a) professionalising volunteerism
  - (b) identifying, mobilising and utilising village resources for their own development.
- (v) The administrative structure at the Block and Village level of the Voluntary Agency must follow an integrated approach with emphasis on integrating skills, attitudes, schemes and approaches.
- (vi) There must be a built-in feed-back system which allows for free flow of information from the village to the voluntary agency and the bureaucracy and percolation of information to the village level.
- (vii) By far the most crucial element will be the importance given to community accountability. If the service provided is incompetent, inefficient, expensive in human terms and the agency re-exploitative in its dealings, then a system of the right to recall should be put into force.
- (viii) There should be forums institutionalised at the Block level which meet regularly to discuss field and administrative problems between the beneficiaries, the voluntary agency and the district level staff. This will help ease tensions and remove misunderstandings.

## **Programme for Implementation through Voluntary Agencies**

7.26 The 7th Plan document contains details of what programmes could be implemented through voluntary agencies.

### **Training**

7.27 The need for a training infrastructure at the village level staffed by people with practical experience than theoretical knowledge and located as close to actual rural conditions as possible seems to be a universal demand of voluntary agencies all over India. The heavily institutionalised structure that is ostensibly designed to train voluntary workers can be made available for other purposes.

7.28 If the category of the target group to be trained, include small and marginal farmers, rural artisans, scheduled castes and scheduled tribes, girijan, agricultural labourers and bonded labourers, then there is a need for changing the pattern and style of training programmes and most definitely the location of training institutions.

7.29 Training programmes require to be conducted in an informal atmosphere and it should be a place for discussion and an inter-exchange of ideas, thoughts, feelings and approaches. Ideally a place needs to be developed where the atmosphere allows a process of learning from each other.

7.30 The strength of training institutions in the voluntary sector lies in upgrading skills and professionalism at the village level. They have the experience to train illiterate and semi-literate peasants from the target groups. The government is trying to reach them to provide assistance. It is time we recognised their contribution and used them more effectively.

7.31 One of the crucial role of voluntary agencies is to be the eyes and ears of the people on the field. Sadly there is very little scope for a reliable channel of information on what is going on the field to reach higher levels of bureaucracy and because this is lacking the effect is being felt in the planning process. Not enough information is being allowed to reach the policy and decision making levels for them to make the necessary changes in strategies and mid-term corrections. It does not require a great deal of professionalism and training to pinpoint the weakness and flaws of schemes being implemented at the village level.

7.32 There is expertise available in the voluntary sector to conduct evaluation studies on programme run by grass root agencies, social action groups and activists because it is presumed that they have a more systematic orientation and a more realistic terms of reference of assessing people and programme.

### **Organisation of the Poor**

7.33 A number of poverty alleviation programmes, viz; Integrated Rural Development Programme, National Rural Employment Programme, Rural Landless Employment Guarantee Programme, Drought Prone Areas Programme, Desert Development Programme, the Land Reforms etc. have been launched. It has been observed that these programmes, have not been, able to achieve the desired results in certain areas. This has been mainly because the target groups, i.e., the poor have not been properly organised to assert themselves both in the formulation and implementation of these programmes.

7.34 Participation of the target groups, i.e. the poor, in developmental schemes is essential for their successful implementation. This is sought to be done, to some extent, by involving voluntary and non-governmental agencies in the efforts in promotion of rural development. It is, however, important that the rural poor for whom all these programmes are intended, should be directly and actively associated not only with the implementation but also with the formulation of these programmes, so that the programme contents may take into account the social factors, the aspirations of the local people, their capabilities and requirements.

7.35 The Report of the sub-group on the IRDP for the Seventh Plan highlights this point as follows:

“Alternative strategies for implementation of rural development programmes like IRDP have also to be experimented. The experience in regard to the individual beneficiary approach has been that dispersed rural poor, even if receiving benefits of development at one point of time may not be in a position to retain these benefits over a period of time unless an institutional structure exists which can support their efforts to raise themselves up economically. Strategies involving group approach in rural development have been successfully tried in some other developing countries. It has been recognised that institutional structure formed by the poor themselves would be most effective in safeguarding their interests.”

7.36 Beneficiary-oriented anti-poverty programmes have so far, generally, been implemented through the official delivery system. However, it is increasingly felt that the beneficiaries have not been involved in the process of planning and implementation of such programmes, to the extent necessary. Therefore, they are not able to derive the benefits of such programmes to the maximum extent. Thus, there is need for ensuring greater participation of the poor in anti-poverty programmes.

7.37 It is felt that the active involvement of the beneficiaries is necessary to ensure that the assistance reaches the intended target group living below the poverty line, and that the target group derives that maximum benefit from the programmes. The ideal situation would be if the beneficiaries themselves take the initiative. But they have so far failed to assert themselves because of a number of factors. The organisation of beneficiaries is, thus, intended to increase their awareness and strengthen their bargaining position so as to help them to get the maximum benefits of such programmes.

7.38 The poor should be organised as members of formal institutions like cooperative as well as members of informal groups. The motivated functionaries in the government organisations and banks can create awareness amongst the rural poor. Something of the old approach of the Community Development emphasising the process of participation should be revived. The Committee has noted that the Government of India has recently approved a new Central Sector Scheme, namely, 'Organisation of beneficiaries of anti-poverty Programmes'.

7.39 The objectives of any programme for the organisation of the poor should *inter-alia* be:

- (i) to increase the level of awareness of the target groups in regard to the programme content and facilities provided therein under programmes such as IRDP, NREP, RLEGP, TRYSEM, DWCRA, etc.;
- (ii) to encourage their participation in the planning and implementation of these programmes;
- (iii) to increase their bargaining power through group action;
- (iv) to promote cooperative and group action among the beneficiaries;
- (v) to establish a feed back mechanism and appropriate forum where a constant dialogue could take place between government functionary groups at village level; and
- (vi) to make the beneficiary groups self-reliant, that is, the group/individual increasingly learns to do for themselves/himself what was done for them/him previously by others.

## CHAPTER — VIII

# Credit

8.1 It was recognised at the earlier stages of the evolution of development programmes after Independence that rural credit had a significant role to play in supporting rural and agricultural development programmes. The rural people, particularly the agriculturists, were in the clutches of moneylenders and rural indebtedness was not only very large but growing. What with the non-profitable nature of subsistence agriculture and the frequent occurrence of droughts and famines, it was often said that the Indian farmer was born in debt, lived in debt and died in debt. That is why, even during the colonial days cooperative credit institutions were established. But, as pointed out by the Rural Credit Survey Committee Report, they touched only the fringe of the problem of rural indebtedness.

8.2 Since those days, continuous attempts have been made for institutionalisation of rural credit and at present forty percent of the rural credit is disbursed by institutions. A vast network of agricultural and rural development credit institutions of multiple agencies has come into being throughout the length and breadth of the country. It consists of 94,000 Primary Agriculture Cooperatives, 1833 Primary Cooperative Land Development Banks & 42,000 branches of the Commercial Banks as on 30th June, 1983. The share of institutional credit in the total borrowing of the farmers increased from 7.3% in 1951-52 (Coop. 3.1%, Govt. 3.3% and Commercial Banks 0.9%) to 40% in 1981-82. The credit structure consists of the three types of agencies namely (1) the cooperative agencies, (2) the commercial banks and (3) the regional rural banks.

### Cooperative Credit Structure

8.3 The cooperative credit structure as it stands today owes its origin to the recommendations of the Rural Credit Survey Committee Report of the Reserve Bank of India, 1954. It recommended three-tier structure consisting of Primary cooperative credit societies for a group of villages, the district cooperative central banks as Central finance agencies, and the State Cooperative Banks as the apex agencies. This institutional structure, however, was essentially for short-term credit and medium term credit. For long-term credit, a separate cooperative banking structure consisting of the primary land development banks and the State land development banks was also brought into existence. The Land Development Banks were originally known as the Land Mortgage Banks because they raised funds and gave loan on the basis of land as security. The cooperative banking structure received assistance from the Reserve Bank of India as the federal bank of the country. The responsibility for promoting cooperative banking was entrusted to the Agriculture Credit Department of the Reserve Bank of India. In 1963, a separate institution called the Agriculture Refinance (and Development) Corporation was established within the Reserve Bank of India. -

8.4 Following the recommendations of the Rural Credit Survey Committee Report, there was a change in the procedure for loaning short term credit. Short term credit could now be extended on the basis of standing crop rather than on land. As for the land development banks, it was suggested by the Madhavdas Committee that loan could be given on the basis of repayment capacity rather than on

the basis of land as security. Though the change has not yet fully materialised, the cooperatives are now gradually moving away from the security based loaning of previous years. In all cases where loan not exceeding Rs. 5,000 is given to small farmers, cooperatives do not ask for security except hypothecation of assets acquired with the help of loan. In addition, small farmers are given easy down payment terms towards share capital and longer period for repayment of loans. Also lower rates of interest are charged on loans upto Rs. 5,000 generally available to small farmers. Cooperative credit institutions were often criticised for the dominance of the well to do farmers. In order to provide for representation to the weaker sections, cooperative legislation has been amended. As a result, the membership of the Scheduled Castes has increased from 3.6 million to 7.4 million from 1974-75 to 1979-80.

8.5 The Integrated Cooperative Credit System recommended by the Rural Credit Survey Committee wanted that credit should be linked with production on the one side and marketing on the other, the latter link facilitating repayment of loan. The credit should be adequate and timely and should be supervised. It also recommended massive State participation in the share capital of the cooperative credit institutions. With the support of the State, a three tier cooperative credit structure (94000 PACs, 340 Central Cooperative Banks, 28 State Cooperative Banks, 1833 LDB and 19 SLDBs) came into existence throughout the country and agriculture credit, short-term, medium term and long term disbursed by the cooperative institutions rapidly increased. The share of the cooperative credit in the total institutional credit at the end of 1983-84 stood at 57%.

### **Commercial Bank providing rural credit**

8.6 The expansion of Cooperative did not keep pace with the ever-increasing credit requirement of agriculture and rural development. It was, therefore, decided especially after the nationalisation of the major commercial banks in July, 1969 that the commercial banks should also participate in a big way in agriculture credit. The possibility of commercial banks participation in agriculture credit was earlier examined by the Rural Credit Survey Committee. But the Committee felt that commercial banks with their base in the cities and with their traditions and methods of working were not appropriate institutions for rural and agriculture credit. However, it was expected that the nationalisation of banks would lead to change in the character of commercial banks and they they would emerge as development banks with part of their resources being made available to the priority sectors of which agriculture was the most important. Following the nationalisation of commercial banks, there was a rapid expansion in the rural branches of the nationalised banks as well as other commercial banks.

### **Regional Rural Banks**

8.7 A third type of institution namely, the Regional Rural Bank came into existence following the recommendations of the Banking Commission. They were expected to combine closeness and intimacy of the cooperative banks with the managerial efficiency of the commercial banks. The Regional Rural Banks had a number of teething troubles, but have been able to establish themselves as unique banking institutions in the country.

### **Structural innovations**

8.8 Various experimentations were made in the work style and structure of these institutions. For example, some of the primary cooperative societies were ceded to the commercial banks where the cooperative structure was weak. Also, the Farmer Service Society was established as a large

society combining credit with marketing as well as extension functions and with a majority of small farmers on their Boards. Some of the commercial banks established Gram Vikas Kendras.

8.9 It was expected that the Rural banking structure with its three components would mutually reinforce each other. This has not happened. In order to introduce coordination in the functioning of a number of commercial banks in district, one of the commercial banks was identified as a 'lead bank'. It was hoped that with this, better coordination between commercial banks would take place and this would not overlap each other. Commercial banks have to work in the areas where cooperatives were not very active. All these expectations about coordination have not materialised and there have often been overlaps or even working at cross-purposes.

8.10 Within the cooperative structure, attempts have been made to integrate short-term and medium-term banking with the long-term banking structure. In fact, this was recommended by the Hazari Committee. But this has also not materialised. It is proposed in the Seventh Five Year Plan that the Land Development Banks may take to giving short-term credit and short-term credit structure may provide even long-term credit.

## **NABARD**

8.11 National Bank for Agriculture and Rural Development was established in order to provide a leadership and support to the banking institutions in the field of agriculture and rural development in the wider sense of the term. This was expected to be reflected in the lending programmes of the cooperative banks, commercial banks and regional rural banks.

8.12 In spite of the proliferation of the rural banking structure, it is estimated that only 40 per cent of the total rural debt is provided by these institutions. In other words, the money-lenders are still responsible for sixty per cent of the rural credit. It should be the goal of national planning and banking development that the institutional credit becomes the predominant part of rural and agriculture credit in the country. The Committee would like to make the following proposals for the strengthening of the rural and agricultural credit system.

## **Staffing**

8.13 The commercial banks have not been able to provide sufficient staff for manning the rural branches. There is a real problem of inadequacy of staff with sufficient knowledge and interest in the work of lending under the anti-poverty programmes. Suitable career placement policy should be evolved by the banks so that the bank personnel are placed in remote rural areas in the early years of their career when they do not have much family responsibility.

8.14 Necessary incentives may be provided including housing and other facilities for inducing the bank personnel to work in the rural branches. Those who work in the rural branches may be given desirable postings in their later career. It may also be taken into account in their promotions. There is need for effective attitudinal change in the bank staff; proper training for developing suitable outlook is required.

8.15 There should be better understanding between the block development administration and the banks. The bank should not give loans blindly to cases recommended by the block development administration. Nor should they depend on the block administration for the recovery of loans. There should be better credit planning and its integration into the development planning. There

is already the machinery of Bank Consultative Committees. Its working should be improved. The Committee should provide procedures and methods for linking the work of development administration with the work of the banks as well as the cooperatives. There should be greater stress on project approach so that individual loans are part and parcel of a development project.

8.16 There are complaints of leakages and corruption in bank disbursements. The vigilance machinery should be strengthened. The administrative machinery of banking institutions in the three sectors should be considered to be an integral part of the machinery of development administration. The suggestion of the Department of Banking that a minimum period of two-three years of service in rural branches be made a necessary condition for promotion of officers from one grade to another, when implemented, may prove helpful. Presently, rural posting is considered a 'punishment'.

8.17 Regional Rural Banks and Cooperative Banks with their low costs, are considered ideally suited for the rural financing programmes. It is suggested that branches of commercial banks in the area of operation of Regional Rural Banks and Cooperative Banks may be taken over by the Regional Rural Banks and the Cooperative Banks for avoiding overlapping of efforts and reducing the sense of frustration among the employees of the RRBs and Cooperative Banks on account of differences in their emoluments *vis-a-vis* commercial banks operating in the same or nearby villages.

## **Lending Programme**

### **A. Identification of the needs of the poor**

8.18 It is necessary for the banking institutions to take note of the credit requirements of the rural poor. For example, consumption needs of the poor should not be overlooked but should be provided for as recommended by the Sivaraman Committee. Often these cannot be dealt with properly with the traditional rules and procedures of lending. Consequently the poor are forced to resort to the money-lender, though he charges much higher rate of interest, but nevertheless has the merit of accessibility and ability to meet the immediate needs of the rural poor including purely consumption requirement. The lending to the poor must be looked at from the point of view of the poor themselves rather than from the bank's point of view. It may not be possible for the poor to make a transition from below the poverty line to a situation above the poverty-line merely by a single loan from a lending institution. It is necessary to carefully examine the stages through which, over a period of time, the poor can make such a transition and suitable strategies should be worked out to facilitate such a transition for the purpose. Mere traditional and routine approach and routine implementation of the IRDP would not do. It is necessary to examine the conditions under which the poor live and work. The Committee considered whether the model of new kinds of banks exclusively for the poor, as in Bangladesh, could be adopted in the country. It did not come to any definite conclusions on this, but was definite that new innovative approaches departing from the traditional approaches of the past will be necessary. For example, the banks may adopt the kinds of approaches that are adopted by the non-institutional sector of money lending.

### **B. Procedure of lending**

8.19 It is in the context of what is stated above that the Committee would make the following suggestions regarding the procedures of lending:

- (a) The banking procedures must be improved so that subsidies are not cornered by the intermediaries and the loaning procedures should be simple and not cumbersome.

- (b) One time lending to acquire an asset and the recovery of that loan may not help raising the people above the poverty-line. Continued refinancing over a period of time is necessary.
- (c) Lending should be as far as possible, on a group basis rather than on an individual basis. Lending may be done to a cooperative of the poor engaged in some kind of productive activity.
- (d) Lending should be supported by provision of backward and forward linkages which would make lending productive.
- (e) Along with the loan, the poor should be provided help by way of infrastructural support which would provide a measure of economic security for the poor.

### **C. Utilisation loan**

8.20

- (a) At the time of advancing the loan itself, support services that are required for its proper utilisation should be provided.
- (b) There should not be delay in giving loans after identification. The procedure of releasing subsidy/loan should also be linked with the introduction of the scheme under which lending is made.
- (c) Monitoring should not be confined merely to the disbursement of loan. The progress made in the utilisation of the loan and its impact in terms of improving the earning capacity of the loanees should also be regularly monitored.

### **Recovery of Loan**

8.21 Overdues has become a serious problem stultifying agriculture credit. This has happened both in the case of commercial banks as well as cooperative banks. It is necessary to strengthen the machinery and streamline the procedure of banks. Overheads often take place because credit is disbursed without proper examination of the credit requirements. There is also no follow-up and supervision. The banks approach the borrowers only at the time of recoveries. The advisory and supervisory procedures should be greatly improved. The procedure for recovery of loan should be according to the potential earning capacity of the beneficiary. A direct nexus between the borrower and the bank should be established so that the banks are able to keep in contact with the beneficiaries so necessary to ensure recovery. Often recovery process is hindered by political climate created by the vested interests which give a wrong impression that the loans need not be repaid.

8.22 There should be legal provisions for launching criminal complaints and for recovering the assets through revenue officials in case of those who misuse credit/subsidy and who default wilfully in repayment of loan. Such deterrent action would create a moral fear among the beneficiaries against such misdeeds.

### **Structure & Organisation of the banks**

8.23

- (a) Rural banking structure has already been greatly expanded. There are 94,000 primary cooperative credit societies and there are 42,000 branches of the

commercial banks. Attempt may be made to rationalise the location of the delivery point so that they do not overlap.

- (b) New bank branches may be opened in un-banked areas. Bunching of the location of branches of a number of banks in the same area should be avoided.
- (c) There is a need for organising the branches of the banks in the remote places so that they are accessible to the poor. Adequate number of branches should be established at the block level. At the same time care will have to be taken to see that there is no overlapping.
- (d) In the absence of adequate number of bank branches, mobile banks may be introduced.
- (e) The single window system is recommended as it will be helpful to the beneficiaries.
- (f) There is need for a coordinated functioning of various branches of different banks. The 'lead banks' are not able to undertake regular review and coordination of various branches of the banks. Hence in each district NABARD should establish its agency which should coordinate and supervise the activities of the various commercial banks.
- (g) A serious problem is that of corruption in the banks while advancing loans to the poor; a suitable vigilance machinery should be set up for preventing and checking corruption. There should be supervisory officers in the banks who can keep a watch on lending to the poorer sections.

### **Coordination between banks and development administration**

8.24

- (a) At all stages from that of identification to financing of loan, its proper utilisation, provision of infrastructure support, and backward and forward linkages, the repayment of loan and continued cycle of advancement and repayment, there should be close and continuous coordination between the rural development administration and banking institutions.
- (b) Suitable procedure should be evolved to eliminate conflict between the development agencies and banking institutions, for example, while banks do credit planning following calendar year, DRDAs do it for the financial year which makes the coordinated approaches difficult.
- (c) Block machinery needs to be strengthened so as to provide the pre-credit service functions as well as functions which are associated with the proper utilisation and provision of supporting services.
- (d) There should be backward and forward linkages to credit planning by the banking institutions.
- (e) Different procedures should be evolved for coordination and monitoring.

Responsibilities should be fixed on the officials of government agencies and banking organisation.

- (f) The working of the Consultative Committees at the block and district levels should be streamlined and strengthened.

## **Cooperatives**

8.25 Cooperatives provide an integrated mechanism covering all stages of agriculture including credit, supply of inputs, marketing, processing, etc. They also provide mechanism for organising the rural labour. The potential of cooperative system particularly functional cooperatives like milk, and the agricultural produces marketing is considerable. For better functioning of the cooperatives, certain steps may have to be taken:

- (a) There should be an earmarked representation of the poor on the governing bodies of cooperative.
- (b) There should be arrangements to ensure that the services of the cooperatives are accessible to the poor.
- (c) There is excessive politicisation of the cooperatives. Cooperatives should be developed as purely economic institutions helping the poor.
- (d) The complicated procedures which make it difficult for the poor to use services of cooperatives should also be simplified.
- (e) The arbitrary winding up of the cooperatives which recently is seen in some parts of the country should also be discontinued.
- (f) The cooperative should play a more prominent role in the implementation of anti-poverty programmes.

## CHAPTER IX

# Proposals for future administrative set up

9.1 An issue about which there is broad consensus among the experts, policy makers and programme operators is that the basic unit for decentralised policy planning and programme implementation should be the district. The studied view of this Committee is that decentralisation of planning and the implementation of rural development programme at the district level will be compatible with the national objectives, regional requirements, local needs, people's aspirations and technical and administrative constraints. Therefore, a development administrative structure at the district level has to be built up which will have the dual function of planning and implementation of rural development programmes.

9.2 The district bureaucracy and its structure in this country were conceived and given shape more than a century ago with certain limited objectives. The head of the district administration has been the Collector. His principal functions were the maintenance of law and order, collection of revenue and administration of various Government regulations. However, in the post-Independence period, he has been entrusted with and involved in various developmental functions. Though most of the developmental activities at the district level are carried out by the various functional/line departments, the Collector as the Chief Executive of the district has come to assume a Central role as the coordinator of the programmes implemented in the district. Over the years, the number of departments/agencies and programmes as well as the technical content of these programmes have significantly increased. In fact, there are more than 20 major developmental agencies/departments (a representative list is in Annexure IX-A) on an average at the district-level at present. In spite of the multi-farious functions which the Collector has been called upon to discharge, it must be said that the Collector has done well so far and has been able to provide coordinating leadership required for the developmental administration in the district. However, in this process certain essential maintenance functions like maintenance of land records etc., have suffered due to inadequate attention. Mixing up of law and order, land revenue administration etc., with developmental work has brought the Collector into conflict with various forces in the district and as a result, both maintenance and development administration have suffered in the process. It is not un-common to see that this has also resulted in the tenure of a Collector being shortened by quick transfers. Now that development administration has become more complex, and also the quantum of work and the need to work with people's representatives increased, it is necessary to provide leadership at a much higher level than prevalent at present. Equally, so it is necessary to insulate the Collector from other forces to enable him to take firm action in law and order matters and also discharge efficiently the maintenance administration functions of land revenue and land records, election matters, public distribution system etc.

9.3 Rural Development encompasses the activities of a number of departments at the State headquarters. It is needless to say that coordination and proper direction at this level is of utmost importance. This Committee recommends that a very Senior Officer of the rank of Chief Secretary designated as Development Commissioner be made in-charge of development administration at the state level. He should be an officer with outstanding managerial ability and proven track record. He should be able to give a dynamic leadership to development administration in the State. He should be

the Secretary of the State Development Council, the constitution of which has been suggested elsewhere in this report.

9.4 The State Development Commissioner will have complete responsibility for planning, monitoring and concurrent evaluation of all the rural development programmes at the State level. The major rural development departments like rural development, agriculture, animal husbandry, cooperation, rural industries etc. should be brought under his purview. The Secretaries of these departments will work directly under him. However, he should be made totally free from the routine administration at the State Level which should continue to be the responsibility of the Chief Secretary. The Development Commissioner will work in close collaboration with the State Planning Board/Commission. For this purpose, his post should be functionally and structurally linked with the State Planning Board/Commission.

9.5 This Committee is of the view that development administration at the district level has to be treated as a major activity involving significant responsibilities. Hence we propose that a post of District Development Commissioner be created to look after and coordinate all the developmental activities in the district. He will be the Chief Executive of Zila Parishad in those States where the Panchayati Raj Institutions at the district level are responsible for planning and implementation of various development programmes. In those State where elected Zila Parishads are not yet established or are not incharge of planning and implementation of rural development programmes at the district level, District Development Commissioner could function as the Chairman and Chief Executive of a District Development Council as an interim arrangement until elected Zila Parishads are established; however, under such a circumstance the present set up of District Rural Development Agency (DRDA) should continue with the District Development Commissioner as Chairman until elected Zila Parishads at the district level are brought into existence to perform all the functions envisaged by the Committee.

9.6 The Office of the District Development Commissioner should be of a higher status than that of the District Collector in order to establish the primacy of development administration over house-keeping. This is essential as the District Development Commissioner will have to provide effective leadership to a district team which includes Senior officers of a number of of line/functional departments. Further, in the selection of such officers, care should be taken to ensure that they have the requisite understanding and appreciation of rural development problems and concern for the poor. It is suggested that an officer of atleast 11 to 16 years experience in the Indian Administrative Service should be appointed as District Development Commissioner. He should also undergo a refresher/reorientation training ranging from 3 to 6 weeks at the National Institute of Rural Development (NIRD), Hyderabad. He should have a minimum tenure of 3 years. Every officer of the Indian Administrative Service must serve as a District Development Commissioner before he becomes eligible to be promoted to the super-time scale.

9.7 Alongwith the establishment of the office of District Development Commissioner, significant restructuring of planning and implementation machinery at the district level should also be effected. The proliferation of development agencies and departmentalisation and fragmentation of functions at the district level should cease. The office of District Rural Development Agency specifically established for the implementation of anti-poverty programmes and other similar programmes should merge with the office of District Development Commissioner, without affecting, however, the distinct identity of the programme and its implementation and which should be supervised by a special committee of the Zila Parishad. The Project Director/Officer of the present

District Rural Development Agency would work directly under the District Development Commissioner and be in charge of the anti-poverty programmes under the Special Committee of the Zila Parishad or the DRDA, as the case may be.

9.8 The practice of having deputationists to serve at the DRDA and other similar offices also should be done away with. Instead the principal technical officers at the district level of the various specialised departments along with their line formations should be part of the organisational structure of the Zila Parishad or the District Development Council headed by the Commissioner. There should be a District Administrative Officer under the District Development Commissioner to look after all administrative and personnel functions.

9.9 Alongwith the strengthening of District Development Administration, the Planning function at the district level should also be enhanced. There should be a clear demarcation between the planning functions at the State level and district level. The District Plan should not be simply the district segment of the State plan. The Zila Parishad or the District Development Council, which will have a Special Committee for looking after the planning function, should be properly equipped to play the decentralised planning functions to be entrusted to it. For this purpose there could also be a need for significantly enhancing the planning capabilities at the district level. A District Planning Officer of a suitable background and level will also be required.

9.10 The Special Committee of the Zila Parishad or the District Development Council for District Planning and the Special Committee or DRDA for anti-poverty programmes will form two of the most important organs at the district level and will need to be service by an official team headed by the District Development Commissioner. The District Planning Team should consist of the principal District Officers of all the functional/line departments and other experts, with the District Planning Officer as Convenor. The District anti-poverty programme Team should consist of the Principal District Officers of all the concerned functional/line departments, with the project director as the Convenor.

9.11 The District Development Commissioner will have to give effective leadership in planning and implementation of all the development programmes within the district. Not only that he will be the Chief Coordinator of all the programmes within the district but also he will be the main motivator for the effective implementation of all the programmes. He should ensure that the weaker sections in the rural areas are not left out in the development process and that every development programme has an effective anti-poverty orientation. Apart from coordinating the planning and implementation activities of the various departments at the district level, the District Development Commissioner has to play an important role in coordinating activities with the various agencies and institutions at the district level whose activities have a bearing on rural development. Commercial institutions, cooperatives, non-financial public sector undertakings, voluntary agencies and other non-governmental bodies are examples of such agencies/institutions.

9.12 For the effectiveness of district level plan formulation and implementation the question of introduction of district budget will have to be considered. The District Credit Plan, prepared by the lead bank now, has no organic relationship with the District Development Administration at present. The Committee suggests that the District Credit Plan should become an integral part of the district plan. Also, introduction of district budget may go a long way in achieving a measure of coordination and integration at the district level.

9.13 Apart from the District Planning Team and the District Rural Development Agency, a third important constituent of the district development body should be the office of District Finance &

Accounts Officer. He will be working directly under the District Development Commissioner with a minimum complement of essential staff. He will be responsible for allocating plan funds as per criteria laid down by the Zila Parishad or the District Development Council to the sectors/ programmes/ schemes. He should also see that outlays are earmarked for programmes like the anti-poverty programmes, employment programmes, minimum needs programme, family welfare programme, social forestry programme and other special programmes of Central or State Governments and see that they are not diverted. The district budget should also ensure this. He should be the District Budget Officer also, under whose guidance the district budget will be prepared. He should also get the accounts for any Special programme audited by a Chartered Accountant and furnish such audit reports from year to year as may be required under the guidelines/conditions of the special programme.

9.14 The progress of district planning and decentralisation of administration in various states indicate that the States differ widely in their experience along a centralisation/decentralisation continuum. Their experiences have also crystallised over different time duration. Whereas some States have experimented with the decentralisation process for more than two decades, in some cases they are confined to a few years only and there are still others who are yet to start along the path of decentralised planning and implementation. As a consequence the decentralisation procedures and methodologies to be worked out and adopted by the different States may have to vary depending upon the local situation and competence achieved in each State, keeping one broad framework suggested by us in view.

9.15 In those States where elected Zila Parishads are in existence at the district level, all rural development programme including the schemes relating to anti-poverty programmes should be transferred to them. This will ensure participation of the elected representatives of the people in the planning of anti-poverty and other rural development programmes and make available the guidance of the local representatives in the implementation of the programmes. Their knowledge of the local situation, the needs and aspirations of the people as well as the opportunities and limitations of the local economy and the social situation would be of immense help. This will also create a sense of accountability to the people among all development functionaries. There should, however, be appropriate administrative arrangements which bring out the best from the elected representatives as well as the administrators and professional services and which provide safeguard against possibilities of deflecting from the objectives of anti-poverty programmes on account of political and other vested interests which are in conflict with the interests of the poor. There should be provision for making representatives of voluntary agencies and of the participants of the programme as associate members on the relevant special committees of the panchayati-raj body constituted by proportional representation. The Committee also recommends the mayoral pattern with one year term for the office of the Chairman of the Zila Parishad who will preside over the meetings of the Zila Parishad and its committees of which he is the chairman. The elected body and its committees should be responsible for decisions on planning, laying down policies and priorities and taking decisions within the framework of and in conformity with the guidelines prescribed by the Government of India and the State Government and review the implementation and performance. The District Development Commissioner or the Chief Executive Officer of the Zila Parishad and the team of officers and functionaries of various departments at the district, block and village levels should assist the elected bodies in the discharge of their functions, be squarely responsible for execution of the approved policies and programmes and take corrective action on the basis of reviews. While the State Heads of Departments will continue to provide technical inputs and guidance to the district level and exercise administrative control over the staff in respect of inter-district transfers and major disciplinary matters, the Committee recommends that executive powers should be vested in the District

Development Commissioner (and other officers at the district to the extent necessary) for implementation of programmes and to have full administrative control on the official responsible for execution of anti-poverty and other rural development programmes, including powers of intra-district transfer and certain disciplinary action. Similar administrative arrangements should be made at the Panchayat Samiti level with the Assistant Development Commissioners having the administrative control and being responsible for execution of the programmes. Each State will have to work out suitable arrangements in this regard and delineate the role of elected representatives and the administrative agencies, so that a healthy, frictionless relationship between the two emerges.

9.16 In States where elected Zila Parishads are not in existence, yet, there could be a District Development Council, with the President of taluk/blcok level panchayati raj bodies and officers at the district level as members and the District Development Commissioner as the Chairman and Chief Executive, as an interim arrangement till elected Zila Parishads are established. This can also ensure better coordination between the District Body and the State Government. In other details the arrangement would be similar to the one recommended under the Zila Parishad set up, except that the DRDA will continue to function as now until elected Zila Parishads are brought into existence. It has also been brought to our notice that in some States where elected Zila Parishads are in existence, there is also a District Planning Committee with the Minister incharge of the district as Chairman and the Chairman of the Zila Parishad being a member along with others. However, we would prefer a system in which the district plans prepared by the Zila Parishads are moderated by a State Development Council, with the Chief Minister as the Chairman and including all Ministers and Chairmen of Zila Parishads as members and the national and State priorities and local needs and priorities are harmonised and brought within the available resources.

9.17 The District Planning and implementation has to be conceived as a single operation in which all individual sectoral activities get harmonised into a unified activity. This clearly indicates the need for horizontal coordination at the district level. This is precisely the reason for this committee to recommend the creation of a new pivotal post of District Development Commissioner. An alternative suggestion from some quarters is that the same purpose will be served by strengthening of the position of the Collector. This was also the recommendation of the Working Group on District Planning. This Committee, however, favours delinking of development administration from maintenance and regulatory administration. Development process has come of age. Reliance on Collector alone to be the leader of the District Development Team would not be feasible. He has to continue to hold the responsibilities of law and order, elections and other regulatory and maintenance administration. In a set up where he works as the Chief Executive of an elected Zila Parishad some of these functions obviously cannot be satisfactorily discharged. However, he could always be associated wherever assistance or cooperation from maintenance of regulatory administrative agencies is required.

9.18 The District Development Commissioner's office has to become the focal point of all developmental activities in the district. In order to ensure that effective rural-urban linkages are established in the process of district development, the Chairman of the Municipalities/Urban Local Bodies/Corporations also be made members of the Zila Parishad/District Development Council. Similarly, the Chief Executive Officers of these bodies will be represented in the appropriate official district development bodies like the District Planning Team/Committee, District Rural Development Team/Agency etc.

9.19 The District level officers of the various functional/line departments will continue to handle the work relating to their respective areas. However, the schemes and programmes being

implemented by them should form an integral part of the district development plan. It has also to be ensured that the departmentalism of activities do not result in artificial splitting of programmes and projects. Similarly, care should be taken to ensure that duplication of task is avoided.

9.20 Technical supervision and control over the officials of the various departments at the district level may continue to be with the concerned departments at the State and regional levels. However, these officials will be functionally and administratively under the control of the Zila Parishad/District Development Council. Also they will be held fully accountable for the implementation of their respective sectoral programmes.

9.21 The existing management information system at the district level is rather weak. Though most of the primary data/information required for planning and monitoring of the various programmes are collected by the different line/functional departments, they are not assembled and utilised at the district level at present. Most of the district officers are upward-looking in communication. The existing system is designed more for record keeping rather than for monitoring and corrective actions. It is also essential that all the relevant data and information required for planning and implementation of various developmental activities in the district are collected and processed in the office of the District Development Commissioner. This will form the basic input for the work of the District Planning Team/Committee.

9.22 The major operational machinery for the implementation of district rural development plan should be the block level set up. Community Development Block as the principal administrative entity for the implementation of development programmes had taken roots in the existing hierarchy of administrative institutions in the Fifties. The Central role played by the Block Development Officer (BDO) in the development of the block during the community development days has to be restored. Revamping of the block machinery came for serious attention of this Committee. A number of issues have to be sorted out in this connection. What are the gaps, weaknesses and deficiencies in the existing block set up? Is the existing contingent of staff at the block level adequate enough to effectively carry out the responsibility assigned to the block under the different programmes? Should the old system of territorial village level workers (VLWs) continue or should there be both functional and territorial VLWs with appropriate supervisory staff for cluster of villages to deal with the various types of functions?

9.23 During the community development days, the technical personnel at the block level were on deputation from the various line departments. They were under dual control - in administrative matters they were to take orders from BDOs whereas on technical issues they were to follow the instructions of their superiors in the respective technical departments. During the initial years, because of the novelty and importance attached to the C.D. Block and also because of the ample plan funds available at the disposal of BDOs, the dual control arrangement did not create much of a problem for the efficient functioning of the block machinery. Gradually, however, when the block passed on to the extension stage with fewer plan schemes and when sectoral plan schemes implemented by the line departments gained importance, the position and the status of the BDO got eroded and his control over the extension personnel weakened. In a similar manner the relative importance and prestige of the gram sevaks vis-a-vis the other field functionaries of the various departments also got diminished. The erosion of authority of the BDO and the VLWs had serious adverse effect on the community development programme.

9.24 By the late Seventies, the Block Development Office was a significantly weakened institution. The technical officers came under the control of their respective departments. Some of

them like the Veterinary Doctor was provided a higher scale of pay than that of the BDO. The T&V system, introduced for agricultural extension work, took away 40% to 60% of the VLWs to the Agricultural Departments. Similarly the extension officers in agriculture also became a part of the department of Agriculture. Thus, at the start of the Eighties the block was a picture of disarray.

9.25 Even during the Sixth Plan period, when in the implementation of the various rural development programmes, the BDO and other block functionaries had a very significant role to play, they could not regain their original pre-eminent position in development administration. As in the case of the district, at the block level also, though to a lesser extent, there was a proliferation of agencies and programmes over the last three decades. Along with this, the complexities and technical content of the various programmes and schemes also have increased. The BDO's office which was expected to serve a limited purpose, essentially as a catalyst in the development process in the initial years is not in a position to effectively meet the demands on it now. Further, as against an annual budget of a few lakhs of rupees in the initial years of planning, at present an annual investment of over a crore of rupees is being made in a block.

9.26 For example, massive programmes like Integrated Rural Development Programme (IRDP) and National Rural Employment Programme (NREP) were introduced which were to be implemented through the block machinery. The IRD Programme is being implemented by the District Rural Development Agencies (DRDA) through the existing block machinery. The identification of the families, preparation of bankable plan for them and monitoring the implementation of the programme are basically the responsibility of block machinery. The field functionaries are also expected to play their role of liaison with banks and other organisations for mobilising credit, supply of inputs, organisation of supply & provision of inputs and marketing arrangements for outputs etc. Follow-up action of the schemes drawn up for the families at periodic intervals, ensuring supply of raw materials etc. are also the responsibility of the functionaries attached to the blocks. Apart from centrally sponsored schemes, the State Governments have a number of their own schemes to be implemented through the blocks. These relate to bio-gas, drinking water supply, housing schemes, drought relief, mid-day meals, various social security schemes, and so on. Thus, on the one hand while the block level staff got depleted, the responsibilities of the block increased manifold.

9.27 This Committee recommends that the block development office should be the sheet-anchor of the entire rural development process. For this purpose, the status of the office should be upgraded. The Chief Executive Officer of the Block/Tehsil may be designated as *Assistant Development Commissioner*. He should be an officer of the status of a Sub-Divisional Officer. His background, training, managerial capability and motivation should be appropriate for the task as a leader of the team which will be incharge of all development functions in the block. In the case of states which have the tradition of a strong-sub-divisional set up, the states may adopt, for the present, a set up in which the Sub-Divisional Officer/Magistrate will also be called the Assistant Development Commissioner working under the District Development Commissioner for all developmental functions and looking after the blocks in his sub-division, while the present block level set up continues; however, these states should move towards upgrading the level of the Chief Executive of the block to the level of Assistant Development Commissioner as early as possible.

9.28 The Assistant Development Commissioner should be a dynamic young person, preferably below the age of 35 and in any case not above 40. All junior IAS officers should function as Assistant Development Commissioner, so that they can understand the problems of rural areas and of agricultural and rural development and develop sympathy for the cause of the poor. The cadre of

Assistant Development Commissioners may be selected by a small committee at the state level headed by the Development Commissioner. The officers may be selected from all development departments, but mainly from the State Civil Services, Agriculture, Cooperation, Education, Social Welfare, Engineering etc. Officers should function as Assistant Development Commissioners for a minimum period of at least 3 years and if possible, for a period of 5 years. An officer of the Indian Administrative Service working as Assistant Development Commissioner should continue as such for a minimum term even if he is promoted to the senior scale. After selection they should be trained intensively for a period of 3 months in State Administrative Training Institutes. The syllabus for training and training of trainers should be undertaken by the National Institute of Rural Development.

9.29 The office of the Assistant Development Commissioner has to become the focal point of all developmental activities in the block/tehsil. The Assistant Development Commissioner will have to coordinate all the development functions within his jurisdiction and give effective leadership in planning and implementation of all development programmes. Not only that he will be the chief coordinator of all the programmes within the block/tehsil, he will also be the main motivator for the effective implementation of all the development programmes. He should ensure that the weaker and poorer sections in the rural areas are not left out in the development process and that every development programme has an effective anti-poverty orientation. In other words, he has to ensure that even the weakest and poorest are able to participate in rural development and are able to share its gains.

9.30 With the recognition of the block as the unit of planning under IRDP and provision of targets and allocation on the basis of number of blocks in the Sixth Five Year Plan, there was a spate of demand for creation of additional blocks. Certain State Governments had already created additional blocks and these could not be recognised under IRDP due to the constraint for the resources. In the Seventh Five Year Plan, the criterion for allocation of targets and funds has been changed to one of selectivity based on incidence of poverty. This will, of course, reduce to some extent the pressure on creation of more blocks with the idea of drawing more IRD funds. Since the block has now been recognised as the primary unit of planning, it is essential that the creation of blocks should not be left to pressures of vested interests and exigencies. Some uniform parameters have to be evolved to put the whole system on a sound footing. The following factors have to be taken into account :—

- (i) There has been sizeable increase in rural population;
- (ii) The complexities and technical content of various programmes have significantly increased;
- (iii) The blocks have become crucial instruments of development administration.

9.31 The Committee feels that the earlier criteria for delimitation of blocks have to be reconsidered in this revised context. It is of the view that there should be one block for every one lakh population in the plain areas and 50,000 in hilly/tribal areas. A review of the number of blocks in the country should be made from this point of view and wherever necessary it should be suitably increased. Regarding staffing at the block level, the Committee makes the following recommendations :—

- (i) Keeping in view the various responsibilities assigned to blocks and the need for follow up under the various beneficiary oriented schemes, there is a need for one VLW for every 10000 population. The norm could be 4000 to 5000 in hilly/tribal areas.
- (ii) Additional posts of Extension Officers are also required to cover some new disciplines that have come up like family welfare, energy, industry, institutional finance etc. The

core number of Extension Officers should be upto 10 depending on the need of the State.

- (iii) There is a need to strengthen the statistical/clerical support for monitoring and accounting purpose.
- (iv) There is also a need for strengthening the accounting wing at the block office.

9.32 The reorganisation of the blocks on the basis of the above parameters would mean that there will be about 6,000 blocks. The number of VIWs will be around 60,000 and an equal number of Extension Officers will also be needed. As the State finances are in poor shape, it will be necessary to provide assistance to State Governments to bring about this reorganisation. Assistance for this should be extended for a period of 10 years. Two-thirds of the additional expenditure should be met by the Govt. of India during the Seventh Plan period in the case of State Governments. The Government of India should bear 100% of the expenditure in the case of Union Territories.

9.33 Suitable institutional arrangements for effectively linking up the offices of District Development Commissioner and the Assistant Development Commissioner with the Panchayati Raj institutions at the district and block-levels may have to be worked out in each state according to their situation and requirements. Also a number of activities which have an intrinsic bearing on rural development should be directly brought under the purview of panchayati raj institutions. Agriculture including soil conservation, animal husbandry, veterinary services, rural and small scale industries, primary education, public health and primary health centres, family welfare and nutrition, rural water supply/sanitation, rural roads, social and women welfare etc. are some of them. The District Development Commissioner will have to ensure that decentralisation does not become an instrument to strengthen the hegemony of the rich and the powerful over the poor and the weak. An administrative culture which has the cause and needs of the poor at heart has to be built up. Voluntary agencies and organisations of the poor have to be encouraged, promoted and actively associated in the rural development process to help in seeing that the benefits actually accrue to the target groups.

9.34 The Committee feels that there may be need for significant restructuring of staffing at the district and block levels. There may be need for augmenting the staff at the block office as well as the number of village level workers. This could, to some extent, be achieved without augmentation of the total developmental staff in the district. This is possible by thinning the number of agencies/departments at the district level and by the transfer of surplus staff to the block level. The proposed model organisational charts for the offices of State Development Commissioner, District Development Commissioner and Assistant Development Commissioner are given as annexures to this chapter as Chart I, II and III, respectively.

9.35 The State Governments may assess the existing staffing pattern with a view to restructuring the pattern to conform to the proposed models taking into consideration the local requirements. While some existing staff like the District Planning Officer or the Project Director of DRDA at the district level would be redeployed with or without upgradation, there may be additional staff required like the District Administrative Officer and District Finance and Accounts Officer. Similarly at the Taluk/Block level, most of the staff would possibly be by redeployment. The States may work out their requirements for minimum additional staff required to conform to the general recommended pattern. The Committee recommends that 2/3rd cost of additional staff required may be met by the Government of India for the Seventh Five Year Plan. The sanctions at the Government of India level may be given by a Central Sanctioning Committee having Secretaries of the Departments of Rural Development, Agriculture Finance and Planning Commission.

9.36 Alongwith the restructuring of the development administrative structure at the district level and below, major efforts will have to be made for revamping the administrative culture and attitude of the various functionaries towards the task on their hand. It is essential to ensure that the functionaries who are implementing the various rural development programmes for the benefit of the poor have perfect sympathy for the cause of the poor. Also the reward system and career prospects of the various functionaries should be linked to their performance. The performance should not be measured using narrow yardsticks like number of beneficiaries covered or financial expenditure incurred. Rather, the performance should be evaluated in terms of the end results like the improvement in the living conditions of the poor or the improvement in the physical quality of life.

9.37 In order to attract the best talent to the rural areas and to retain them there, a well-balanced package of incentives has to be provided. The implied incentives for urban postings like better infrastructural facilities and other monetary and non-monetary rewards which exist today have to be removed. The Committee proposes the following for this purpose :

- (i) There should be special allowance for postings in difficult and remote rural areas;
- (ii) There should be special allowance for children's education where proper schooling facilities are not available;
- (iii) Government accommodation may be provided at headquarters on a priority basis to the families of employees posted in difficult and remote areas and construction of residential quarters in a phased manner should be encouraged.
- (iv) After a term of posting in disadvantaged areas, concerned official may be given a posting of his choice.

9.38 In order to build up a dynamic cadre of rural development functionaries, a proper career management system has to be devised. The system of promotion from the level of village level workers onwards should be based on a combination of merit and seniority. Also wherever promotion avenues are limited, stagnation in the pay scales may be eliminated by having sufficiently broad pay scales or different grades at each level. Thus, it is possible that a village level worker may continue in the post doing the same job but getting higher grades after reasonable periods of time.

9.39 By and large the success of any programme will depend on the ability and motivation of the personnel who are involved in it. This is all the more true in the case of rural development programmes. A thorough understanding and clear appreciation of the problems of rural development as well as genuine sympathy and concern for the rural poor are prerequisites for a successful rural development functionary. A strictly beauracrat/technocrat, value-neutral approach to development may not be sufficient to ensure that rural poverty is eradicated. The past experience clearly indicates that such an approach will lead to an inequitable sharing of gains of development. The rural poor suffer from a number of handicaps apart from economic deprivation. Indeed, material poverty is, in many cases, only a manifestation of their very weak social standing due to historical reasons. Rural Development functionaries, to be successful, will have to understand the sociological and economic reasons for rural poverty and develop a positive attitude towards the poor and their problems. We have to create a cadre of 'rural managers' committed to the cause of the poor. In other words, they should be motivated with informed idealism. The Committee feels that to a large measure, this can be achieved by appropriate training and orientation programmes.

9.40 Training/Orientation programmes for rural development functionaries at different levels have to be, necessarily, different in content, coverage and scope. Elsewhere, it was recommended that District Development Commissioners should be given refresher/reorientation training for a

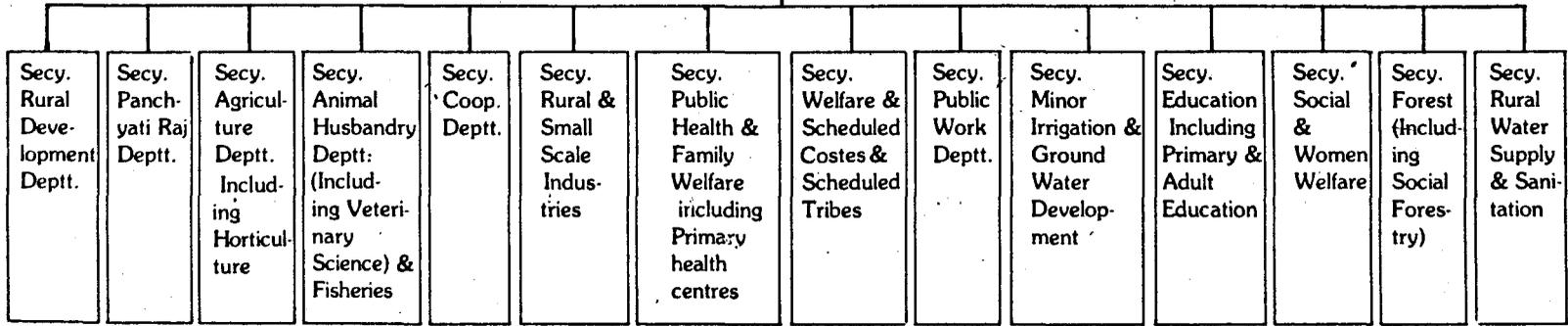
duration of 3 to 6 weeks at NIRD and Assistant Development Commissioners be given intensive training for a period of 3 months at the State Administrative Training Institutes. It is further suggested that Zila Parishad Chairman be given appropriate orientation training of a short duration by NIRD. The District Level Officers of the various functional/line departments involved in rural development also be given training/orientation by the State Administrative Institutes for 3 to 6 weeks depending on requirements. The State Institutes will have to organise a one year training programme for the BDOs and an orientation programme of appropriate duration for Extension Officers. Similar orientation training should be made compulsory for bank officials at different levels who are involved in rural development. The State Administrative Training Institutes will have to organise regional training centres for the training of village level workers. They may have to be given comprehensive and intensive training for a duration of 2 years. The most important aspects of all such training programmes are the preparation of the appropriate course material and the deployment of the correct faculty/trainers. The Committee recommends that the State institutes should be guided and assisted in this by NIRD. The Committee, also recommends that additional training facilities be created, wherever necessary and that the full cost of creation of such facilities be a charge on the Centre.

# MODEL ORGANISATIONAL SET UP AT STATE LEVEL

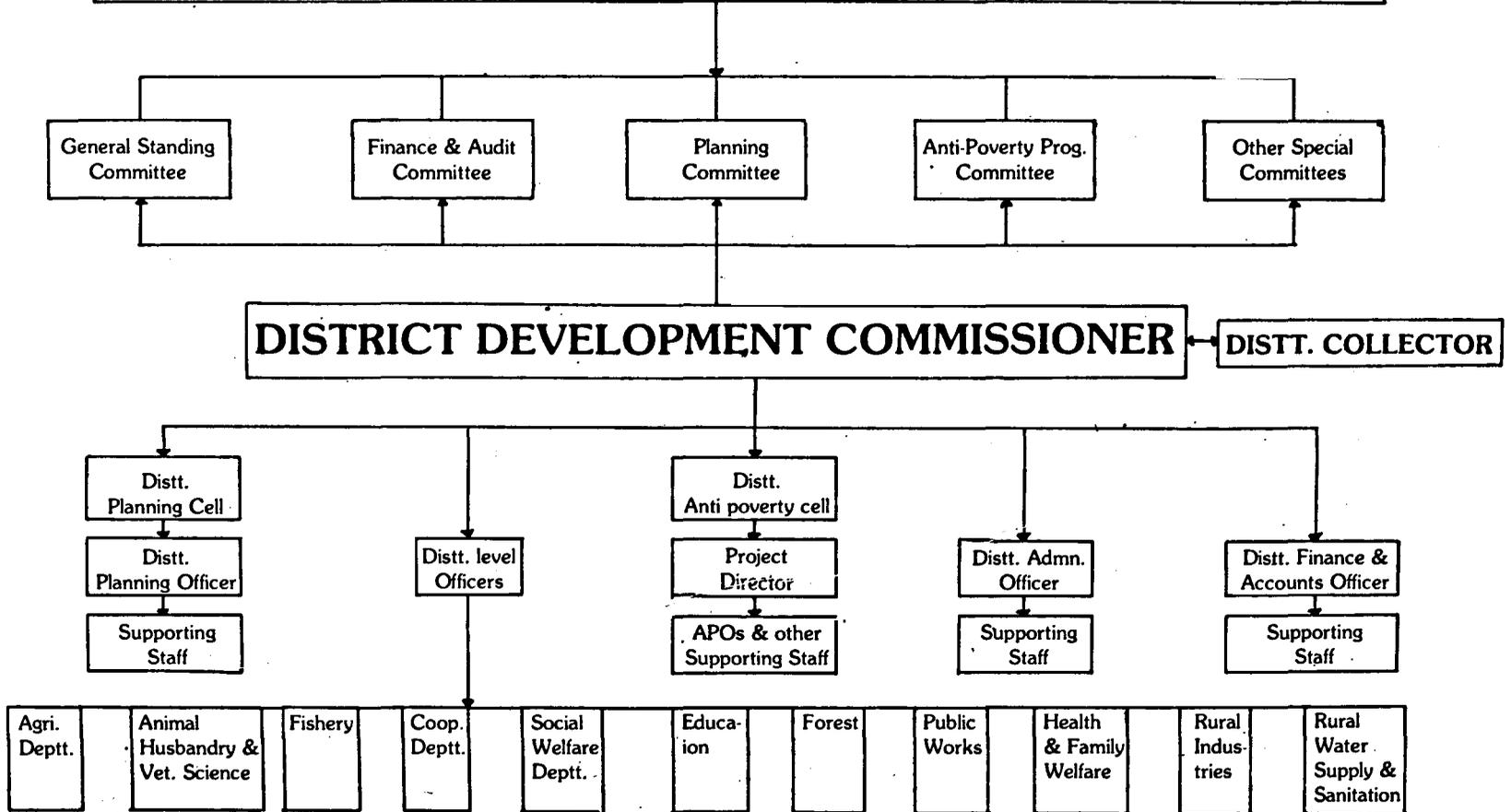
State Development Council

State Planning Board/ Commission

**DEVELOPMENT COMMISSIONER**  
*(Rank of Chief Secretary)*

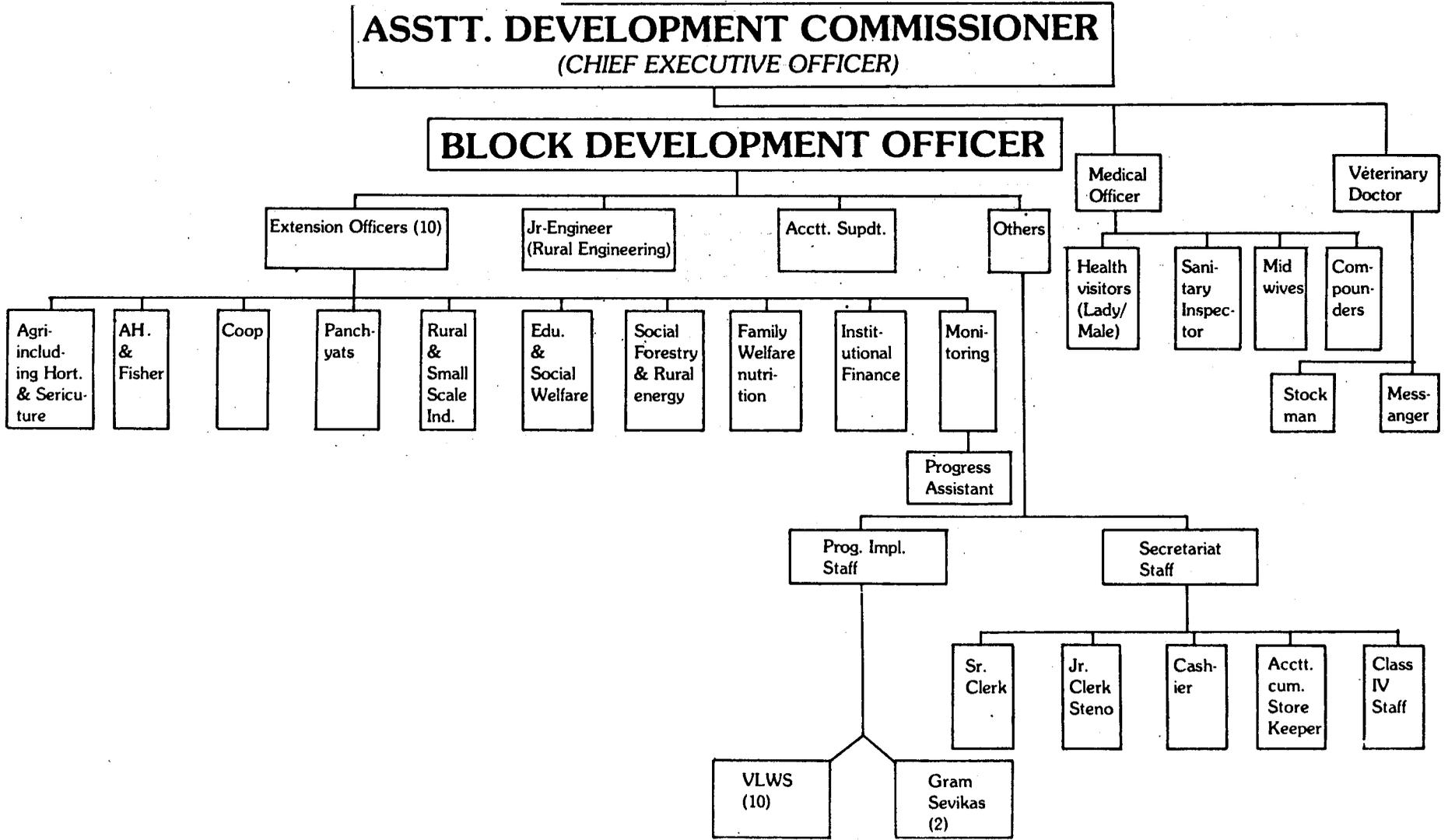


# MODEL ORGANISATIONAL SET UP AT DISTRICT LEVEL ZILA PARISHAD



# MODEL ORGANISATIONAL SET UP AT BLOCK LEVEL

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## CHAPTER X

# SUMMARY OF RECOMMENDATIONS

1. The Committee feels that the time has come to take a total view of Rural Development. It has to encompass all economic and social development activities handled by different agencies at the field level. It is not advisable any longer to limit anti-poverty programme to a few specific schemes.

2. Past experience clearly indicates that government machinery (bureaucracy) alone cannot be assigned the responsibility for achieving economic development and social justice.

3. While the objectives of removal of poverty, as laid down in the Seventh Plan, must be adhered to, local initiative must be encouraged and the detailed strategy worked out by local people. It is, therefore, essential to involve the people and their representatives effectively in drawing up programmes of rural development and their implementation.

4. Panchayati Raj institutions have to be activated and given all the support needed so that they can become effective organisations for handling people's problems. Elections to these bodies should be held regularly.

5. It is also necessary to encourage voluntary agencies, with informed idealism, operating in rural areas, in every possible way.

6. The district should be the basic unit for policy planning and programme implementation. The Zila Parishad should, therefore, become the principal body for management of all development programmes which can be handled at that level.

7. The President of the Zila Parishad can be directly elected for a term co-terminus with the Zila Parishad, or for one year each on the Mayoral pattern. The work of the Zila Parishad should be done by a number of Sub-Committees, elected on the basis of the proportional representation so that participatory democracy could be developed and encouraged.

8. Panchayati Raj institutions at the district level and below should be assigned important role in respect of planning, implementation and monitoring of rural development programmes.

9. Some of the planning functions at the state level may have to be transferred to the district level for effective decentralised district planning.

10. In this connection, the Committee recommends the introduction of the concept of district budget. It is desirable that it is brought into being as quickly as possible.

11. The concept of a properly prepared district plan is reiterated. The preparation of a proper plan is a pre-requisite for having a process of development which will ensure that the poor are properly taken care of. All the development departments should clearly indicate the activities which they would undertake for assisting the poor.

12. The district plan should include all the resources available both in the plan and non-plan as well as in institutional resources.

13. It is necessary for the banking institutions including the cooperatives to ensure that the credit requirements of the rural poor are adequately met, such facilities should also cover the legitimate consumption credit requirements of the poor.

14. The process of economic development itself should be designed so as to reduce poverty. The implementation of land reforms has to be done with greater vigour so as to ultimately ensure that the land goes to the tiller.

15. Since rural development encompasses the activities of a number of departments at the state level, there is an urgent need for effective coordination and proper direction at this level.

16. The Committee recommends that a very Senior Officer of the rank of Chief Secretary designated as Development Commissioner be incharge of development administration at the state level.

17. The major Rural Development Departments like Rural Development, Agriculture, Animal Husbandry, Co-operation, Industries etc. should be directly under his purview. The Secretaries of these Deptts. will work directly under him.

18. The Committee is of the view that development administration at the district level has to be treated as a major activity involving significant responsibilities.

19. The Committee, therefore, recommends that a post of District Development Commissioner (DDC) be created to look after and coordinate all the developmental activities in the district.

20. The DDC may be made the Chief Executive of the Zila Parishad in those states where the Panchayati Raj institutions hold the responsibility for planning and implementation of various development programmes.

21. In those states where Zila Parishads are not in position, the DDC could function as Chairman and Chief Executive of the District Development Council.

22. The office of the DDC should be of a higher status than that of the District Collector in order to establish the primacy of the Development administration over maintenance administration.

23. The existing districts set up with weak planning machinery, multiplicity of agencies and lack of effective coordination needs revamping.

24. Along with the establishment of the office of the DDC, significant restructuring of planning and implementation machinery at the district level should also be effected.

25. The proliferation of development agencies and departmentalisation and fragmentation of functions should cease.

26. The most important constituent of the district development office will be the Distt. Planning Team, the Distt. Rural Development Team and the Distt. Finance and Accounts Officer who will be incharge of the district budget also.

27. The District Level Officers of the various functional/line departments will continue to handle the work relating to their respective areas. However, the schemes and programmes being implemented by them should form an integral part of the District Development Plan.

28. The major operational machinery for implementation of district rural development plan will be the block level set up. For this purpose revamping of the block machinery is essential.

29. The Committee recommends that the Block Development Office should be the sheet-anchor of the entire rural development process. For this purpose the status of this office should be upgraded. The Chief Executive Officer of the block/tehsil may be designated as Assistant Development Commissioner (ADC). The ADC should be an officer of the status of Sub-Divisional Officer.

30. The ADC should be a dynamic young person, preferably below the age of 35 and in any case not above 40. His background, training, managerial capability and motivation should be appropriate for the task as the leader of a team which will be incharge of all development functions in the block.

31. There is an urgent need for rationalisation/reorganisation of blocks to ensure that they become viable units for the task assigned to them.

32. On the basis of certain criteria of population, area and terrain, average size of the block may be one lakh population in the plains and 50,000 population in the hilly and difficult terrain and tribal areas.

33. On the above basis there could be about 6,000 CD blocks

34. There is also an urgent need for rationalising the deployment of functionaries at the district level and below.

35. Considering the task to be assigned to the various levels of administrative set up at the district level and below the State Governments may have to work out the staff requirements.

36. In some cases there may not be significant augmentation of the strength; the requirements will be met by redeployment of the staff after necessary reorientation/training.

37. Wherever additional staff requirements are involved, the State Governments may send the proposals to the centre.

38. A Committee of Secretaries of the Departments of Planning, Expenditure, Agriculture and Rural Development will examine and approve the additional requirements on the basis of certain norms;

39. Two-thirds of the cost of additional staff should be borne by the Centre during the Seventh Five Year Plan.

40. A refresher/orientation training may be organised for the different functionaries engaged in Rural Development Programme. For this purpose, additional training facilities be created wherever necessary and the full cost thereof may be borne by the Centre.

(To be published in the Gazette of India Part-I, Section-I.)

**No. M. 13043/5/83-RD-AS**

**Government of India**

**Planning Commission**

Yojana Bhavan  
Sansad Marg, New Delhi  
dt. the 25th March, 1985.

## **RESOLUTION**

The Government have been pursuing a number of Sectoral and Special Programmes since the Fourth Five Year Plan for the Development of Agriculture, Industries and Services, and for the reduction of unemployment and poverty by creating large scale self-employment and wage employment opportunities for the weaker sections of the society, in the rural areas. It has been felt that with the launching of a large number of Programmes, both through the normal sectoral Plans and other specially designed to cater to target group households, a multiplicity of organisational mechanisms has grown up, resulting in duplication of management efforts and suboptimal use of resources.

Rural Development as an integrated concept for growth and poverty alleviation would continue to be one of the principal areas of emphasis in the Seventh Plan. The effective implementation of an integrated approach would call for better planning at the district level, closer monitoring and a tighter organisational set up to ensure optimum use of resources, and reaching the benefits to those for whom they are meant.

The Planning Commission have, therefore, decided to set up a high level Committee to review the existing administrative arrangements for Rural Development and Poverty Alleviation Programmes, and to recommend appropriate structural mechanisms to ensure that they are planned in an integrated manner and effectively implemented. The composition and terms of reference of the Committee are set out below.

## **COMPOSITION**

### **Chairman**

Dr. G.V.K. Rao, Ex-Member,  
Planning Commission,  
252, 15th Main Road,  
Rajmahal Vilas Extension,  
Bangalore - 560 080. (Karnataka)

## Members

1. Dr. P.C. Joshi,  
Professor,  
Institute of Economic Growth,  
New Delhi - 110 007.
2. Dr. B.D. Sharma,  
Vice-Chancellor,  
North-Eastern Hill  
University,  
Shillong (Meghalaya)
3. Prof. G. Rama Reddy,  
Vice Chancellor,  
Andhra Pradesh Open University,  
6-3-645, Somajiguda,  
Hyderabad (Andhra Pradesh)
4. Dr. Asim Dasgupta,  
Member, State Planning Board,  
West Bengal,  
6, Camac Street,  
Calcutta-700 016.
5. Shri Anil C. Shah,  
Chief Executive,  
Aga Khan Rural Support  
Programme (India)  
Ahmedabad (Gujarat)
6. Shri K.G. Paranjpe,  
Adviser, Rural Development,  
Planning Commission,  
New Delhi.
7. Shri K. Subramaniam,  
Managing Director,  
Nizam Sugar Factory,  
Hyderabad (Andhra Pradesh)
8. Shri J.C. Jetli, Addl. Secy.,  
Ministry of Agriculture &  
Rural Development, Deptt. of  
Rurai Development, New Delhi
9. Shri G.L. Bailur,  
Financial Commissioner &  
Secretary to Government,  
Forests and Wild Life  
Preservation Departments,  
Haryana, Chandigarh.
10. Dr. V. Venkatesan,  
Joint Secretary (Extension)  
Ministry of Agriculture &  
Rural Development,  
Department of Agriculture & Cooperation,  
New Delhi

Secretary

Shri Shivraj Singh,  
Joint Secretary,  
Ministry of Agriculture &  
Rural Development, Deptt.  
of Rural Development,  
New Delhi.

The Committee may, if necessary, constitute Sub-Groups and co-opt Members.

## TERMS OF REFERENCE

(1) To review the existing organisational set up, and on going Rural Development and Poverty Alleviation Programmes, and identify structural overlaps and constraints in the integrated delivery of services under different Programmes;

(2) to suggest an appropriate administrative set up at the district level and below, which could provide an integrated framework for decentralised planning and implementation of these Programmes;

(3) to study the role of Panchayati Raj Bodies and their relationship with the proposed administrative set up, and to make appropriate recommendations in this regard;

(4) to examine and make recommendations with regard to the relationship and working linkages between the proposed organisational set up and other agencies such as voluntary organisations, cooperatives and financial institutions, as part of a total delivery mechanism for Rural Development; and

(5) to suggest arrangements that would best ensure an effective participatory role for members of the target groups and an appropriate relationship between them and the organisational set up.

The Committee as a whole, or in part, may meet, as often as may be decided by the Chairman, in New Delhi or in other places.

The officers will draw TA/DA, if any, from their respective departments/organisations. Expenditure in connection with non-official members will be borne by the Planning Commission, according to rules and regulations of TA/DA as applicable to grade I officers of Government of India.

The Committee will submit its final report within 3 months from the date of its constitution.

## **ORDER**

Ordered that a copy of the Resolution may be communicated to all concerned and that it may be published in the Gazette of India for general information.

Sd/-  
(K.C. Agarwal)  
Director (Administration)

# RECOMMENDATIONS OF NIRD WORKSHOP

## National Workshop on Administrative arrangements for rural development (July 9 - 11, 1985)

### GROUP I

**Subject :** Review the existing organisational set up for on-going rural development and poverty alleviation programmes; (2) to identify structural overlaps and constraints, and suggest a decentralised set up for planning and implementation of the programme.

**Chairman :** Prof. K.N. Raj

### Members

- |                           |                            |
|---------------------------|----------------------------|
| 1. Dr. G.V.K. Rao         | 21. Shri Shivraj Singh     |
| 2. Dr. S.K. Rau           | 22. Shri Ranjan Chatterjee |
| 3. Shri Sanjoy Dasgupta   | 23. Shri S.P. Gaur         |
| 4. Dr. K. Subha Rao       | 24. Shri C. Ray            |
| 5. Shri K. Ramamurthy     | 25. Shri M. Ramakrishnayya |
| 6. Shri R. Srinivasan     | 26. Dr. Indira Hirway      |
| 7. Dr. S.N. Mishra        | 27. Shri S. Guhan          |
| 8. Shri H.R. Verma        | 28. Shri J.C. Jetli        |
| 9. Dr. K.V. Sundaram      | 29. Prof. B.M. Bhatia      |
| 10. Shri Surjit Misra     | 30. Shri Bhaskar Barua     |
| 11. Shri S.P. Malhotra    | 31. Dr. T.V. Sampath       |
| 12. Prof. V.R. Gaikwad    | 32. Shri Pankaj Agarwala   |
| 13. Shri V.S. Prakash Rao | 33. Dr. P.C. Joshi         |
| 14. Prof. N. Rath         | 34. Shri S. Sinha          |
| 15. Shri S.V. Ranganath   | 35. Shri V. Sundaram       |
| 16. Shri K.S. Shastry     | 36. Shri Mukul Sanwal      |
| 17. Dr. N.J. Kurian       | 37. Shri M.L. Mehta        |
| 18. Dr. C.B. Agarwal      | 38. Shri N.V. Madhavan     |
| 19. Shri R. Sudarshan     | 39. Dr. M. Shiviah         |
| 20. Shri R. Prabhu        | 40. Dr. S. Balakrishna     |

## GROUP I REPORT

The tasks given to Group I were (1) to review the existing organisational set up for on-going rural development and poverty alleviation programmes, (2) to identify structural overlaps and constraints, and (3) to suggest a decentralised set up for planning and implementation of the programmes. The discussion in the group as well as in the plenary session is reported below :

### Structural overlaps and constraints in rural development programmes

The first issue that deserves attention is the present status of the structural overlaps and constraints of rural development programmes and strategies.

(1) The need for special programmes or anti-poverty programmes arose because the overall development efforts were not taking care of the weaker sections. It was thought that the special programmes will correct the bias of general development and improve the position of the poor. The relevant question now is should we continue both the approaches simultaneously and independently, or should we integrate the both units into one? Should we allow the general efforts to go on when we know that these are selective in nature in the sense that they by-pass the poor and backward areas? It was felt that this separation is not proper and general and special programmes should be integrated with each other at both the planning and implementation levels. After all, rural development encompasses anti-poverty programmes also.

(2) As regards the present set of anti-poverty programmes it was felt that the situation is like the blind men and the elephant. Each programme is conceived independently, planned independently and implemented independently, and consequently each has only a partial view of the problem. The result is that we have a set of programmes which do not make a whole picture. There is a need to have a total approach in this context also.

(3) One important question was raised as to what are the chances of success of the present set of anti-poverty programmes. The empirical studies made in this area do not give an encouraging picture. Apart from the points about the integration above, there are many other factors responsible for the limited success. Some suggestions were made in this area. First of all, the planning component of individual programmes is found to be weak. This leaves considerable scope for *ad hocism* and manipulation in the planning of the programmes. There is a need to improve the planning of individual programmes. Secondly, IRDP kind of asset based programmes have trend towards corruption in many cases, and therefore, the programmes have not worked well. It was suggested that the subsidy given to IRDP beneficiaries should be removed, and instead the beneficiaries should be given easy terms of credit at low interest rates and easy instalments for repayment etc. Another suggestion was to deposit the subsidy in the beneficiaries bank account and give him an interest on it for about three years. This will also encourage the beneficiary to run the scheme successfully for at least three years.

As regards wage employment programmes like NREP, it was suggested that works should be taken up on private farms also to enable the small and particularly marginal farmers to improve their lands (it was pointed out by some that such make works are already taken up under NREP in some states). In this connection, it was also suggested that the negative effect of NREP in terms of the asset

distribution against the poor should be erased either by imposing taxes on private farmers and/or by allowing collective ownership of NREP assets to the workers who work on it.

(4) It was felt that there was a need to distinguish between the two categories of poor, namely, the poorest and the other poor. While the latter category many times manages to get the benefits of anti-poverty programmes, the former category is almost always left out of the purview of these programmes. The poorest groups normally are unwilling and unprepared to take up self-employment, and therefore, they should be offered wage employment. It is really surprising how IRDP gives top priority to this category for self employment programmes. It was therefore, felt that if these two categories are separated and suitable policies are formulated to help them, the over emphasis on self-employment under IRDP will be reduced considerably.

(5) A view was expressed that though the present set of anti-poverty programmes emphasis wage and self-employment, they do not have any direct focus on providing relief to the poor from their exploitative situation. The socio economic power structure in our rural areas have created a situation where the poor masses are forced to depend on the rural rich for almost everything. As this unilateral helpless dependence of the poor on the rich breeds exploitation, there is a need to identify these points of exploitation and plug them. Steps like grain banks or grain goals, well spread public distribution system, consumption loans (working capital loans), loans to meet the credit need for social functions, are important in this context. It was felt that unless this exploitative dependence is attacked upon, other anti-poverty programmes will give only limited success.

(6) In this context, suggestions regarding social security also was made. It was suggested that social insurance should be provided to the poor in the case of old age, disability, widowhood etc. Massive expansion of such mansions and insurances is needed to help the poor in the lowest strata.

(7) Other suggestions made in this context were enforcement of the minimum wages, land reforms etc.

### **Integration in rural development programmes - how to bring it about**

It was felt that the lack of integration between rural development planning and anti-poverty programmes, as well as among various anti-poverty programmes themselves is a serious problem as it has created good amount of confusion in our planning. How to bring about this coordination? Diverse suggestions were offered.

(1) Three kinds of alternative models were recommended for bringing about coordination at the district level. These models were as follows :

(a) Zilla parishad should be apex body for the overall planning at the district level. It should be assisted by a District Planning Board (DPB) which should be an advisory expert body with a planning cell. The plan should be prepared by the DPB and sent to the Zilla Parishad for review and authentication. In this model all the rural development activities pertaining to the district should be covered under the purview of the district body.

(b) For the states where Zilla Parishads are not in existence the alternative is to set up a District Planning Council at the district level. The Collector should be the chairman of the Council (and should be redesignated as District Development and Administrative

Commissioner and be given a higher status) and he should coordinate all the developmental activities mentioned in the first alternative. In order to reduce the burden of the Collector, a senior Deputy Commissioner or a junior deputy commissioner should be appointed to perform the routine tasks as well as protocol etc.

(c) The third alternative model was to create a corporate structure at the district level with the Mayor as its statutory head. The Mayor's tenure should be one year and elections should be held every year for the post. In this model standing committees should do the planning and coordination work. The advantage of this model is that it does not create a vested interest of power at the district level.

(2) It was felt that as the members of schemes and programmes are very large, the problem of coordination is going to be a highly complex problem. It is therefore, necessary to scrap a large number of schemes and programmes to minimize the task of coordination.

(3) A suggestion was made that the planning function for the district level should be done on the basis of a set of objective norms. It was suggested that as the intervention of politicians prevails at the state as well as the district level, and as bureaucrats who are not objective in their planning decisions, planning should be strictly done by a well-prepared formula which is prepared by experts and finalised only after the discussions in the state legislative assembly. Planning at all the levels district, block and village should be done strictly on the basis of such a formula. If small money is left with local authorities, it should be used for filling in infrastructural and other gaps.

(4) A view was also expressed by some that there is not much need for coordination among various agencies as there are limits to coordination and as there are limits to what bureaucracy can do. It was felt that sectoral freedom is needed to carry out sectoral planning efficiently. In this context two suggestions were made: One suggestion was to develop and anchor of powerful economic activity at the district or block level around which other activities can be developed. Considering the fact that the pressure on the administrative system is too much, there is a need to reduce the pressure by developing anchor activities outside the government. These activities could be relating to the farm-industry linkages. The township model as suggested by Gadgil, the amul dairy model with a core activity at the centre, or the sugar cooperative model (which is more compact) are the different models developed in this context. It was felt that the anchor activity will improve the farm industry linkages and reduce the problems of integration in the government to a considerable extent.

The other suggestion made was of developing 8 to 9 core rural development programmes. This pluralistic core approach would minimise the need of coordination and at the same time improve the sectoral efficiency of planning.

(5) As regards integration of planning efforts at the Centre some felt that there was a need to integrate the inter-departmental coordination at the Centre. As charity should begin at home, the Central government should first take steps to improve the level of coordination among its various functionaries.

(6) Also, a need was felt for exchange of information and interaction among various State governments. It was felt that the National Development Council should take up this clearing house role effectively.

## **Decentralisation of planning**

(1) It was felt by all that there is a concentration (over centralisation) of power and planning at the Centre. As this affects the strength of planning at lower levels, it is necessary to decentralise this power and to involve districts (and lower bodies) in decision making. A feeling was expressed that decentralisation is perhaps not acceptable to politicians and bureaucrats as it implies sharing of power. But considering its necessity, there is a need to take a bold step to distribute the power of decision making at lower levels also.

(2) Decentralisation of planning at the district and below the district implies setting up a multi level frame-work that covers all the levels. These levels should be the district, the block, the sub block (cluster of villages) and the village level (sub blocks could be formed on the basis of agro climatic conditions). Decentralisation will be effective only if planning is done at all the levels, and financial and other powers are shared by all the levels.

(3) It was suggested, however, that there are a few preconditions for undertaking this kind of decentralisation :

- (a) There should be only one planning agency at each level.
- (b) The professional and technical staff should be appointed at each level.
- (c) Senior cadre officers are appointed at the district and block levels so that the level of efficiency improves and decentralisation really takes place.

(4) A view was expressed by some that the credit plans prepared by banks are not very useful for planning purposes at the district level and lower levels as these plans are more like collection of schemes and less like plans. Banks' involvement or cooperation in preparing micro level plans was emphasised in this context.

(5) Decentralisation at the district level implied that the total schemes implemented in rural areas should be divided into state sector schemes and district sector schemes in a clear fashion. It was suggested that this decision of the schemes between the State and district sectors should be done with the help of the criteria determined by the Ashok Mehta committee for dividing the schemes into the central and state schemes.

## **Panchayati Raj Institutions**

Considering the variety of experiences of the states regarding Panchayati Raj institutions, it was felt that no uniform set of recommendations can be made in this respect. Some States (a few) did not have Panchayati Raj institutions, and some others did not have happy experiences with them. In Gujarat and Maharashtra, for example, the Panchayati Raj set up is there and it appears to be functioning well as the panchayats are helping agricultural and related development. However, there the panchayats do not represent the interests of the poor and therefore, should not be involved in the planning and implementation of development programmes in a direct fashion. On the other hand, a few states do have representative panchayats and they are in a position to undertake development activities for the poor. These panchayats should be involved in district and lower level planning in these states.

It is, however, not desirable to keep the elected bodies out of the planning process altogether even in the States where panchayats are not doing well. It was suggested that in these States plans

should be prepared by experts on the basis of objective norms and it should be put to the panchayats for their consideration. They should be allowed to make modifications if they could justify them.

## **Administrative and organisational changes**

Administrative improvement cannot be brought about merely by increasing the strength of the staff, but it will come only if the staff is prepared to undertake programmes to fulfil the social objectives of plans. Improvement in the quality and the morale of the staff is essential in this context.

(1) Some suggestions were made to improve the performance of the staff in anti-poverty programmes; the first suggestion was regarding better follow up and better monitoring of the programmes. Poverty cannot be removed by one shot efforts, continuous follow up also is necessary. The second suggestion was regarding development journalism. It was felt that this kind of journalism can improve the monitoring from outside the government.

(2) When the districts are too big, as many times they are, one DRDA is not in a position to cover it. It was, therefore, suggested that there should be one DRDA per 10 blocks, and the population covered by it should be about 1.00 to 1.25 M.

(3) There is an urgent need to strengthen the staff of development administration at all levels in terms of quality as well as in terms of number. It was suggested that as VLWs at present are over burdened, their number (both territorial and functional VLWs) should be raised. Norms should be fixed up regarding their number with respect to the population covered by them. Women should also be properly represented in the total strength of VLWs.

(4) There is a need to improve the professional expertise, including planning expertise of development administration. It was suggested that number of extension officers in agriculture, animal husbandry, forestry, industries, irrigation, energy etc. should be raised and the strength of junior engineers should also improve. It should be seen that the professionals sent to rural development departments are really competent and are not transferred to these departments as a punishment.

(5) There is a need to improve the quality and status of the Block Development Officer. It was felt that as their function is very important, they should be given better status as well as better training.

(6) In this context, a suggestion was made that the involvement of professionals from outside the government should be allowed as enough expertise is not always available with the government.

(7) In order to improve the performance of the staff it is necessary to avoid frequent transfers. An officer should be allowed to remain in an office at least for a few years (norms should be fixed up about this) so that he is able to produce some results.

It should be noted that all these changes do not necessarily mean a big increase in the staff. Sometimes it may mean cutting down the staff also.

(8) Data base at the District level :

To improve the performance of the Development Administration, it was felt that there was a need to improve the data-base at the district level. A view was expressed that it was

possible to generate enough data through some efforts even today. However, some others felt that there were some important gaps in the available data which needed to be filled in. These gaps were identified as the data regarding details of water table and water potential unemployment and poverty, and inflows and out-flows of human beings (migration) and of commodities are not available. In this context, it was suggested that there was a need to re-design the NSS sampling so as to make the data on un-employment and poverty available at the district level. The need for improving the accuracy of data was also pointed out by some.

# **Workshop on Administrative arrangements for rural development**

*(July 9-11, 1985)*

## **GROUP-II**

**Subject : Role and Functions of Panchayati Raj Bodies and their relationship with the administrative set-up**

**Chairman : Prof. M.L. Dantwala**

### **Members**

1. Shri Nirmala K. Mukarji
2. Prof. G. Ram Reddy
3. Shri P.G. Puranik
4. Shri Sahadevbhai Chaudhary
5. Shri M.I. Patel
6. Prof. Kuldeep Mathur
7. Shri D.C. Sarkar
8. Shri Mahendra Mehta
9. Shri Rameshchandra Kanade
10. Shri Birendra Singh
11. Shri N.B. Ramasingh
12. Shri C. Ramaswamy
13. Dr. C.V. Raghavulu
14. Dr. Hoshier Singh
15. Dr. S.K. Mishra
16. Shri S.N. Jatar
17. Shri G.R.P. Reddy
18. Dr. U.V.N. Charyulu
19. Dr. B. Sudhakar Rao

## GROUP-II

### **Subject : Role and Functions of Panchayati Raj Bodies and their relationship with the administrative set-up**

The High Level Committee is required to suggest an appropriate administrative set-up at and below the district level for rural development and poverty alleviation programmes. It is further required to make recommendations about the relationship between the proposed administrative set-up and Panchayati Raj bodies. The group was asked to study this latter aspect.

The present administrative arrangements for rural development and poverty alleviation programmes are unsatisfactory not only because there are too many schemes, each with its own set-up, but also because all of these stand apart from other development activities of the so called line departments. It is necessary to think in terms of district development as a whole, embracing all development activities in a district plan or non-plan, rural or urban. Rural Development and poverty alleviation programmes would then become components, important ones no doubt, of a single District Development Plan. It is for district development in this total sense that appropriate administrative arrangements have to be devised.

Following the recommendation of the Balwantrao Mehta Committee there was a general agreement that the Panchayati Raj system with its three tiers offered the most appropriate pattern for the purpose of decentralisation in political and administrative authority.

Quite a few state Governments adopted the Panchayati Raj system with minor variations. But only two or three states achieved a degree of success in the process of decentralisation both in planning and administration. Gradually, however, many states abandoned the system and these which still adhered to the idea of decentralisation deflated the importance of the panchayati raj organisation and substituted it with bodies having representation of State leadership and the district level bureaucracy.

The decline in the status and authority in the Panchayati Raj system was attributed to the reluctance of the political leadership at state level to share power with district leadership. The latter was viewed as a rival focus of power, which would compete with the former in future elections. It was also mentioned that the district bureaucracy was also not reconciled to serve under the control and direction of the zilla parishad leadership.

Of late, there appears to be revival of the idea of decentralisation. This is probably a consequence of the experience gained from a large number of rural development and poverty alleviation programmes.

But the return to decentralisation has not meant revival of the system of Panchayati Raj. Some of the States like Maharashtra and Gujarat which had experimented, somewhat successfully, with the Panchayati Raj system, subsequently opted for a District Development Agency or DRDA with a mixture of State political leadership.

Somewhat weak representation of panchayati raj, have not reverted to a full-fledged acceptance of Panchayati Raj as the appropriate agency for rural development and poverty alleviation.

Only two States, Karnataka and West Bengal, appear to have put their full faith in devolution of planning authority on the Panchayati Raj system. A study of what has been put through in West Bengal

since 1978 and what is intended in the Karnataka Bill, expected to receive the President's assent in the near future, reveals the following basic features:—

- (1) In both States, the first point of decentralisation below the State is the district. This accords with the Ashok Mehta Committee's recommendation.
- (2) In both States, zilla parishads are based on direct elections, in Karnataka wholly so, in West Bengal dominantly so.
- (3) In both States, the chairmen of the zilla parishads are from amongst the directly elected members.
- (4) In Karnataka, it is intended that DRDAs will cease to exist and their functions merged with the zilla parishads. So will be the functions of district planning bodies. Also district heads of line departments will come squarely under the zilla parishad. Each zilla parishad will have a chief secretary, giving it the flavour of a district government. Horizontal coordination will be the responsibility of zilla parishads.
- (5) In West Bengal, the district magistrate is also the chief executive officer of the zilla parishad. The chairman of the zilla parishad is chairman of the district planning committee, as also of the DRDA. Horizontal coordination in this case is sought to be achieved by the key role allotted to the chairman, zilla parishad.
- (6) In Karnataka, there will eventually be only one-tier below the district, namely the mandal panchayat. In West Bengal, there are two-tiers: the panchayat samitis at block level and the gram panchayats.

The working group was of the view that decentralized planning bodies (zilla parishads) should have enough freedom to plan according to their perception of local development potential as well as constraints. There are two other parameters within which they will have to work.

- (i) In an unequal society, sharply divided in terms of access to assets/skills, direct election will be greatly influenced by money power and we may get a so-called representative leadership with doubtful commitment to poverty alleviation and elimination of exploitation of the poor. Under such a situation, some instruments/arrangements may be necessary to safeguard and protect the interest of the poor.
- (ii) An autonomous planning body (like zilla parishad) may be tempted to prepare plans much beyond the availability of financial resources which are mostly derived from 'outside' sources, i.e. not raised through their own efforts. Such extravagant demands when not satisfied would provide a cause for conflict. Likewise, such a planning body may not like to adhere to certain accepted rational priorities. If a large number of district planning bodies ignore these priorities, the cumulative state plan may turn out to be highly divergent from the one which is in the interest of the state as a whole. Hence, such of the autonomous district planning bodies will have to work within the broad sectoral allocations determined at the State level.

The Group felt that if the authority to plan and implement the rural development and poverty alleviation programmes is vested in the zilla parishad, it should logically follow that the administrative machinery concerned with these programmes should function under the control of the zilla parishad. However, such a transfer of the administrative personnel to the zilla parishad would bisect the line departments (Agriculture, Irrigation, Forestry... etc.) in two parts — one above the district and one below. This will result in isolation of the district administrators below district level and not only affect their career prospects but over a period, result in loss of professional competence due to lack of continuous professional contact. To overcome this difficulty, the transferred staff should come under the zilla parishad for operational purposes, its career planning and professional competence should be looked after by the respective departmental hierarchies.

The Group further felt that, with the zilla parishad being entrusted with the responsibility of planning and implementation of district developmental activities, it will be necessary to ensure the durability of the zilla parishad as an institution. While legislation in regard to zilla parishads, and indeed panchayati raj institutions as a whole, will vary from state to state, there should be a constitutional provision requiring direct elections to zilla parishads being held regularly under the supervision of the Election Commission.

The Group considered certain tentative suggestions arising out of the enlarged role visualised for zilla parishads, which the High Level Committee may like to examine further :

- (1) Each state should have an inter-district Council, analogous to the inter-State council contemplated in article 263 of the Constitution, which should serve as a forum for discussion of inter-district as well as State-district problems and for evolving State-wide consensus on basic policies and priorities, especially in respect of the problems of the poor and of the weaker sections generally
- (2) Each district should have an ombudsman to whom individual citizens, or groups of them, can go for redress of grievances arising out of alleged maladministration by the zilla parishad. A provision for this should be included to the Panchayati Raj legislation of each State. The accountability of the collector being empowered as ombudsman, where he is not a functionary of the zilla parishad (as in West Bengal) could be explored.
- (3) Panchayati Raj institutions below the level of zilla parishads will be different in different states. The inter-face between these and development staff below the level of district heads will need to be worked-out State by State, keeping in mind the principle of accountability to the people's representatives.

# National Workshop on Administrative Arrangements for Rural Development

(July 9-11, 1985)

## GROUP III

**Subject : To examine the relationships and working linkages between organisational set up at district level and below with reference to the voluntary organisations, cooperatives and financial institutions.**

**Chairman: Dr. P.R. Dubashi**

### Members

1. Shri L.C. Jain
2. Shri J.B. Singh
3. Shri Sanjit (Bunker) Roy
4. Prof. Tushar Shah
5. Shri Anil Shah
6. Shri P.R. Nayak
7. Shri Sharad Kulkarni
8. Shri Aloysius P. Fernandez
9. Shri Prembhai
10. Prof. D. Ravindra Prasad
11. Shri R.M. Shah
12. Shri B. Rudramoorthy
13. Shri Avdhesh Kaushal
14. Shri P.V. Prabhu
15. Shri Birendra Singh
16. Shri S.R. Bajpai
17. Shri N.V. Madhavan
18. Dr. C.B. Agarwal
19. Shri Sudarshan
20. Shri Deep Joshi
21. Shri M. Ramakrishnayya
22. Shri Mohan Kanda
23. Dr. Rajammal P. Devadas
24. Ms. Padmasini Asuri
25. Dr. B.L. Maheshwari
26. Shri M. Narasimhan
27. Shri K.K. Mathur
28. Shri A. Seshachary
29. Shri A. Sakunthala Roy
30. Shri K. Subramanyam
31. Prof. G. Haragopal
32. Dr. P.T. George

## GROUP III

**Subject: Suggesting arrangements that would best ensure an effective participatory role for members of the target groups, an appropriate relationship between them and the organisational set up.**

Group III was concerned with the following subjects: (1) Examination of linkages between the financial institutions and cooperatives and the organisational set up at district level and below. (2) Organisation of the members of the target group for deriving the benefit of the anti-poverty programmes:

The following points emerged after extensive discussions:

*1. Identification of the needs of the Poor:* It is necessary for the banking institutions to take note of the credit requirements of the rural poor. Often these cannot be dealt with properly with the traditional rules and procedures of lending; consequently the poor are forced to resort to the money-lender, though, he charges much higher rate of interest, but nevertheless has the merit of accessibility and ability to meet their immediate needs of the rural including purely consumption requirement. The lending to the poor must be looked at from the point of view of the poor themselves rather than from the bank's point of view. It may not be possible for the poor to make a transition from below the poverty-line to a situation above the poverty-line, merely by a single loan from a lending institution. It is necessary to carefully examine the stages through which, over a period of time, the poor can make such a transition and suitable strategies should be worked out to facilitate such a transition for the purpose. Mere traditional and routine approach and routine implementation of the IRDP would not do. It is necessary to examine the conditions under which the poor live and work. The group considered whether the model of new kinds of banks exclusively for the poor, as in Bangladesh, could be adopted in the country. The group did not come to any definite conclusions on this, but was definite that new innovative approaches departing from the traditional approaches of the past will be necessary. For example the banks may adopt the kinds of approaches that are adopted by the non-institutional sector of money lending.

*2. Procedure of lending:* It is in this context of what is stated above that the group would make following suggestions regarding the procedures of lending:

- (a) One time lending to acquire an asset and the recovery of that loan may not help raising the people above the poverty-line. Continued refinancing over a period of time is necessary.
- (b) Lending should be on a group basis rather than on an individual basis. Lending may be done to a cooperative of the poor engaged in some kind of productive activity.
- (c) Lending should be supported by provision of backward and forward linkages which would make lending productive.
- (d) Along with the loan, the poor should be provided help by way of infrastructural support which would provide a measure of economic security for the poor.

### 3. *Utilisation loan:*

- (a) At the time of advancing the loan itself, support services that are required for its proper utilisation should be provided.
- (b) There should not be delay in giving loans after identification. The procedure of releasing subsidy loan should also be linked with the introduction of the scheme under which lending is made.
- (c) Monitoring should not be confined merely to the disbursement of loan. The progress made in the utilisation of the loan and its impact in terms of improving the earning capacity of the loanees should also be regularly monitored.

4. *Recovery of loan:* The procedure for recovery of loan should be according to the potential earning capacity of the beneficiary. A direct nexus between the borrower and the bank should be established so that the banks are able to keep in contact with the beneficiaries so necessary to ensure recovery. Often recovery process is hindered by political climate created by the vested interests which gives a wrong impression that the loans need not be repaid.

### 5. *Organisation of the banks:*

- (a) There is a need for organising the branches of the banks in the remote places so that they are accessible to the poor. Adequate number of branches should be established at the block level. At the same time care will have to be taken to see that there is no overlapping. There is need to avoid duplication, where in a village more than one bank are set up for the same purpose as, there may be problems of coordination between the various financial institutions.
- (b) In the absence of adequate number of bank branches mobile banks may be introduced.
- (c) The Single Window system is recommended as it will be helpful to the beneficiaries.
- (d) There is need for a coordinated functioning of various branches of different banks. The lead banks are not able to undertake regular review and coordination of various branches of the banks. Hence in each district NABARD should establish its agency which should coordinate and supervise the activities of the various commercial banks.

6. *Staffing:* There is a real problem of inadequacy of staff with sufficient knowledge and interest in the work of lending under the anti poverty programmes. Suitable career placement policy should be evolved by the banks so that the bank personnel are placed in remote rural areas in the early years of their career when they do not have much family responsibility. There is need for effective attitudinal change in the bank staff; proper training for developing suitable outlook is required.

A serious problem is that of corruption in the banks while advancing loans to the poor; a suitable vigilance machinery should be set up for preventing and checking corruption. There should be supervisory officers in the banks who can keep a watch on lending to the poorer sections.

## 7. Coordination between banks and development administration:

- (a) At all stages from that of identification to the financing of loan, its proper utilisation, provision of infrastructure support, and backward and forward linkages, the repayment of loan and continued cycle of advancement and repayment, there should be close and continuous coordination between the rural development administration and banking institutions.
- (b) Suitable procedure should be evolved to eliminate conflict between the DRDA and banking institutions, for example while banks do credit planning following calendar year, DRDAs do it for the financial year which makes the coordinated approaches difficult.
- (c) Block machinery needs to be strengthened so as to provide the pre-credit service functions as well as functions which are associated with the proper utilisation and provision of supporting services.
- (d) There should be backward and forward linkages to credit planning by the banking institutions.
- (e) Different procedures should be evolved for coordination and monitoring. Responsibilities should be fixed on the officials of government agencies and banking organisations.
- (f) The Consultative committees exist at present where both the officials of development administration and banking institutions are represented. The working of the Consultative Committees at the block and district levels should be streamlined and strengthened.

**Cooperatives:** Cooperatives provide an integrated mechanism covering all stages of agriculture including credit, supply of inputs, marketing, processing, etc. They also provide mechanism for organising the rural labour. The potential of cooperative system particularly functional cooperatives like milk, and the agricultural produces marketing is considerable.

For better functioning of the cooperatives, certain steps may have to be taken:

- (a) there should be an earmarked representation of the poor on the governing bodies of cooperatives
- (b) there should be arrangements to ensure that the services of the cooperatives are accessible to the poor
- (c) there is excessive politicisation of the cooperatives. Cooperatives should be developed as purely economic institutions helping the poor
- (d) the domination of the vested interests must be eliminated
- (e) the complicated procedures which make it difficult for the poor to use services of cooperatives should also be simplified

- (f) the arbitrary winding up of the cooperatives which recently is seen in some parts of the country should also be discontinued.

*Organisation of the poor:* The poor should be organised as members of formal institutions like cooperatives as well as members of informal groups. The poor may not be organised as a whole, but in terms of specific functional activities. Mechanisms for organising the poor should be studied. The process of creating awareness amongst them is the beginning. It will be done through village meetings. The motivated functionaries in the government organisations and banks can create awareness amongst the rural poor. Something of the old approach of the Community Development emphasising the process of participation should be revived. Suitable voluntary organisations can also play a significant role in organising the rural poor. The development administration can identify and support the voluntary organisations in this work.

# **National Workshop on Administrative Arrangements for Rural Development**

*(July 9-11, 1985)*

## **GROUP IV**

**Subject: Role of Voluntary Agencies and the Organisation of the Rural Poor**

**Chairman: Shri S.S. Chakraborty**

### **Members**

1. Shri B.D. Sharma
2. Shri A. Kaushal
3. Dr. Rajammal P. Devadas
4. Dr. (Mrs.) Sarasamma Raj
5. Shri J.B. Singh
6. Shri A.P. Fernandez
7. Shri Sharad Kulkarni
8. Shri B. Rudramoorthy
9. Prof. G. Haragopal
10. Dr. D.R. Prasad
11. Shri Anil C. Shah
12. Shri Bunkar Roy
13. Dr. S.K. Sarkar
14. Shri Lalit Mathur
15. Shri R. Koteswar Rao
16. Shri Tushar Shah
17. Shri P.V. Prabhu
18. Dr. K.C. Alexander
19. Dr. U.V.N. Charyulu

## GROUP IV

### **Subject: Role of Voluntary organisations in Rural Development and Administrative Arrangements**

Shri S.S. Chakraborty chaired the sessions of Group IV. The Chairman initiated the discussion on administrative arrangements and the role of voluntary organisations in organising rural poor for rural development. The group has come to consensus on the following points.

The main problem of the failure of poverty alleviation programmes is due to lack of organising the rural poor.

Hence, there is a need for organising the rural poor to create a countervailing force against exploitation and to enable them to reap the benefits from the developmental programmes. It is recognised that voluntary agencies can mobilise rural people and effectively organise the beneficiaries and rural poor who could be aware of their duties, responsibilities and the advantage of the programmes. It was also pointed out that the dissemination of information to the beneficiaries and even to the voluntary organisations is far from satisfactory at present. Government orders, Government circulars and Resolutions relating to rural development programmes are not disseminated to the voluntary agencies as well as to the beneficiaries/people.

There is a greater need to create a system in which there should be a free and continuous flow of information to all the voluntary agencies and the people who are involved in the anti-poverty alleviation programmes. There should also be a continuous research, monitoring, and evaluation of these programmes taken up by the voluntary organisations. There should be an Advisory Cell at the Planning Commission, state and district levels which will guide and advise the agencies on various aspects of rural development. The voluntary organisations should be adequately represented in these Advisory Cells at various levels.

While discussing a model for voluntary organisations, the group considers that a clear distinction between non-governmental organisations (NGOs) and voluntary agencies should be drawn. Trade Unions, Cooperatives, Khadi institutions fall in the category of NGOs. Even amongst Voluntary Agencies there are two broad groups viz., Voluntary Agencies engaged in Social Service and Voluntary Agencies engaged in developmental programmes. Voluntary agencies for rural development with focus on alleviation of poverty should satisfy the following criteria:

- (i) It must be registered under the Societies Registration Act 1860 or equivalent State laws;
- (ii) It must be based in a rural area;
- (iii) It must have worked for at least 3 years before it becomes eligible for Government assistance;
- (iv) It must have professional and managerial expertise to carry out relevant programmes of development;

- (v) It must believe in non-violent and legal methods;
- (vi) The office bearers of Voluntary organisation should not hold any office elected or otherwise of any political party;
- (vii) It should be secular;
- (viii) It must not work for profit;
- (ix) It should work towards comprehensive rural development with focus on anti-poverty programmes in the rural areas.

### **Preparation:**

The group noted that in the 7th Plan period there is a positive move towards involving voluntary agencies in the planning and implementation process. In the Approach Paper to the 7th Plan mention was made that i) there is a need to organise the beneficiaries (the rural poor) to ensure that schemes, benefits and subsidies reach them through the delivery system (in other words see that a 'dole' becomes a right) ii) voluntary organisations must be involved to serve as the eyes and ears of the people. There are indications that the Government is serious about involving voluntary agencies.

### **Funds:**

The group considered in detail the question of financing the voluntary sector. There are two facets of this problem namely i) recognising a voluntary agency working in the field of rural development and ii) actual disbursement of funds for specific programmes. In relation to the first point there were two views expressed. One view was that the *recognition* of a voluntary agency should be done by a committee of voluntary organisations themselves which should be accessible to the government. The other view was that the present system where the government recognises the voluntary agencies may continue. In relation to the question of *funding* again there were two views. One view was that the funding agency should be away from the scene of action. In particular, it was suggested that the Planning Commission or the Central Government may directly fund the voluntary agencies. The other view was that the funding for voluntary organisations should be a part of the district planning itself and the funds for this purpose should flow from the district level. This will be in consonance with the general approach of decentralisation where a third tier for effective planning and implementation of developmental programmes is being envisaged.

### **Administrative Arrangements**

This makes it all the more timely to start thinking in terms of a voluntary agency model which could be tried out with the support of the Planning Commission in selected areas of the country where such voluntary agencies exist. There is a need to try out new models/alternative approaches and new systems of reaching the rural poor and seeing that benefits actually reach them at lesser cost.

The model being suggested must necessarily be different from government models but at the same time it must also contain elements that are acceptable to all types of voluntary agencies with different ideologies. The voluntary agency model (VAM) and its terms of reference must take the following elements into account:

- (i) the area of operation of a VAM dedicated to comprehensive rural development should confine itself to a block and smaller units. However, these voluntary agencies which may take up specific programmes for implementation may have larger jurisdiction.
- (ii) The emphasis of VAM should be on human resource development leading to comprehensive development of village.
- (iii) A programme of human resource development cannot be target oriented and the pace of development should be worked out by the voluntary agency keeping in the view the local village conditions, etc. within the overall frame of the district plan.
- (iv) The state delivery system is tending to be highly expensive. The VAM should evolve less expensive models.
- (v) The VAM should follow an integrated approach with emphasis on skills, attitudes and resource base of the people.
- (vi) There must be built in feed-back system which allows for free flow of information from the village to the voluntary agency and the bureaucracy and percolation of information to the village level.
- (vii) By far, the most crucial element in VAM will be the importance given to *community accountability*. If the service of a village functionary is not satisfactory for reasons of incompetence, inefficiency or expensive in human terms, the community may ask the voluntary agency to withdraw that functionary or to dispense with the services of the voluntary agency itself.
- (viii) There should be forum at the block level for regular discussion of field and administrative problems between the beneficiaries, the voluntary agency and the district level staff.

### **What will this Model achieve?**

1. When the voluntary agencies as envisaged above are established, they can be expected to provide organisational support and focal point for the poorer sections of the community. In case of any problems within competency of the agency or otherwise the people can approach them for help and guidance particularly in crisis situations.
2. They will enable the people to become self-reliant using the local resources, improving their own skills help in organising themselves for taking up the more difficult tasks.
3. The voluntary agency, in due course, can provide an alternative system for making various social and other extension services available to the people otherwise provided by established government agencies and other organisations.
4. The voluntary agencies will provide a forum where the beneficiaries will get necessary training and orientation for upgrading their skills and resolving their problems and taking benefits of various developmental programmes.

5. The final goal of rural development programme is to enable the community to become self-reliant and manage all its day-to-day affairs in the spirit of the Gram Swaraj. At the moment, the entire responsibility for administration as well as development is that of the state which discharges through a long hierarchy extending to the village level. This structure is too expensive and non-viable particularly for anti-poverty programmes and the field level responsibilities must be assumed by the community itself. A cutting off point, therefore, has to be visualised at which level the institutional support of the state should be available, yet the functioning should be left to the people themselves. This is possible only in face to face situations in a village or a group of villages. The voluntary agencies as envisaged by the group can become the catalytic agents for bringing about the transformation and enabling the community to acquire needed capabilities and resources for achieving this. In due course, as the community becomes self-reliant even the need for voluntary organisation should disappear and the role of the voluntary agency should be internalised by the community.

## IRD P PERFORMANCE IN THE SIXTH PLAN

Items	Targets 1980-85	Achievements					
		1980-81	1981-82	1982-83	1983-84	1984-85	1980-85
1. Total allocation (Rs. crores)	1500.00	300.66	250.55	400.88	407.36	407.36	1766.81
2. Central allocation (Rs. crores)	750.00	127.80	153.36	204.48	207.72	207.72	901.08
3. Central release (Rs. crores)		82.58	128.45	176.17	194.23	206.96	788.39
4. Total expenditure (Rs. crores)	1500.00	158.64	264.65	359.59	406.09	472.20	1661.17
5. Total term credit mobilised (Rs. crores)	3000.00	289.05	467.59	713.98	773.51	857.48	3101.61
6. Total investment mobilised (Rs. crores)	4500.00	447.69	732.24	1073.57	1179.60	1329.60	4762.78
7. Total no. of beneficiaries covered (lakhs)	150.00	27.27	27.13	34.55	36.85	39.82	165.62
8. No. of SC/ST beneficiaries covered (lakhs)	50.00	7.81	10.01	14.06	15.37	17.38	64.63
9. Per capita subsidy (Rs.)	1000.00	582	975	1041	1102	1186	1003
10. Per capita credit (Rs.)	2000.00	1060	1723	2066	2099	2153	1873
11. Per capita investment (Rs.)	3000.00	1642	2698	3107	3201	3339	2876
12. Subsidy Credit Ratio	1:2	1:1.82	1:1.77	1:1.98	1:1.90	1:1.82	1:1.87
13. Sectorwise coverage (%)							
(a) Primary sector		93.56	83.02	68.7	58.9		
(b) Secondary sector		2.32	4.92	15.7	13.2		
(c) Tertiary sector		3.12	12.06	15.6	27.9		

## NREP - PERFORMANCE IN THE SIXTH PLAN

Items	1980-81	1981-82	1982-83	1983-84	1984-85
1. Resource availability (Rs. Crores)	346.32	460.37	540.15	535.59	590.68
2. Expenditure (Rs. crores)	219.03	317.63	394.76	392.22	519.14
3. Employment generation (Million mandays)	413.58	354.52	351.20	302.76	352.31
4. Manday cost (Rs.)	5.25	9.04	11.24	13.08	14.74
5. Wage Material ratio		62:38	69:31	62:38	60:40
6. Total foodgrains available (Lakh Mts.)	15.62	3.43	3.57	2.88	2.72
7. Total foodgrains utilised (Lakh Mts.)	13.44	2.33	1.72	1.47	1.70
8. Percentage Utilisation	87.30	60.42	46.56	60.02	58.45
9. Per capita foodgrains utilised (Kgs.)	3.22	0.64	0.45	0.49	0.48
<b>Assets Created</b>					
10. Social Forestry (Ha.)	54,567	1,03,319	1,00,984	1,10,903	93,967
11. Soil Conservation (Ha.)	2,28,130	1,36,971	37,823	79,863	29,957
12. Work Benefiting SC/ST (Nos.)	—	90,423	1,58,970	99,325	1,28,693
13. Schools & Other buildings (Nos.)	16,001	21,302	75,402	28,865	78,691
14. Tanks (Nos.)	N.R.	13,709	15,997	11,955	11,630
15. Roads (Kms.)	1,66,463	73,010	1,04,448	53,909	34,705
16. Irrigation & flood control (Ha.)	3,85,144	1,05,641	1,66,408	2,19,077	54,566
17. Others (Nos.)	1,41,539	7,276	15,683	14,495	24,468

## Findings of Various Institutions in the Working of Integrated Rural Development

The Programme Evaluation Organisation of the Planning Commission, RBI, NABARD, Institute of Financial and Management Research, Madras, and a number of other institutions have conducted studies in respect of IRDP. Most of these studies were based on the experience of the first one or two years of the programme, when it had yet to stabilise and when the per household investment levels were very meagre.

The number of persons who would have crossed the income level of Rs. 3500 according to these studies would not exceed around 40 per cent (PEO 49 per cent), although additional incomes have accrued in the case of 55 to 90 per cent of the beneficiaries, and the relative consumption expenditure of households assisted under these programmes has been found to be generally higher than for comparable non-beneficiary households. The Sixth Plan had assumed an ICOR of 1.5 and resources had been allocated in such a manner as to enable average investment per household of around Rs. 3000. The studies made so far indicate that ICOR assumptions were too optimistic and the investment levels per household were inadequate, in quite a few cases, to generate enough additional income to carry the beneficiaries, particularly those with a large income gap, above the income level of Rs. 3500. Some of the other significant issues brought out by the evaluation studies are as follows:

- (i) The financial allocations and physical targets under the Programme were determined on a uniform basis per block, without regard to the incidence of poverty, or even the size of population, which, in some cases also, resulted in the selection of ineligible families.
- (ii) The extent of wrong identification was quite high at around 15-20 per cent. The main reasons for wrong identification were: (a) reliance on lists of households identified under the SFDA where the identification was based on land holding rather than income; (b) non-involvement of people's institutions in the survey and selection process; (c) better bankability of those having an asset base; and (d) collusion between the government functionaries and vested interests in some cases.
- (iii) There have also been complaints of outright leakages through corruption and malpractices which, however, have not been quantified by any of the studies. Some factors which could have promoted this are: (a) non-involvement and lack of awareness among the beneficiaries; and (b) methodology of administration of subsidy; and (c) insufficient investment in terms of project cost norms resulting in purchase of sub-standard assets.
- (iv) The selection of schemes under the programme has shown an overwhelming bias towards animal husbandry, more particularly milch cattle. While this activity has considerable employment and income generation potential, this was vitiated by: (a) the shortage of good quality animals; (b) artificial increase in prices of animals;

and (c) absence of linkages and support structures for feed, healthcover and marketing. On the other hand, the predominance of this activity can be explained by factors such as the familiarity of the beneficiaries and block functionaries alike, and absence of expertise in projectisation with respect to secondary and tertiary activities.

- (v) While the Programme guidelines stipulated that 33 per cent of the beneficiaries should be assisted under the secondary and tertiary sectors, the actual percentage in earlier years was much lower. Though there has been a distinct improvement in the later years, there has been a tendency even now to concentrate on petty business activities. While these can yield quick returns with relatively low project investment levels, the life of the investments is likely to be short, and in many cases they may not become self-sustaining.
- (vi) A disturbing distinction between the so-called production programmes and beneficiary-oriented programmes has been noticed. Even the banks have sometimes referred to IRDP loaning as credit at the expense of priority production sectors, although most of the activities taken up under IRDP would fall within that category.
- (vii) A major problem has been found to lie in the absence of backward and forward linkages. It appears that no real steps have been taken to provide institutional support for the supply of raw materials and, more particularly, for marketing, which was an important component of the total Sixth Plan strategy for Rural Development. Back-up support from sectoral departments was also found to be largely missing.
- (viii) Inadequacy of banking infrastructure in certain areas, particularly in the North-East, has affected credit flow adversely; shortages of staff, almost everywhere, have resulted in insufficient scrutiny and delayed disposal of loan applications, and absence of supervision and follow-up; insistence on security in spite of instructions to the contrary, has resulted in the exclusion of the poorer among the target group; prescription of unrealistic loan repayment schedules has resulted in non-productive use of assistance; and non-availability of loan passbooks with the beneficiaries has encouraged malpractices and adversely affected repayments.
- (ix) Another weakness of the IRDP which has been discovered during the implementation is non-adoption of the cluster or group approach.
- (x) An important bottleneck has also been found to lie in administrative weaknesses both in terms of the qualified staff required at the block and district levels and in respect of vertical and horizontal coordination and integration between different departments.

Although there have been many shortcomings in the Programme, there have been strong positive features also. The evaluation studies have brought out that it has resulted in substantial additional incomes to a large number of beneficiaries and the creation of assets which, in 70-80 per

cent cases, were found to be intact. In some cases it has actually resulted in a change in occupational structure. There has been a definite shift in the sectoral coverage pattern also, with the secondary and tertiary sector activities having increased from about 6.44 per cent in 1980-81 to about 41 per cent in 1983-84. The per household investment has gone up from Rs. 1642 in 1980-81 to Rs. 3339 in 1984-85 and there has also been an increase in the credit-subsidy ratio.

## **Summary of the findings of the major evaluation studies on rural development and anti-poverty programmes**

The Department of Rural Development has issued detailed guidelines on conducting evaluation studies on various rural development programmes. According to these guidelines, the State Government can use their own evaluation organisations as well as entrust the studies to reputed academic and research institutions having substantial experience and expertise in the field of rural development. These studies are approved by the concerned State Level Coordination Committee. State Governments have also been advised to have a regular steering committee at the State level to guide and direct impact and evaluation studies. In addition, the Department of Rural Development has a Committee on Research Studies headed by the Secretary. This Committee authorises suitable studies on various aspects of rural development. This annexure gives a summary of findings of the major evaluation studies sponsored by the Department of Rural Development and the State Governments. In case of IRDP, findings of some studies sponsored by the financing institutions have also been summarised. This is divided in three sections. Section I gives the major findings on IRDP, Section II on NREP and Section III on DPAP and DDP.

### **SECTION I**

#### **I. Integrated Rural Development Programme (IRDP)**

##### **(i) Evaluation report by programme evaluation organisation, Planning Commission**

The study was confined to 16 States, namely, Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. Seven different types of areas were identified, namely, tribal areas, hill areas, agriculturally developed areas, less agriculturally developed areas, desert areas, areas with good administrative infrastructure for local level planning and implementation and area with poor infrastructure for local level planning and implementation. From the 16 States, 33 districts and 66 blocks representing each of the seven area categories were selected. The study covered 1,179 households in these districts, which had received benefits during 1981-82.

Some of the important findings of the study are as follows :—

##### **Administrative and organisational set up**

(a) In most of the States there was absence of a strong administrative set up for implementing the programme. The State level organisations lacked the required degree of support of sectoral and subject matter specialists.

(b) Suitable mechanisms are required to be established for securing the needed inter-departmental coordination. Particularly at block level, the inter-sectoral linkages were found to be lacking.

(c) In most DRDAs requisite planning teams had not been organised. In their absence the planning and formulation of viable schemes could not take place and generally the resource surveys were not taken up nor perspective plans prepared.

(d) Frequent transfers of staff resulted in lack of continuity of tenures.

(e) Training facilities for Project Officers, BDOs, Extension officers and village level workers were found to be inadequate

(f) The lack of proper administrative control of project officers of DRDAs over BDOs has been highlighted.

The study recommends that these administrative and organisational matters should be looked into by a High Level Committee.

### **Planning process**

(a) In 18 of the 33 districts, the study found inadequacy of infrastructure for providing benefits to the selected beneficiaries. Such infrastructure included bank branches, communications, power, health, veterinary care and other supportive services. The study mentions that the present level of 10% expenditure on infrastructure facilities is inadequate. The study also calls for consolidating and pooling together of funds available to sectoral departments and the funds allocated to DRDAs for building up the required infrastructure.

(b) In more than half the States, the Five-Year perspective plans has not been attempted. Also, no attempt seemed to have been made to formulate sectoral projects based on these perspective plans.

(c) The study has found that from 1982-83, by and large, Annual Action Plans were being prepared in the case of all blocks. However, the preparation of cluster plans and their aggregation into block level plans, as per guidelines, has not been done.

(d) The study recommends highest priority to the formulation of perspective plan for each block based on survey of resources, development potential as well as constraints of each area and of the existing institutions and the on-going activities in the area.

### **Selection of target families and provision of benefit schemes**

(a) The study finds that nearly 81% of beneficiaries assisted were covered under primary sector schemes, about 8% in the Secondary Sector and remaining 11% through tertiary sector. Particular reference has been to the provision of milch animals, particularly provision of only one animal, poor quality of animal, lack of proper breeding programme, same animal changing hands in a few cases and inadequate veterinary support.

(b) The study highlights urgent need for a proper follow-up, including physical verification of assets in respect of beneficiaries assisted earlier. The study highlights the government guidelines which provide for additional dose of assistance to the beneficiaries till they are able to cross the poverty line, but says that over-emphasis on yearly new targets make officials neglect earlier targets. The study, therefore, suggests that the first commitment of the ensuring Annual Plans should be towards providing additional economic units to all deserving beneficiaries instead of taking up new beneficiaries only to meet the target of families to be covered.

### **Size of investment and role of financial institutions**

- (a) The study recommends a higher quantum of per capita investment. The study acknowledges that the bulk of financing was done by commercial banks which accounted for 67% of total loans to beneficiaries. It also points out to the poor performance of cooperative institutions.
- (b) The study came across reports of some cases of misappropriation of subsidy amount with the connivance of bank and block officials.
- (c) Shortcomings on the part of local functionaries of banks in the form of short repayment periods, arbitrary recovery schedule, loan applications being rejected on flimsy grounds and security from beneficiaries even where it was not required have been observed.
- (d) It was found that beneficiaries were generally not aware of details of loan taken, subsidy received, interest charged, loan repayment period etc.
- (e) The study points out the high percentage of overdues which generally ranged from 50 to 60%.
- (f) The study points out the inadequacy of staff in the bank branches and recommends the provision of adequate staff for effective follow-up of beneficiaries and to check the higher percentage of overdues.

### **Follow-up and monitoring**

- (a) Vikas Patrikas had not been introduced at the time of field visits. Even verification of assets had not been attempted.
- (b) The study recommends strengthening of monitoring arrangements at State, District and Block levels.

### **Training of Rural Youth for Self-Employment (TRYSEM)**

- (a) The implementation of TRYSEM programme was found to be generally uneven.
- (b) Highlighting deficiencies in TRYSEM programme the study recommends an in-depth review of existing training arrangements and of the syllabus presently prescribed by various training institutions. It suggests for examining the feasibility of establishing training-cum-demonstration-cum-production centres in each cluster of villages with the assistance of KVIC and other related institutions which may not only provide equipment, raw material, etc., but also on the job-training to youth till they develop enough confidence to manage their own ventures.

### **Socio-economic profile of selected sample beneficiary households**

- (a) 25.81% of the sample beneficiary households had annual income exceeding Rs. 3,500 at the time of selection. It has further mentioned that only 8% of sample households had pre-investment income of above Rs. 5,000 per family, thus implying that about 18% were in the bracket Rs. 3,500- 50,00
- (b) Forty percent beneficiaries were cultivators, 26% agricultural labourers and 10.5% and 8% belonged to the category of services and artisan groups respectively.

(c) The study has suggested that in future physical targets as regards coverage of beneficiaries under IRDP should be fixed with due consideration to the level of development and economic conditions prevailing in different areas.

(d) The study points out the need of much greater involvement of village assemblies to identify deserving households under the programme.

#### **Revision of benefits and preparation of family plans**

(a) For 31% of the sample households family plans had been prepared. Of these households 98% had received the assets of their own choice.

(b) The delivery of assets to nearly 83% of sample beneficiaries was made within one month of the sanction.

#### **Type of benefits scheme**

(a) Of selected beneficiaries 75% were provided schemes pertaining to primary sector. Under this sector, 44% were with animal husbandry units, mostly milch cattle. A little over 28% were benefited through agricultural schemes mainly irrigation works. About 17% sample households were provided schemes in the tertiary sector and only 8% were given secondary sector schemes.

(b) About 97% of the sample households were of the view that the benefits provided to them were according to their needs and aspirations. They also considered that the schemes were suitable in view of their talents and the financial position of their families.

#### **(ii) Other major studies**

The Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), and Institute of Financial Management and Research and National Institute of Urban Affairs have conducted other major studies on this programme. The findings are given below :—

### **RESERVE BANK OF INDIA**

#### **Coverage**

R.B.I. has conducted this study in 16 districts covering 16 states.

#### **Positive aspects**

(i) The assistance provided under the programme has resulted in a progressive shift in real income in respect of 51% of the beneficiaries. Among the beneficiaries whose incomes have registered an increase, 17% have been able to cross the poverty line, after the incomes have been suitably discounted on the basis of the consumer prices index for agricultural labour as on February, 1984.

(ii) The study has also revealed an increase of 30% in the value of the assets at current prices.

(iii) During the first year itself, the coverage of SC/ST families was 38% which is more than the target of 30% fixed under IRD guidelines.

#### **Deficiencies**

(i) Non-conduct of household surveys and non-preparation of block plans during 1980-81.

- (ii) Identification of ineligible beneficiaries (16%).
- (iii) Inadequacies of field level staff, both at the block and district levels.
- (iv) Lack of coordination between the DRDA and the block level officials and the various government/quasi-government organisations like Department of Agriculture, Animal Husbandry, Electricity Boards, etc.
- (v) Preferring unduly large number of applications for one or two activities like Animal Husbandry and Dairy Development.
- (vi) Hurry in giving loans rather than observing the correct procedures so as to make the lending productive.
- (vii) Missing assets (32%).
- (viii) The insistence on additional security by banks.
- (ix) Delay in the disposal of loan applications.

## **NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT**

### **Coverage**

The study by NABARD covered 30 districts, 60 blocks and 16 states.

### **Positive aspects**

- (i) The programme had helped 47% of the beneficiaries cross the poverty line. However, when the poverty line limit is redefined in 1982-83 prices, this proportion gets reduced to 22%.
- (ii) The programme had helped push up the average income of the beneficiary by 82% from Rs. 1967- Rs. 3585, both expressed in 1982-83 prices. These incomes are before the discharge of repayment obligations.
- (iii) The average post-investment income was above the poverty line in six states i.e. Punjab, West Bengal, Haryana, U.P., Maharashtra and Gujarat and was almost equal to it in another three i.e. Orissa, Gujarat and M.P.
- (iv) Recovery 69% only 17% are wilful defaulters.

### **Deficiencies**

- (i) No package of activities was provided as envisaged.
- (ii) There was undue emphasis on financing animal husbandry activities.
- (iii) Financing of petty business rather than cottage industries or service units under ISB.
- (iv) Inadequate infrastructure for animal husbandry and ISB activities and poor marketing support for the projects of rural artisans.

- (v) Selection of ineligible families to the extent of 15%.

## **Institute of Financial Management & Research**

### **Coverage**

- (i) The study covered 17 blocks and 5 districts- 3 in Maharashtra and 2 in Tamil Nadu.

### **Positive aspects**

- (i) Majority of the beneficiaries found the quantum of assistance adequate.
- (ii) Of the beneficiaries 90% are happy with the IRDP assistance
- (iii) Majority of the assisted got technical advice.
- (iv) In Tamil Nadu, majority of the beneficiaries received investment advice from the blocks. (In Maharashtra this was not the case).
- (v) More than three-fourth of the respondents did not find any difficulty in obtaining inputs and supportive services.
- (vi) More than 80% had no difficulty in selling their produce.
- (vii) Of the beneficiaries 79.6% did not find any difficulty in repayment of loan.
- (viii) More than 90% received the assets within four months of loan application.
- (ix) More than 80% got the scheme they wanted.
- (x) Most of the beneficiaries came to know about the scheme through non-official sources; and
- (xi) On an overall basis, it was noticed that the condition of the poor beneficiaries improved. (The condition of the non-beneficiaries also improved- but not to the same extent) and in Tamil Nadu it has some impact on urban migration.

### **Deficiencies**

- (i) Identification has been very unsatisfactory in many cases. (In Tamil Nadu 60% of the beneficiaries were not poor. In Maharashtra this was 20%).
- (ii) 84.5% of the beneficiaries increased their indebtedness by availing IRDP assistance in Maharashtra. In Tamil Nadu also this was of the same order.
- (iii) Commercial banks have performed poorly in Maharashtra, where the vacuum was filled by the cooperative banks.
- (iv) Majority felt TRYSEM training was inadequate.
- (v) There was no improvement in the case of those who opted for ISB/TRYSEM.

(vi) The assistance given was insufficient to increase the income substantially. The increases in income was marginal and it cannot be said whether such increases are permanent or not.

## **NATIONAL INSTITUTE OF URBAN AFFAIRS**

The study conducted by the National Institute of Urban Affairs, New Delhi in 1982 in districts of Alleppey (Kerala) and Sambalpur (Orissa) found that :—

(a) the coverage of SC/ST beneficiaries compared favourably with their proportion in the total population of the two districts;

(b) wherever beneficiaries had been given assistance in the form of Load Boats, Hand Cart, Mosiac Polishing Machine, Laundry equipment, Band Instruments, Bakery, Soda Factory, Milk sets, etc., the beneficiaries are generally happy.

**(iii) Some evaluation studies carried out in selected states by the State Governments/Banks/Academic Bodies**

**1980-81 - First Year of the Programme was studied by following organisations :**

### **I. GUJARAT**

**(a) Govt. of Gujarat**

(i) According to the study conducted by the Govt. of Gujarat, 1892 families in 194 blocks assisted during 1980-81, 8-25% of the families had increased their income by more than Rs. 2,500 while more than 50% had improved their income to the extent of Rs., 2,000 to Rs. 3,000 and 33.1/3% of the families had increased their income between Rs. 1,000 to Rs. 2,000

**(b) Gujarat State Rural Development Corporation (GSRDC)**

(ii) Gujarat State Rural Development Corporation had taken evaluation study of IRD programme in 10 blocks, 3 blocks each in Surat, Bharuch, Junagadh districts and one block in Vadodara district. The important findings which emerged from these studies are as follows :—

(i) Studies covered 690 beneficiaries (8.8%) out of 7795 families assisted under IRD programme during 1980-81 and 1981-82 in 10 blocks.

(ii) The proportion of SC/ST beneficiaries was 53.3%.

(iii) Income of 98.5% of the 690 sample families had increased whereas in the case of 10 families (1.5%) the income had decreased.

(iv) About 52.3% (360 families) of the sample families had crossed the poverty line. The proportion of families who crossed the poverty line was between 50% to 60% in 8 blocks and 47.3% and 42/8% in one block each.

(v) Income of all the 68 SC beneficiary families and 302 out of 308 ST beneficiary families had increased. About 44% of the SC families and about 49% of the ST families had crossed the poverty line.

## **1980-81 and 1981-82**

### **(c) Mahatma Gandhi Deptt. of Rural Studies, South Gujarat University**

The study covered 10% random sample of rural poor families assisted under IRD programme in Bardoli taluka of Surat district during 1980-81 and 1981-82. The main findings are as under :-

(i) About 93.2% of the sample beneficiaries belong to the ST, 1.4% belong to Scheduled castes and 5.4% belong to other categories. About 82.4% of the beneficiaries were agricultural labourers and 14.9% were small farmers. About 12.2% of the beneficiaries were women.

(ii) On account of the programme, the number of households depending on agricultural labour declined from 79.7% to 21.6%. In its place a new major category of workers depending on animal husbandry has come into existence which accounts for 51.4% of the total workers in the new occupational structure.

(iii) Of the beneficiaries covered in the survey 78% were in possession of functionally active assets - in terms of value 18.7% of the total investment turned out to be a dead investment.

(iv) The average income of the beneficiaries after acquisition of asset increased by 50% if incomes are unadjusted to cost of living index of agricultural labourers and by 12.9% if it is adjusted to price index. The pre-asset acquisition income averaged to Rs. 2,514 per beneficiary whereas the post-asset acquisition income average to Rs. 3,670 per beneficiary showing a rise of Rs. 1,256. If adjusted income is taken into account the average income is Rs. 2,830 showing a rise of Rs. 324 in the income per beneficiary family.

(v) Considering Rs. 3,500 of household income as threshold of poverty line, the IRDP has succeeded in bringing about 32.4% of the additional beneficiary families above the poverty line if unadjusted current income are considered. The percentage would be 16.1% if adjusted incomes are considered. The assistance has mostly flowed to low income families (not poorest of the poor but next rung below the poverty line.)

## **II. KERALA**

### **1980-81**

The State Planning Board has conducted the evaluation of IRDP in Kerala in 1981 for reference period March, 1980. A large proportion of the beneficiaries were reported to be labourers without land or other assets. In terms of additional income, the survey found that nearly 70% of the beneficiaries received additional income ranging from Rs. 5,530 per annum in the case of bullock carts to Rs. 3,436 per annum in respect of dairy units. Of the beneficiaries, 18.6% appear to have gone above the poverty line.

### III. TAMIL NADU

**1980-81**

(a) According to the evaluation conducted by the State Govt. in 8 districts, 40% of the beneficiaries assisted in 1980-81 have crossed the poverty line by Aug., 1982. Similarly, 29% of the families assisted in 1981-82 have crossed the poverty line by August, 1982.

(b) The Economists Group, Madras has brought out a study of IRDP in Periyar district. The study covered 50 villages spread over 4 blocks. The sample accounted for 11% of the families assisted in 1981-82. Findings are as below :

(i) The programme has led to raising the income levels of an overwhelming proportion i.e. 91% of the families assisted.

(ii) Of the assisted families 94% have crossed the poverty line.

(iii) If per capita income of Rs. 700 per annum is regarded as the poverty level 16% of the assisted families would have doubled their per capita income.

### IV. PUNJAB

**1980-81 to 1982-83**

#### **(a) Deptt. of Rural Development**

This study covering Gurudaspur district in Punjab had made some interesting observations :-

Of 270 beneficiaries contacted during the course of study 206 beneficiaries (76%) had their assets/units intact on the day of the visit of the study, 41 beneficiaries had misutilised the loans taken by them. 125 beneficiaries (61%) out of 206 beneficiaries who had their units/assets intact had crossed the poverty line. 6 beneficiaries could not cross the poverty line for various reasons. Out of 60 scheduled castes beneficiaries who had their assets/units intact, 33 beneficiaries (55%) had crossed the poverty line.

### V. RAJASTHAN

**1980-82**

#### **(a) Institute of Development Studies :**

**Sample size :** Covers 73 villages in 9 blocks. It surveyed 380 beneficiaries out of a total of 5233 assisted families at that point of time.

**Important findings :** Of the total IRDP beneficiaries, 23.4% crossed the poverty line within one year. Of the beneficiaries 42.9% got the loan sanctioned within 40 days.

— 83.1% of the beneficiaries purchased the assets within 40 days of loan disbursement.  
57.8% of the beneficiaries belonged to SC/ST categories.

— A comparison of assets distributed with the assets preferred showed an almost complete matching of the two.

— Average investment income was about Rs. 1499/-

— 133 beneficiaries out of 380 did not utilise the asset due to various reasons.

### **Scheme-wise analysis**

#### **Livestock based schemes :**

Depend a lot on market and health cover.

Camel cart — Good returns

Land based schemes — Due to gestation period,  
no comments are offered.

Leather workers — are doing well.

## **VI. JAMMU & KASHMIR**

(a) Jammu District : State Bank of India  
Sample size : 69 beneficiaries in 24 villages in  
Mash block.

### **Main findings**

No projects were prepared by the DRDAs.

Banks reject application for want of security for loans less than Rs. 5000/-

There was scope for improvement of veterinary aid

69.97% of the demand raised was recovered.

(b) Kathuwa District : State Bank of India

Sample size : 87

33 units out of 87 units

were found missing. Recovery rate 32.02%.

(c) Udhampur District : State Bank of India

Sample Size : 100

— Insurance companies find fault in order not to honour their claims.

— There was absolute dearth of green fodder.

— Recovery rate : 67.58%.

## VII. KARNATAKA

(a) Kolar district : Canara Bank  
Sample size : 178 beneficiaries in two blocks.

- There were glaring instances of wrong identification.
- Majority of the beneficiaries were aware of the financial implications of the scheme.
- Although 75% of the respondents stated having increased income from the schemes, the bulk of them (56.1% in Kolar block and 53.93% in Srinivaspur block were confined to the lowest range i.e. Rs. 100/- p.m.)
- Overdues of IRD beneficiaries were heavy (75.28% in Kolar block, and 48.32% in Srinivaspur block).
- None of the beneficiaries reported having received any training after the receipt of assets.

## VIII. UTTAR PRADESH

Utarkashi District : State Bank of India  
Sample Size : 100 beneficiaries in 27 villages.

- 40% of the beneficiaries reported loan amount as inadequate.
- 16% supplemented bank loan from income from other sources.
- Slight occupational shift was reported.
- Out of 80 sample beneficiaries engaged in agriculture prior to financing, only 69, were found to be in agriculture after financing.
- Average employment in mandays also registered increase.
- Recovery : 61%.
- Only 19 beneficiaries expressed satisfaction with the scheme, dissatisfaction was due to inadequate income generation.

## IX. HIMACHAL PRADESH

Chamba district : State Bank of India  
Sample size : 100 in one block.

- Household survey was conducted in 1980-81.
- No new projects were formulated.
- Recovery - 59.53%.

## SECTION II

### **National Rural Employment Programme :**

A comprehensive evaluation of the National Rural Employment Programme (NREP) has been taken up by Programme Evaluation Organisation (PEO) of the Planning Commission. The PEO study covers nine States viz. Karnataka, Tripura, Gujarat, U.P., Kerala, West Bengal, Rajasthan, Punjab and Jammu & Kashmir. The Evaluation Report of the PEO, has, however, not yet become available. The PEO had earlier evaluated the Food For Work Programme. Since the findings of this study are relevant in the context of the NREP, a summary of these findings is given below. In addition, findings of some other evaluation studies on NREP taken up by the State Govts. have also been summarised. These studies were taken up by the Govt. of Kerala through the State Planning Board, by the Govt. of Gujarat through Sardar Patel Institute of Economics & Social Research and by the Govt. of U.P. through the State Planning Institute, Lucknow.

### **Conclusions arrived at in the evaluation studies report of Programme Evaluation Organisation on Food for Work Programme.**

#### **Broad Findings :**

#### **1. Planning and administration of the Programme**

- (i) State level Steering Committees were formed in all the States, However, the meetings were not held as frequently as required in some States.
- (ii) Out of 20 districts, district level Steering Committees were formed specifically only in 7 districts. In other districts the already existing district level committees performed the functions.
- (iii) In the matter of planning and implementation, wherever the village panchayats were fully involved, the projects were planned generally according to the needs of the village community. The technical departments worked in isolation from other departments and utilised foodgrains for continuing their normal activities. There is need for coordination in the selection of projects, in fixing priorities and in progress reporting at district level.
- (iv) The method of registration of labourers for employment was found only in 5 districts. In the rest 15 districts, no specific method of registration for selection of workers was followed.
- (v) In 8 districts certain difficulties were reported in planning and implementation of the programme. For example, some of these difficulties related to lack of planning and coordination between various departments, non-availability of timely supply of foodgrains from FCI, non-cooperation of local people, lack of availability of implements and technical know-how etc. Timely and uninterrupted supply would reduce malpractices in distribution of foodgrains to wage earners.
- (vi) No financial limits are fixed in most of the States in undertaking the various works. However, limits are fixed for sanction by officials at various levels. Difficulties were, therefore, experienced in getting the financial sanctions from higher levels. To avoid

reference for sanction by higher level officials, panchayats either created assets, which did not conform to standard norms for they fragmented the projects and treated each fragment as a separate project. It is, therefore, desirable to streamline the procedure for speedy sanction of projects.

- (vii) The working arrangements of the agencies responsible for the execution of Food for Work Programme at the village level have been found satisfactory on the whole.

## **2. Progress of the Programme**

- (i) Foodgrains released varied from 469 tonnes in Amreli to 27,740 tonnes in Jaipur district during 1978-79. Utilisation ranged from 51.6 per cent to 100 per cent. Out of 20 districts utilisation was 100 per cent in 11 districts.
- (ii) Additional employment generated through the Food for Work Programme during 1978-79 over the previous year per selected household of the sample villages varied from 3 mandays to 167 mandays. The extent of additional employment generated over the last year ranged from 0.7 per cent to 76.1 per cent. The overall percentage increase in employment for all the selected beneficiaries in the village investigated was 10.9.
- (iii) Additional income generated during 1978-79 over the previous year in the sample villages varied from Rs. 23 to Rs. 1569 per selected household. The extent of additional income generated over the last year ranged from 1.4 per cent to 97 per cent. The overall percentage increase for all the selected households in the villages was 17.7.
- (iv) Various types of community assets were created for example, construction of link roads and embankment work. In regard to creation of individual assets, the Ministry of Rural Reconstruction may examine such cases in the light of the policy of the Planning Commission.
- (v) A total of 3.7 lakh mandays of employment was created in the selected villages. In individual district this ranged from 535 mandays in Raisen (Madhya Pradesh) to 46879 mandays in Bhojpur (Bihar).
- (vi) Community assets worth Rs. 24 lakhs were created during 1978-79 in the selected villages.
- (vii) Both Plan and non-Plan works were taken up under the programme.
- (viii) In Bihar, Haryana and Uttar Pradesh there was no agency for maintenance of link roads.

## **3. Difficulties and Malpractices**

- (i) Delays in supply and lack of storage facilities were reported in 5 States.
- (ii) Payment of wages fully in cash was reported in some States leading to selling of the foodgrains in the open market by contractors.
- (iii) Muster rolls were reported to have been inflated in some selected villages by entering fictitious names both by contractors and the panchayats.

- (iv) Ex-gratia payment was demanded by Supervisory Staff in two States at the time of distribution of foodgrains to the beneficiaries, Government agencies and panchayats in two States converted foodgrains into cash for meeting the cost of construction works such as huts, school buildings, dispensaries, panchayat ghar etc.
- (v) The contractors indulged in selling part of foodgrains in open market.
- (vi) Loss payment of wages was reported from two districts.
- (vii) Beneficiaries had to sell out coupons due to delay in supply of foodgrains.
- (viii) Foodgrains were utilised for purchase of crockery and furniture and upkeep of Government buildings, in one State.

#### **4. Impact of the Programme**

- (i) There was a favourable impact on the life and living conditions of the village community in terms of employment and income. Majority of beneficiaries, however, reported that these benefits were only short term and seasonal. It was also felt that the durable assets created under the Programme may benefit only the upper strata of the village community leading to further disparities in income.
- (ii) The improvement in communication system due to development of roads has certainly developed facilities for trade and commerce. The pucca link roads have enabled the villagers to take their sick to health centres which were earlier inaccessible during rainy season. The construction of link roads within and between villages and towns had made some of the neglected areas now to go in for school buildings and provide educational facilities.
- (iii) In some of the selected villages the dearth of skilled hands compelled the local people including those belonging to weaker sections of the society to learn non-traditional occupations like carpentry and mason work; thus changing over from their traditional occupation to new occupations.
- (iv) Thefts and crimes borne out of hunger have come down due to the implementation of the programme.
- (v) In 13 districts out of 20 selected for the study, there was no significant impact on the market wages. However, in 7 districts the programme did have a positive impact.
- (vi) The programme stabilised foodgrains prices (wheat and rice) in 8 districts out of the 20 selected at a period when these would otherwise have risen. The drought conditions prevailing during the year would have given impetus to local traders to make hay had this programme not been there. In 6 districts, local wheat prices fell marginally.
- (vii) The village community as a whole as well as the village panchayats are now fully involved in the rural reconstruction projects undertaken through the 'Food for Work Programme.'
- (viii) About 76 per cent of the selected respondents had reported that due to 'Food for Work

Programme' their consumption level had gone up' and a similar number had claimed that their 'consumption had become more nutritional'.

- (ix) The additional income was mainly spent on 'Repair of house/construction of huts' and the 'levelling of house-sities'.
- (x) The increase in the income of the beneficiaries of the programme did help them in meeting some of their social obligations like 'repayment of debt', 'visit to relations/outside contact', 'Marriage', 'gift for marriage' and 'visit to religious places' with ease.
- (xi) Majority of respondents (442) had favoured the programme. They, however, expressed that the programme is only for a shorter period and seasonal and wanted it to continue for a longer duration to provide them with long-term livelihood.

### **Suggestions made in the Evaluation Study**

1. Empty gunny bags at present being retained by the distributing agencies such as contractors, fair price shops etc. should be handed over to the village panchayat for augmenting their resources.

2. Efforts should be made to provide foodgrains preferred by the beneficiaries.

3. Looking to the preference of the beneficiaries, the wages should be paid partly in cash and partly in kind.

4. Majority of the beneficiaries preferred weekly payments. As such, efforts should be made to make weekly and timely payments in all the areas.

5. It appears that the inspecting and monitoring arrangements at the Centre for effectively supervising the Food for Work Programme and its implementation are rather weak. Supervision, therefore, needs to be strengthened to avoid creation of non-durable assets.

6. There is need for further research and evaluation on its short and long term benefits to various sections of rural population.

### **Main observation of Evaluation Studies on NREP conducted by Govts. of Gujarat, Kerala and Uttar Pradesh.**

(i) Evaluation Studies in Gujarat conducted by Sardar Patel Institute of Economics and Social Research, Ahmedabad.

- 1. Substantial employment was generated under the programme but no continuous employment to workers could be provided.
- 2. No systematic efforts are made to assess the extent and nature of unemployment in different regions while planning the works.
- 3. Wages were not paid in accordance with the minimum wages.

4. Neither proper linkages are established between different rural development programmes for the infrastructural gaps nor needs of different regions identified.
5. All the assets created were not of durable nature.
6. Quality of foodgrains supplied was not always good.

**(ii) Evaluation studies in Kerala conducted by the States Planning Board.**

1. Preparation of shelf of projects is not being done in a scientific manner with necessary technical inputs.
2. Expenditure on schemes benefiting Scheduled Castes and Scheduled Tribes was lower than the earmarked 10%.
3. The foodgrain distribution was not satisfactory. Quality of foodgrains supplied was poor and supply was not timely.
4. There was greater emphasis on road works, the expenditure on which accounted for 83.21% in 1981-82 and 73% in 1982-83.
5. Expenditure on non-wage component was low which might have affected the durability of assets.
6. The programme succeeded to a considerable extent in generating employment. The net addition to employment per worker was 33 days on an average.
7. The execution of works were done through conveners of local beneficiary committees but contractors often creep in the mask of conveners.
8. In 29% of the cases there was improvement in the nutritional levels.
9. There is active participation of Panchayat Committee in selection and execution of work projects.

**(iii) Evaluation studies in Uttar Pradesh conducted by State Planning Institute, Lucknow.**

1. No survey was conducted for earmarking the availability of labourers in different areas and no action was taken for making advance planning for implementing the programme.
2. The selection of works to be taken up under the programme was not based on the priorities laid down in the guidelines prescribed by the Government of India.
3. Among the works taken up, roads got the maximum share and in the selected districts the expenditure incurred on roads was from 74% to 100%.
4. There was no proper coordination between different departments implementing the programme and furnishing of information was unduly delayed.

5. The works done and assets created were not of permanent and durable nature.
6. No arrangements were made for maintenance of assets created.
7. Works were executed in many cases by engaging contractors and middlemen.
8. Wages paid to the workers were delayed in many cases and the minimum wages were paid even if output of work by any worker or group of workers was more than the prescribed norm. There was also no coordination between wages paid by different departments.
9. During the period under study roughly 50% of the funds were utilised out of the available provision.

### **SECTION III**

#### **Drought Prone Areas Programme (DPAP)**

No comprehensive evaluation of the impact of the drought prone areas programme has yet been made over the entire area covered under the programme. A number of studies have, however, been sponsored by the Ministry to assess the impact of some or all the components of the programme in selected areas. This programme has also been reviewed by two Task Forces and a National Committee on the Development of Backward Areas. International agencies such as the International Development Association (IDA) and the European Economic Community (EEC) have also assessed specific projects financed by them. A number of State Governments and research organisations have also evaluated some specific schemes. The assessments of these committees/institutions are briefly given below :—

#### **Task Force on Integrated Rural Development, June, 1973**

(i) During the Fourth Plan there were significant variations in the contents of the programme in different States. In some States such as Haryana and West Bengal no soil conservation programme was taken up and only medium/minor irrigation and afforestation schemes were taken up under the programme. In Jammu & Kashmir and Tamil Nadu etc. about half of the funds were approved for roads. A large soil conservation programme was taken up by the States of Karnataka and Maharashtra.

(ii) On account of initial preoccupations of the programme with rural works, the programme in several districts tended to lack appropriate order of priorities. For a number of districts some sort of Master Plans were drawn up but these were often found to be collection of different departmental schemes and programmes. Schemes were sometime proposed and subsequently dropped due to their infeasibility.

(iii) There has been lack of a close watch on the physical performance in respect of various programmes. The norms and yardsticks adopted at the time of the formulation of the scheme have sizeably deviated from those initially proposed.

(iv) This programme was conceived as an additional programme to the normal State Plan activity in each district. There is no clear indication of this additionality of funds to have been materialized substantially.

## **National Committee on the Development of Backward Areas September, 1981.**

(i) The present approach is mainly on the development of agriculture and allied sectors with its major focus on restoration of ecological balance. Without providing alternative source of income, any attempt to promote optimum use of land and water cannot succeed in spite of improved dry land agricultural practices.

(ii) Comprehensive planning aiming at all-round development of an area has yet to be taken up. Even the basic surveys of the existing resources have not been completed. There has been lack of coordination between various agencies and programmes for development in the district.

(iii) In most cases, sectoral officers conceded this programme only as a source of additional funds. They intensified their activities without any attempt for integrated water-shed development. The objective of restoring ecological balance was thus not given the due attention. Plans were not drawn up on watershed approach.

(iv) The present system of funding this area development programme on a certain fixed amount, repeated every year has left much to be desired.

(v) Sufficient technology is available for increasing productivity in the drought prone areas of the country except in extremely difficult land and water situation but an aggressive adoptive research and technology is lacking.

## **Report of the Task Force on the Drought Prone Areas Programme and Desert Development Programme, January 1982.**

(i) The programme has successfully supported activities relating to development of irrigation, soil conservation, animal husbandry, dairy development and subsidiary occupations.

(ii) Maintenance of irrigation works has not received the desired attention. More useful but less impressive works have been neglected in favour of more impressive but less cost effective projects. In many cases, actual irrigation was a mere 20% of what was indicated at the stage of sanction.

(iii) The quality of maintenance of soil conservation works put up at a considerable cost, has been extremely poor and these works have in many cases totally disappeared.

(iv) A clear and conscious effort towards the watershed approach has not been made.

## **Evaluation of Drought Prone Areas Programme in Panchmahal District (Gujarat).**

This study was undertaken by the Operations Research Group, Baroda. Its assessment is as follows:-

(i) There was no district plan, nor was there any working plan for sectors other than forestry and minor irrigation. No bench mark survey of the project area was carried out. There was no systematic monitoring of the project.

(ii) In areas where schemes have been completed, the financial gains have been sizeable.

(iii) Development of irrigation facilities has helped in increasing the intensity of cropping by 150%. The income of farmers has gone up by 50% to 70%. The actual cost of irrigation was, however, considerably higher than the cost approved.

(iv) The returns from crop demonstrations laid out were negative in many cases. No follow-up action was taken to change the cropping pattern and ensure productivity of the demonstration plots.

### **Evaluation of Drought Prone Areas Programme in Kurnool District - Andhra Pradesh.**

The study was conducted by the National Institute of Rural Development, Hyderabad. Its assessment was as follows:-

- (i) There was no coordination between the activities of the soil conservation and agriculture divisions and between the activities of soil conservation and the Forest departments. Contour bunds were not maintained and most of the old bunds were in bad shape.
- (ii) The performance of the agriculture sector was poor due to (a) delays in the technical clearance of the schemes at the State-level, (b) non-adoption of guidelines for organising crop demonstrations by the district level staff etc. The crop demonstrations organised were of a routine nature, intended to show superiority of the high-yielding varieties of Jowar and Bajra over the local varieties. The cropping patterns were not adjusted according to local rainfall conditions. The demonstrations laid out did not emphasise on adoption of appropriate dry land technology.
- (iii) Livestock development schemes made a good impact as they improved the income of the farmers. As a result of dairy schemes, the average daily income per household increased by about Rs. 4/- per day. Strengthening of infrastructure such as dairy, sheep growers cooperative societies, ram multiplication farm etc. helped in raising production and income.
- (iv) The implementation of irrigation schemes was slow due to delay in obtaining technical and administrative clearance, appointment of contractors, land acquisition etc. Irrigation potential created was not utilized for want of command area development.
- (v) Farm forestry schemes did not progress due to lack of any scheme to motivate the people to plant and protect trees. The panchayats were not involved in the afforestation activity. The scheme to develop pasture did not succeed as the villagers did not perceive any long-term benefit from it. There was also no alternative facility for grazing in the area. Instead of giving priority to hard-core drought affected areas, plantations were taken up among the sides of canal and avenues.
- (vi) Different departments implemented their sectoral schemes without linking their activities with each other, although all the development departments were brought under the authority i.e. the District Development Authority.
- (vii) Technical departments considered this programme as a source of additional funding rather than as a programme for integrating activities of different sectors.
- (viii) There was not much involvement of the local Community Development Blocks, village panchayats and the village level workers. Normal extension staff was only casually involved with this programme.

### **Evaluation of Drought Prone Areas Programme in Pali District (Rajasthan) by IIPA, New Delhi.**

- (i) After the creation of the district development agency and implementation of the drought

prone areas programme, a big boost was provided to the development programme. However, various programmes in different sectors lacked either the desirable technical competence foresight, coordinated action, timely formulation and implementation of the programmes or proper planning. The work in the agriculture sector suffered due to some trivial issues such as lack of adequate field staff, lack of vehicles etc.

(ii) The district had not got any plan forum of its own. Every single scheme implemented in the district was tailored at the Special Schemes Organisation, Jaipur. For any change in the Plan, the district had to look forward to the State Government which affected speedy implementation and instant decision. Lack of proper resource data of the district also hampered the work.

(iii) The process of entire planning exercise seemed to be *ad-hoc* in nature. No proper benchmark surveys were carried out. There were no time series data.

(iv) The Collector who has to settle the bulk of the cases relating to the programme had hardly any time to look into the small and big matters alike

(v) Many crucial posts remained vacant for long or the various crucial officials were transferred very rapidly. This also hampered the work of the agency.

(vi) As regards implementation, the sectoral people had to take sanction first from the Desert Development Commissioner's office and then from their sectoral heads. Many trivial matters affected the working of the milk chilling units. For instance, at times milk had not been collected because milk cans could not be washed. Due to official apathy milk collection suffered on account of delay in the development of milk routes, although funds for implementation of these schemes had already been provided.

### **Evaluation of Drought Prone Areas Programme in Palamau District (Bihar)**

The A.N. Sinha Institute of Social Studies, Patna conducted this study. The main findings are :-

(i) Coordination was found lacking among the soil conservation, afforestation and irrigation departments.

(ii) Of all the irrigation schemes, major benefits have accrued from reservoir schemes. The water table has arisen; the problem of drinking water has been solved to a large extent; the yield levels of paddy and wheat recorded increase by 26% to 28%. Farmers have started making investments in the land of their own.

(iii) While the agency was set up to coordinate planning, implementation, monitoring and evaluation of the programme, the level of coordination was far from adequate.

(iv) Funds allotted for the programme were not transferred to the agency excepting a few departments. This caused delay in the implementation of the schemes.

### **Assessment by International Agencies**

The International Development Association (IDA) gave credit worth 35 million dollars for six

districts in four States during 1974-79. In its Project Performance Audit Report on the Drought Prone Areas Programme (Credit 526-IN) June, 1982, it notes that the dairy development schemes have turned out to be the most successful of all activities assisted by it. Apart from increasing output in normal years, the programme has served to arrest precipitous fall in crop yields in the years of drought. Farmers have begun to adopt improved soil and moisture management practices make scientific selection of crops and appropriate management practices so as to forestall the full impact of drought and raise productivity. For many crops the yield from plots under demonstration has turned out to be 2-3 times that raised in the normal plots under the traditional cropping practices.

The drought resistant forage legumes *stylosanthes hamata* and *stylosanthes scabra* have been introduced which are capable of significantly increasing fodder production in the Deccan Plateau. New techniques for establishment of range lands have proved highly successful. In good years, production of dry forage is expected to exceed 3000 kgs. per ha. In years of drought the yield has gone up from 200 kg. per ha. in the past to 800 kgs per ha. now. The incremental yield of fodder is estimated to be around 5 quintals per ha.

### Field Results

**GUJARAT:** In Apreli District in the Shetrunji Shal - I sub-watershed\* (in Dhari Taluk), contour bunding, terracing, gully plugging, afforestation and pasture development, nala bunding works, etc., have been taken up. This watershed has an area of 1133 hectares. Execution of works started from March, 1977, and most of the works have now been completed. Total cost of this project is Rs. 20.75 lakhs. The following benefits have been achieved.

- (i) The water impounded in the storage structures such as nala (drain) plugs, percolation ponds, etc. has started recharging the sub-soils and wells. Consequently area irrigated by wells has increased from 54 ha in 1976-77 to 194 ha during 1980-81. The dry and abandoned wells, which were believed to be due to the curse of some Goddess, have now been recharged. In one case, a farmer who had left his village due to economic hardship and disgust caused by the failure of three wells dug up by him has now come back home with a promising future, as all his wells have now been recharged with water.
- (ii) As against a single crop grown prior to this project, three crops are now raised, which include wheat, groundnut, cotton, lucerne, sugarcane, maize, vegetables and cumin. Net income from the irrigated crops which was estimated at Rs. 171 thousand in 1977-78 increased to Rs. 383 thousand during 1980-81.
- (iii) This area has remained practically unaffected by recent droughts. The farmers have now the option of using available water more intensively or extensively, according to the weather situation.
- (iv) Soil conservation works have reduced siltation in the Kaner percolation tank, which is now quite full of water.
- (v) Farmers have now started thinking in terms of raising fruit crops; one farmer has actually planted 600 mango grafts.

\*A case study on Land Use Planning with specific reference to one sub-watershed in Amreli DPAP district of Gujarat, January 1984, by District Rural Development Agency, Amreli.

- (vi) Cultivation of irrigated fodder has started which will boost livestock development programme in this area.
- (vii) The overall impact of the watershed is so visible that the farmers who used to migrate from this area in search of employment during the periods of drought before this project have now no need to worry about it. In a few cases, some employment has been provided to others by those who had to go outside the watershed to secure employment.
- (viii) Further, a piece of land in the watershed which was not fetching more than Rs. 250 in acre before the project is now not available even for Rs. 4000 per acre.
- (ix) Irrigation through collection of run off on microwatershed basis has reduced the cost of irrigation also. The cost of one million c.ft. of water by the watershed management system has worked out to only 44 per cent of the cost of water by the normal irrigation system with a larger command area.
- (x) The watershed, as it lies on a higher elevation has also benefitted the villages down-stream due to sub-soil water discharge. In conclusion, the watershed project has achieved more than the anticipated benefits and vividly exhibited the superiority of this system of land use planning.

**ANDHRA PRADESH** In Anantpur (Andhra Pradesh), a massive programme of pasture development, small timber and fuel wood plantation has been taken up. The works were started from 1976 onwards. In this District rains quite often stop during the month of September itself and the tanks get only partial water supplies. Tank beds are used to grow fodder. During 1982-83, fodder jowar was raised over an area of about 1800 hectares in 35 such tank beds. Suhabul (*Leucaena Leucocephalla*) plantation has increased from 27,900 plants in 1979-80 to 6 lakh during 1982-83, 13 lakh plants are the target for 1983-84.

Farmers having irrigation are being encouraged to bring a minimum of 600 sq. meters of area of their holding under perennial fodder grasses, viz., Para, Napier, etc. Slips are supplied at the door of each farmer free of cost. Subsidy valuing Rs. 50 per plot is also given in the shape of fertilizers.

Sericulture\*\* has made a major leap forward in this district under the DPAP. Funds have been provided from this programme for establishing mulberry farms, grainages, processing units, etc. Area under mulberry cultivation has increased from 11,982 hectares in 1979 to 33,603 hectares in 1983. Raw silk production which was 140 tonnes in 1970, increased to 572 tonnes in 1979, and 850 tonnes in 1983. The income per annum is now more than Rs. 20,000 per hectare as against Rs. 2500 from paddy and Rs. 4500 from sugarcane. Employment is provided to 12 persons per hectare during a year.

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\*\* Report on evaluation of sericulture in Anantpur received from the Collector of Anantpur.

\*\*\* Impact evaluation of World Bank Aided Drought Prone Areas Programme, Bijapur district, Karnataka, sponsored by the Government of Karnataka.

KARNATAKA In Bijapur, a substantial increase in the income of the beneficiaries has been recorded from the watershed development works. Compared to only soil conservation works, the benefits are much higher where apart from soil conservation dryland farming practices are also followed. The following statement illustrates it:

Crops	(Rs. per hectare)	
	Soil conservation	Soil conservation dryland farming.
Jowar	228	590
Bajra	419	811
Groundnut	289	675
Cotton	221	847

# DEMAND FOR GRANTS PROPOSED

Format 1

## Demand No. 23 Agriculture and Cooperation Department

## Section A : State Sector

Major Head	Minor Head	(Rs. Thousand)			
		Actuals 84-85	Budget 85-86	Revised 85-86	Budget 86-87
305 - Agriculture	Direction Administration				
	Multiplication and distribution of seeds				
	Manures & Fertilizers				
	Extension and Farmers' training.				

## Section B: District Sector

District	Major Head
Sambalpur	305 Agriculture

Note 1: All the Major Heads controlled by the Department will be listed one after the other separately in each of the two Sections namely State Sector and District Sector.

**Note 2:** While in the Section A pertaining to the State Sector minor heads will be listed one below the other against each major head in the Section pertaining to the District Sector major heads will be listed one below the other against each District.

**Note 3:** No break up under non-plan, State Plan, Central Plan and Centrally Sponsored Plan need be shown.

**Note 4:** A footnote will be added below the Demand for Grant saying that further details regarding budget provisions in the State Sector may be seen in the Supplement to the Demand for Grant.

**Note 5:** Another footnote may be added saying that further details regarding budget provisions in the District Sector may be seen in the *Supplement to the Demands for Grant for each District*.

## DEMAND FOR GRANTS PROPOSED

Format 2

### Supplement to the Demand for Grant (Part I) Agriculture and Cooperation Department (State Sector)

(Rs. thousand)

134

Major Head	Minor Head	Sub Head (Schemes)	Non-Plan State Plan Central Plan Centrally Sponsored Plan	Actuals 84-85	Budget 85-86	Revised 85-86	Budget 86-87
805-Agriculture	Extension and Farmer's Training	1. 2. 3-6 7. 8.	Non-Plan Non-Plan State Plan Central Plan Centrally Sponsored Plan				

Note 1: This level of Demand is intended to give full details of schemes for consideration by the State Legislature.

**Note 2: Break-up of expenditure under detailed heads like salaries, travel expenses, etc., need not be given at this level.**

**Note 3: The present practice in some of the States is to list non-plan schemes under all minor heads first, then State plan schemes under all minor heads and so on. It is desirable that all sub-heads (schemes) under each minor head, whether non-plan or plan, are listed together. This will enable the Legislature to have a complete picture of the outlay under the same function/sub-function. This will also be in line with the thinking reflected in the Seventh Plan document.**

**Note 4: At present Performance Budgets are presented separately from the Demands for Grants. It is desirable that they are integrated with this level of Demand. A write-up on each scheme may be given stating its objectives (both qualitative and quantitative), specific physical targets for the year, and other relevant details to facilitate consideration of the budget provisions for the various schemes by the legislature. The revenue, capital and loan components of the scheme as also receipts, if any, accruing for such schemes may be brought together in such write-up.**

**Note 5: At the end of the Supplement separate summary statements by Major Heads and Minor Heads may be given separately for State Plan, Central Plan and Centrally Sponsored Plan.**

**Note 6: It is desirable that minor heads and sub-heads are also given code numbers.**

## DEMAND FOR GRANTS PROPOSED

Format 3

### District Budget (Part I) SAMBALPUR (Supplement to the Demands for Grant)

(Rs. thousands)

Demand No. and Department	Major Head	Minor Head	Sub-Head (Schemes)	Non-Plan State Plan Central Plan Centrally Sponsored Plan	Actuals 84-85	Budget 85-86	Revised 85-86	Budget 86-87
23-B Agriculture and Cooperation Department.	305-Agriculture	Extension and Farmers' Training 8.	21 22-26 27 28	Non-Plan State Plan Central Plan Centrally Sponsored Plan				

Note 1: This level of Demand is intended to give full details of schemes for consideration by the State Legislature.

Note 2: Break-up of expenditure under detailed heads like salaries, travel expenses, etc., need not be given at this level.

Note 3: The present practice in some of the States is to list non-plan schemes under all minor heads first, then State plan schemes under all minor heads and so on. It is desirable that all sub-heads (schemes) under each minor head, whether non-plan or plan, are listed together. This will enable the Legislature to have a complete picture of the outlay under the same function/sub-function. This will also be in line with the thinking reflected in the Seventh Plan document.

Note 4: At present Performance Budgets are presented separately from the Demands for Grants. It is desirable that they are integrated with this level of Demand. A write-up on each scheme may be given stating its objectives (both qualitative and quantitative), specific physical targets for the year, and other relevant details to facilitate consideration of the budget provisions for the various schemes by the legislature. The revenue, capital and loan components of the scheme as also receipts, if any, accruing for such schemes may be brought together in such write-up.

Note 5: At the end of the Supplement separate summary statements by Major Heads and Minor Heads may be given separately for State Plan, Central Plan and Centrally Sponsored Plan.

Note 6: It is desirable that minor heads and sub-heads are also given code numbers.

# DEMAND FOR GRANTS PROPOSED

FORMAT 4

## Supplement to the Demand for Grant (Part II) Agriculture and Co-operation Department (State Sector)

(Details of provisions by Controlling Officers and detailed heads of account)

138

Major Head: 305 Agriculture

Minor Head: Extension and Farmers Training

Sub-Head	Controlling Officer	Detailed Head	Actuals 84-85	Budget 85-86	Revised 85-86	Budget 86-87
(Rs. thousands)						
Salaries						
Travel Expenses						

Note 1: This level of demand is intended to facilitate control of expenditure by the Executive Officials at various levels.

Note 2: At the end of the Supplement summary statements of expenditure for each detailed head may be given, e.g. summary of statement of provisions under the head "Salaries" to be given by major heads.

# DEMAND FOR GRANTS PROPOSED

FORMAT 5

**District Budget (Part II)**  
**Sambalpur**  
**Supplement to the Demands for Grant**  
**(Details of provisions by Controlling Officers and detailed heads of account)**

Major Head: 305 Agriculture  
Minor Head: Extension and Farmers' Training

Sub-Head	Controlling Officer	Detailed Head	Actuals 84-85	Budget 85-86	(Rs. thousands) Revised 85-86	Budget 86-87
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Salaries  
Travel Expenses

Note 1: This level of demand is intended to facilitate control of expenditure by the Executive Officials at various levels.

Note 2: At the end of the Supplement summary statements of expenditure for each detailed head may be given, e.g. summary of statement of provisions under the head "Salaries" to be given by major heads.

## Statewise position of Panchayati Raj

State/UT	Type of constitution		Tiers with elected bodies, their term in years and year of last election			
	ZP	PS	VP	ZP	PS	VP
1. Andhra Pradesh	C	C	E	5(1981)	5(1981)	5(1981)
2. Assam	—	E + C	E	—	4(1979)	4(1979)
3. Bihar	C+E (I)	C	E	5(1980)	5(1979)	5(1978)
4. Gujarat	E+C	E+E (I)	E	5(1980)	5(1981)	5(1981)
5. Haryana	—	E (I)	E	—	5(1986)	5(1983)
6. Himachal Pradesh	C	E (I)	E	5(1976)	5(1974)	5(1978)
7. Jammu & Kashmir	—	—	E	—	—	5(1977)
8. Karnataka	C	E	E	5(1978)	5(1978)	5(1978)
	now E	now C				
9. Kerala	—	—	E	—	—	5(1979)
10. Madhya Pradesh	E+C	E (I)+C	E	5(1985)	5(1984)	5(1983)
11. Maharashtra	E+C	E+C	E	6(1979)	6(1979)	5(1983)
12. Manipur	—	C	E	—	5(1985)	5(1985)
13. Orissa	—	C	E	—	5(1984)	5(1984)

14. Punjab	E (I)+C	E(I)+C	E	5(1975)	5(1975)	5(1983)
15. Rajasthan	C	E (I)+C	E	3(1982)	3(1982)	3(1981)
16. Sikkim	—	—	E	—	—	3(1983)
17. Tamil Nadu	C	C	E	5(1970)	5(1970)	5(1970)
18. Tripura	—	—	E	—	—	5(1984)
19. Uttar Pradesh	C	C	E	5(1973)	5(1983)	5(1982)
20. West Bengal	E+C	E+C	E	5(1983)	5(1983)	5(1983)

U.Ts

1. A&N Islands	—	—	E	—	—	4(1985)
2. Arunachal Pradesh	NA	NA	E	3(1983)	3(1983)	3(1983)
3. Chandigarh	—	—	E	—	—	5(1983)
4. Dadra & N. Haveli	—	—	E	—	—	4(1983)
5. Delhi	—	E(I)	E	—	1(1984)	3(1983)
6. Goa, Daman & Diu	—	—	E	—	—	4(1981)
7. Pondicherry	—	C	E	—	5(—)	5(—)

Note: ZP —Zilla Parishad (district level body)

PS —Panchayat Samitj (taluka/block/sub-division level body).

VP —Village Panchayat (Village Mandal level body)

E —Direct Election by voters.

E(I) —Indirect election by electoral college of lower tier Presidents or members or others.

C —Constitution/Representation with ex-officio members from Presidents or members of lower tier and others (members of Municipalities etc. Managing Committees of District Central Cooperative Bank etc.) particularly at district level.

**Details of the Schemes and Agencies in the Rural Development Sector at District Level**

Sl. No.	Name of the Scheme	Organisation/Implementing Agency at District Level.
1.	2.	3.
1.	IRDP (including TRYSEM SLPP & DWCRA)	DRDAs
2.	NREP/RLEGP	DRDAs/Zila Parishads
3.	DPAP/DDP	DRDAs/Line Deptts.
4.	Land Reforms	Revenue Authorities
5.	Agricultural Marketing/Rural Godowns	Marketing Committees/Cooperative Societies
6.	Small & Marginal Farmers Assistance Programme	DRDAs
7.	Special Component Plan	DM(SC/ST Welfare Branch)
8.	Tribal Sub-plan	District Manager TSRAI SC Development Deptt.
9.	Command Area Development Programme	Command Area Authority
10.	Operation Flood	District Cooperative Milk Production Union.
11.	Applied Nutrition Programme	DDO/CDO/ADM
12.	Fish Farmers Development Agencies Programme	FFDA
13.	Biogas Programme	DDO/CDO/ADM
14.	Rural Artisans Programme	District Industries Centre
15.	Khadi & Village Industries	DIC in Consultation with Zila Parishad.

## Minimum Needs Programme

Sl. No.	Name of the Scheme	Organisation/Implementing Agency at District Level.
1	2	3
16.	Elementary Education	District Inspector (Education Deptt.)
17.	Adult Education	District Social Education Officer
18.	Rural Health	District Medical Officer
19.	Rural Water Supply	Zila Parishads
20.	Rural Roads	Executive Engineer PWD. (Roads)
21.	Rural Electrification	State/Electricity Board
22.	House Sites/Houses for weaker section	DM/Dev. Commissioner/Collector
23.	Environmental Improvement of slums	DDO/CDO/ADM
24.	Nutrition	DDO/CDO/ADM (D)

NOTE:- Based on the information furnished by the States of Assam, Haryana, Gujarat, West Bengal & U.P.