

BPR-003
Panchayati Raj
Institutions and Anti-
Poverty Programmes



**Programmes for Self-Wage
Employment and Rural Housing**

1

“शिक्षा मानव को बन्धनों से मुक्त करती है और आज के युग में तो यह लोकतंत्र की भावना का आधार भी है। जन्म तथा अन्य कारणों से उत्पन्न जाति एवं वर्गगत विषमताओं को दूर करते हुए मनुष्य को इन सबसे ऊपर उठाती है।”

-इन्दिरा गांधी



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“Education is a liberating force, and in our age it is also a democratising force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances.”

-Indira Gandhi

Block

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PROGRAMMES FOR SELF-WAGE EMPLOYMENT AND RURAL HOUSING

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INTRODUCTION TO THE COURSE

BPR-003

This course (i.e. BPR-003) on “**Panchayati Raj Institutions and Anti Poverty Programme**” comprises of three blocks. The first block is related to the “Programmes for Self & Wage Employment and Rural Housing”. The second block is about the “Other Development Programmes” and the third block deals with the “Area Based and Other Related Programmes”.

The basic objective of this course is to appraise you about the major issues related to the self and wage employment programmes introduced by the Government of India. It also explains the procedural and implementation aspect of the programme. In addition to the employment issues, this course also deals with the problem of shelter for the poor. The course throws light on different programme's main features along with its implementation. The block of “Programmes for Self & Wage Employment and Rural Housing” consists of three units. These are: (1) Swaranjayanti Gram Swarozgar Yojana (SGSY), (2) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and (3) Indira Awas Yojana (IAY). The provision of financial support in the form of grant, subsidy and loan components.

The block 2 i.e. “**Other Development Programmes**” consists of three units. These are: (1) Backward Region Grant Fund (BRGF), (2) Prime Minister's Rozgar Yojana (PMRY) and (3) Rashtriya Mahila Kosh (RKM) which deals with the development of Backward Region across the states, infrastructure development across the states and implementation of the programme. It also throws light how to generate gainful mass employment opportunities through micro enterprises in industry, service and business sectors. Credit support or micro-finance to poor women, as an instrument of socio-economic change and development is also being discussed.

The third and final block of this course deals with the “**Area Based and Other Related Programmes**”. This block consists of three units. These are: (1) Drought Prone Area Programme (DPAP), (2) Rural sanitation, and (3) Wasteland Development and Social Forestry. It explains the to adverse effects of drought on production of crops and livestock and productivity of land, water and human resources ultimately leading to drought proofing of the affected areas. It also aims to promote overall economic development and improving the socio-economic conditions of the resource poor and disadvantaged sections of the society, inhabiting in the programme areas. It also aims at the problem of “rural sanitation” also. Rural Sanitation Programme envisages promoting “Environmental Sanitation” as a package aiming to address the issues to reduce the probability of people's exposure to diseases and providing hygienic environment and taking measures to break the cycle of diseases by improved management of human, animal and domestic wastes. The Watershed approach has conventionally aimed at treating degraded lands with the help of low cost and locally accessed technologies such as in-situ soil and moisture conservation measures, afforestation etc. It has adopted a participatory approach that seeks to secure close involvement of the user-communities. It also aims at Social Forestry by raising plantations by the common man so as to meet the growing demand for timber, fuel wood, fodder, etc.

For the easy and simple reading each block is divided into units, sections and sub-sections. It would enable you to understand the basic problem of different anti poverty programmes. You will also learn about procedural hurdles faced by the implementation agencies and the role of panchayats in implementation of these programmes.

BLOCK 1 PROGRAMMES FOR SELF-WAGE EMPLOYMENT AND RURAL HOUSING

Block Introduction

The course (3) on "Panchayati Raj Institutions and Anti Poverty Programme" comprises of three blocks. The first block is related to "the Programmes for Self & Wage Employment and Rural Housing". The second block is about the "Other Development Programmes and the third block deals with the "Area Based and Other Related Programmes".

This block of "Programmes for Self & Wage Employment and Rural Housing" consists of three units. These are: (1) Swaranjayanti Gram Swarozgar Yojana (SGSY), (2) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and (3) Indira Awas Yojana (IAY).

The first unit of SGSY deals with the self employment programme aimed at uplifting the poor from below poverty line. It discusses about the various important aspects such as procedure, identification and selection of beneficiaries, formation of self-help groups (SHGs), selection of key activities. It also deals with the financing of programmes including subsidies, and finally, role of panchayats and other agencies in implementation of the programme.

The second unit is on "Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)". It is a flagship programme of Government of India which deals with the Wage Employment. It is designed to guarantee the 100 days job to rural poor. The various issues related to the procedure, selection of job seekers based on payment of wages and implementation and monitoring of the programme are discussed in detail.

The provision of shelter for the poor is very important. In the last unit of this block the issues of housing for the poor are dealt in detail. The third unit deals with the housing for the poor and the programme is called "Indira Awas Yojana". In addition to the basic objectives and main features of the programme, it also covers the identification and selection of beneficiaries and the provision of financial support in the form of grant, subsidy and loan components.

The basic objective of this block is to appraise you about the major issues related to the self and wage employment programmes introduced by the Government of India. It also explains the procedural and implementation aspect of the programme. In addition to the employment issues, this block also deals with the problem of shelter for the poor. The programme's (IAY) main features along with its implementation are also dealt in this block.

For the easy and simple reading each unit is divided into sections and sub-sections. It would enable you to understand the basic problem of self and wage employment and the shelter for the poor. You will also learn about procedural hurdles faced by the implementation agencies and the role of panchayats in implementation of these programmes.

In the units we have provided you with the self-check exercises in the form of "check your progress" with the possible answers to the queries. At the end of each block a list of keywords along with the full descriptions is also provided.

After going through the block with full care you will be able to understand these programmes.

UNIT 1 SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY)

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 - 1.4.2 Self-Help Groups (SHGs)
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 - 1.5.1 Identification of Key Activities
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1.0 OBJECTIVES

In this Unit we will discuss various aspects of Swarnjayanti Gram Swarozgar Yojana, the main self-employment programme in operation now for uplifting the rural poor. After studying this unit, you should be able to:

- describe the main features of SGSY;
- outline the procedure for identifying and selecting beneficiaries;
- describe how Self-Help Groups are formed;
- explain how key activities are selected under SGSY; and
- analyze how capacity building and marketing of products take place.
- explain the role of Panchayats and other agencies in the implementation of SGSY.

1.1 INTRODUCTION

You are perhaps aware that the state of rural poverty continues to be a cause of great worry to development planners in India. A large number of anti-poverty programmes have been introduced from time to time through various successive plans but in terms of absolute numbers, poverty continues to grow. Persistent efforts made by the government to fine-tune the self employment programmes during various Plan periods, especially oriented towards improving the implementation quality, yielded some new concepts that emerged at various times and got consolidated. The need to integrate the cluster approach, capacity building, skill upgradation, infrastructure including marketing development and technology penetration were felt more acutely with every passing year. Emphasis also was necessary to be laid on micro enterprise development with effective forward and backward linkages, so as to ensure best returns on the investment. Therefore, the SGSY was launched with effect from 1 April 1999 to bring the assisted poor families above the poverty line by ensuring a appreciable sustained level of income over a period of time. Various earlier introduced programmes had to be revamped to ensure that the desired linkages were established for a meaningful impact. This is now being achieved through the introduction and implementation of the SGSY, which replaced all other earlier programmes of self-employment. The basic argument however remains intact that it is the self-employment programme, which alone can provide income to the rural poor on a sustainable basis. In this Unit we are now turning to the current strategy starting with the self-employment programme namely SGSY. We present here details about the objectives of SGSY, the Self-Help Groups, identification of key activities, capacity building, etc.

1.2 OBJECTIVES OF SGSY

The objective of Swarnjayanti Gram Swarozgar Yojana (SGSY) is to bring assisted poor families (Swarozgaris) above the poverty line by ensuring appreciable increase in incomes over a period of time. This objective is to be achieved by inter-alia, (a) organizing the rural poor into Self-Help Groups (SHG's) through a process of social mobilization, their training and capacity building and provision of income-generating assets through a mix of bank credit and government subsidy. (b) Setting up a large number of micro-enterprises in the rural areas. (c) The basic idea is that the rural poor in India have varied competencies and if they are provided with necessary support at the right time, they can become very successful producers of valuable goods and services, which will help them in crossing the poverty line.

The programme envisages a period of three years to lift a family above the poverty line. The programme target envisages 30 per cent of the poor in a block to cross the poverty line in a period of five years. The assisted families are known as swarozgaris and they could be either individuals or groups (Self Help Groups). However, emphasis is on group approach. SGSY is basically a holistic programme of micro-enterprises covering all the necessary aspects of self-employment. They include the following:

- Organization of poor into SHGs (Self Help Groups);
- Capacity building of SHGs;
- Planning of activity clusters;
- Infrastructure build up;
- Technology;
- Credit; and
- Marketing.

Now let us discuss what these micro-enterprises are. Micro-enterprises are those key-activities, which are identified for each block on the basis of the following:

- Resources
- Occupational skills of the people
- Availability of the markets

In order to explain this point further, let us take an example from farm activities. You know that the provision of irrigation facilities is an important activity. Therefore, a group or an individual can take up minor irrigation as a key-activity in a micro-enterprise. Similarly, in the case of non-farm activities, such activities as lead to production of goods and services and have market potential can be taken up as key-activities.

The SHG approach helps the poor to build their self-confidence through community action. Group processes and collective decision were to enable them in the identification and prioritization of their needs and resources. This process would ultimately lead to the strengthening and socio-economic empowerment of the rural poor as well as improve their collective bargaining power.

Check Your Progress I

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) Why did it become necessary to restructure self-employment programmes resulting in the formation of SGSY?

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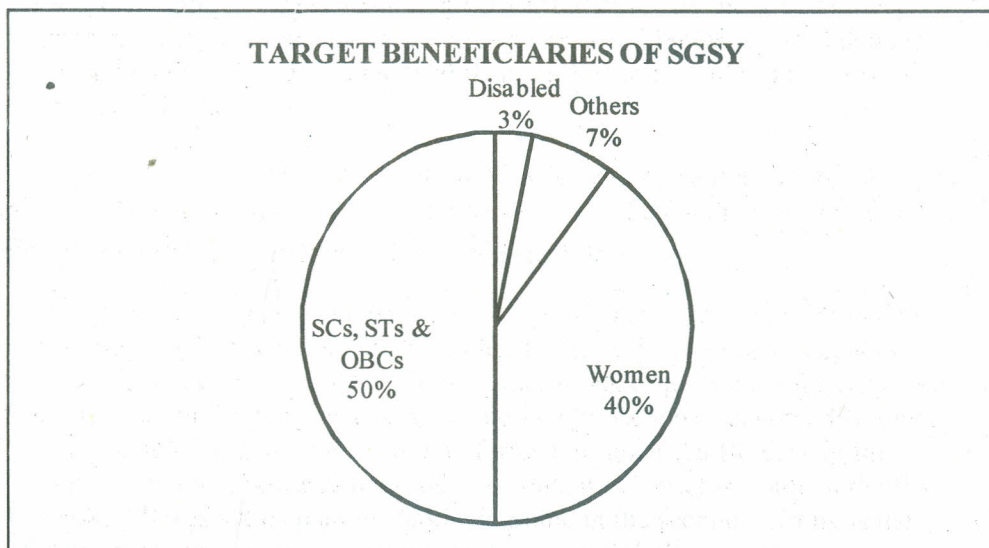
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1.3 TARGET BENEFICIARIES OF SGSY

You know that under SGSY, the beneficiaries are known as Swarozgaris. They can be either individuals or groups of individuals. You will have to remember that SGSY lays emphasis on the group approach. Whether it is an individual or a group, the beneficiaries or Swarozgaris are selected from the list of below poverty line (BPL) households, which is duly approved by the Gram Sabha. The SGSY particularly focuses on disadvantaged groups among the rural poor. Accordingly, Scheduled Castes(SCs), Scheduled Tribes(STs) and Other Backward Castes (OBCs) are expected to account for at least 50 per cent of the Swarozgaris, women for 40 per cent and the disabled for 3 per cent.



1.3.1 Selection of Individual Swarozgaris

The process of the selection of individual Swarozgaris begins as soon as the Block SGSY Committee finalizes the list of selected villages every year. The Sarpanches concerned are informed in this regard. The individual Swarozgaris are normally selected in the Gram Sabha. Some times, however, Gram Sabha held at the Panchayat headquarters may not have the participation of all the BPL families concerned. In order to ensure maximum participation, a 3-member team consisting of the BDO or his/her representative, the Banker and the Sarpanch are expected to visit each household in the Panchayat area. This visit has to be taken up as per schedule and should be duly publicized. The team ascertains from BPL families, the persons who can be covered under the designated key activities. The process of identification has to be completed carefully so as to ensure that the deserving beneficiaries are selected.

1.3.2 Self-Help Groups (SHGs)

The other category of beneficiaries is Self-Help Groups. SHG is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. These are based on the organization of the rural poor through the process of social mobilization. This process enables them to form their own organizations (self-help groups) in which they can participate fully and directly and take decisions on all the issues related to poverty eradication.

1.4 EVOLUTION OF SELF-HELP GROUPS

A Self-Help Group (SHG) is an organization of the poor people at the grassroots level meant to exploit their potential for their own betterment. It emerges as a

result of the process of social mobilization, which enables them to build their own organizations (self-help groups), for the eradication of poverty. They effectively participate in these groups and take decisions on all issues that affect their lives in relation to their poverty and its eradication. These groups have the advantage of receiving assistance either in terms of credit and technology or market guidance.

SHGs evolve through various stages. These include:

- **Group Formation:** formation, development and strengthening of the groups to evolve in to self-managed people's organization at grassroots level.
- **Group Stabilization:** through thrift and credit activity amongst the members and building their Group Corpus.
- **Micro Finance:** the Group Corpus is supplemented with Revolving Fund sanctioned as cash credit limit by the banks or under SHG-Bank linkage programme of NABARD.
- **Micro Enterprise Development:** Group takes up economic activity of their choice for income generation. It includes entrepreneurship development as well as skill development training of the group members to enable them to successfully implement the chosen activity.

A SHG group may have 10-20 members. The minimum number of members in a group may be even five in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation projects or when the members are disabled persons. The difficult areas have to be identified by the state level SGSY committee. No group should include more than one member from the same family, nor should a person be a member of more than one group.

In general, all members of the group should belong to the families below the poverty line.

1.4.1 Group Formation: How to form Self-Help Groups under SGSY

You know now that Self-Help Groups (SHGs) are one of the beneficiary categories of the SGSY programme. It is to be kept in mind that the Self-Help Groups have to be different from caste or other traditional groups that already exist in the village. Let us now discuss how to form Self-Help Groups under SGSY. The first thing to remember is that the people who live below the poverty line in a village and are eligible to be beneficiaries of SGSY have to be motivated to become members of Self-Help Groups. This motivation can come only if somebody explains the importance and benefits of group formation to the people concerned. This has to be done by the elected members of Panchayats and voluntary organizations (wherever available).

In forming Self-Help Groups under SGSY, it should be noted that 50 percent of the groups formed in each block should be exclusively for women.

Grading of SGSY Self-Help Groups

We have now some idea as to how SHGs are formed under SGSY. The objective of the grading exercise is to identify the weaknesses, if any, of a group and to help the group to overcome them. This helps SHGs to develop into good/effective groups. During the grading exercise the primary focus is on weak groups and all efforts are made by the District Rural Development Agencies to rectify the weaknesses of such groups. The DRDAs have to play an effective role in the grading exercise. The grading exercise is not a questionnaire oriented process but a participatory process.

1.4.2 Capital Formation or Capacity Building through Revolving Funds and Skill Development

Revolving Fund

What is this Revolving Fund? The revolving fund is a grant received by a good group from the Government to help increase the group corpus so that more and more members of the group can have access to loans. It also helps in increasing the per capita loan available to the members. This helps in making the activity undertaken economically more viable.

The DRDA assists in providing the revolving fund, which comprises 10 per cent of the SGSY funds. The SHGs will have to keep the following principles in mind in order to manage the revolving funds efficiently.

- The groups have to follow the same norms for the utilization of the Revolving Fund as in the case of their own saving funds. Once the amount is recovered from loanees, new members can be covered following the same process. This is what makes it a Revolving Fund.
- The Revolving Fund should be used judiciously so that it imparts credit discipline among the members.
- The Revolving Fund can be used for the purchase of raw materials, marketing or infrastructure support for income generating activities.
- The group should encourage, among its members, the habit of timely repayment of loans. It makes the Revolving Fund healthy and strong.

Grading for a higher level of investment

This is now the second stage of grading. This stage comes only after 6 months from the date when an SHG had received the Revolving Fund. The basic objective is to find out whether an SHG is capable of taking an economic activity through higher levels of investment.

Indicators of the success of an SHG:

An SHG can be classified as a successful one if it shows the following traits:

- Gradual increase in the per capita loan amount;
- Shift from consumption loans to production loans;
- Self-sufficiency in managing the various aspects of the group including its financial affairs;
- Evolves effective strategies for participatory management.

If an SHG impresses on the basis of the above indicators, it qualifies for a higher level of investment.

1.4.3 Taking up of Economic Activities

After crossing the second stage of grading successfully, the SHG is eligible for receiving assistance for economic activities. This is provided in the form of loans and subsidies. There are two ways in which an SHG can receive this assistance.

- a. Loan-cum-Subsidy to the members of the Group
- b. Loan-cum-Subsidy for a Group Activity

a. Loan-cum-Subsidy to the members of the Group

A few individuals are identified to be the beneficiaries under the loan-cum-subsidy provision.

The members of the group who are provided the above assistance, however, can also avail themselves of the back-end subsidy. Since Swarozgaris are expected to repay all the loan installments to the banks through their respective groups, the groups may like to keep to themselves parts of the subsidy component.

b. Loan-cum-Subsidy for a Group Activity

The SGSY encourages group approach because of its advantages over the individual beneficiary approach. Any amount spent on group formation or its development can be met from the funds provided under SGSY.

Role of NGOs

There are a number of factors responsible for the formation of groups under SGSY. The role and the capacity of a facilitator and the creation of the desired motivation among the members are two such important factors among others. The experience of the past reveals that good NGOs can play an important role in providing the desired motivation and thus in the formation of SHGs. They can work closely with the people and motivate them to form groups.

Check Your Progress II

Note: a) Write your answers in the space provided.

b) Check your answers with the possible answers provided at the end of the unit.

1) Define a Self-Help Group. How is it formed?

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2) When does an SHG become eligible for a higher level of investment?

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1.5 IDENTIFICATION AND SELECTION OF KEY ACTIVITIES

First of all we may explain how a key activity is identified.

1.5.1 Identification of Key Activities

Identification of key-activities is based on:

- Availability of local resources
- Aptitude and skill of the people
- Market demand.

All the decisions should be taken after examining all the possible merits and demerits of the identified key activities. Also all efforts should be made to see that about 30 per cent of the rural poor in the block concerned are covered within the next five years.

Role of the Block SGSY Committee

The Block SGSY Committee has a very important role to play in identifying the key activities. You know that in the rural areas many poor families have some assets such as land. Efforts should be made so that those who have some land are enabled to cross the poverty line by making additional investments on that land, such as those on wells, other irrigation facilities, pump sets or the like. The next category is of those people who possess some skills. They may be primarily the rural artisans who form a large segment of rural society. The programme envisages covering the rural artisans to a significant extent. Another category is that of the unemployed educated youth. An inventory may be taken of such people to find out which activities are best suited for the area. The Block Committee identifies about 8-10 activities. These activities may be ranked in the order of local preferences. This list is then placed before the general body of the Panchayat Samiti (Block Panchayat) for their recommendations or comments. Then, the list of selected key activities, along with the recommendations or comments of the Panchayat Samiti are forwarded by the BDO to the District SGSY Committee for further action.

1.5.2 Selection of Key Activities

After the identification process is completed at the block level, the next step is the selection of key activities that get finalized at the district level. For this purpose, a District SGSY Committee is constituted at the district level.

After the final selection of the activities the DRDA prepares the directory of selected key activities in the District, which is consolidated at the state level for preparation of the directory of selected key activities.

1.5.3 Preparation of Project Reports

For each key activity, a project report is required. It should present details about all the elements of a key activity namely training, credit, technology, infrastructure and marketing. Very close collaboration between the implementing agency and the line departments is necessary. It is to be stressed that under no circumstances, the financing of the key activity is inadequate. The Block SGSY Committee is to review this situation.

1.5.4 Activity Clusters

SGSY emphasizes the cluster approach. What does this mean? The cluster approach implies that each block concentrates only on a few selected key activities, all aspects of which are properly attended to. These activities are to be taken up in clusters to facilitate backward and forward linkages and to enable Swarozgaris to draw sustainable income from their investments.

Covering a few villages every year, clusters are to be taken up for each activity separately. The idea is to cover as many villages as possible and not to concentrate activities of the programme in only a few selected villages.

1.6 CAPACITY BUILDING OR SKILL UP-GRADATION

Under the SGSY programme there are a number of measures for upgrading and improving the capacity of the Swarozgaris for activities meant for individuals as well as groups. This exercise helps in assessing the training needs and the types of training, which may suit the Swarozgaris. It could be either:

- a Basic Orientation Programme; or
- a Skill Development Training Programme.

Basic Orientation Programme: This programme is of two-days duration and is arranged after the loan is sanctioned and distributed. This is a mandatory programme and is organized at the block headquarters. It aims at familiarizing the Swarozgaris with SGSY, their responsibilities in the programme and the behavioral aspects required of them. The programme seeks to instill confidence in the Swarozgaris and alert them to the possible risks they may have to face. It includes elements of bookkeeping, knowledge of market and acquaintance with the cost and the price of the products. The Swarozgaris are also familiarized with the process of project financing done by banks and also with the basic skills required for key activities. The BDOs, Bankers and line departments may act as resource persons in the training programme.

Skill Development Training: This is arranged for those Swarozgaris who need additional skill up-gradation. In order to do so, suitable training programmes are organized by involving government institutions like engineering colleges, ITIs, polytechnics, universities and NGOs.

1.7 TECHNOLOGY SUPPORT AND MARKETING

As you are aware, for any successful enterprise, appropriate technology support is of great importance. SGSY seeks technology interventions to add value to the local resources and to support and promote the marketing of goods produced by the Swarozgaris. We shall now discuss both these aspects in detail.

1.7.1 Identification and Absorption of Appropriate Technology

The technology identified for each key activity should be one that can be managed easily by the Swarozgari and at the same time it should lead to quality products, either in terms of goods or services. The technology introduction/up-gradation is expected to be such as to suit the needs of the rural poor (Swarozgaris) for the given key activity. The process of technology identification is closely inter-linked with the identification of the key activity itself. The technology itself should be of a type for which support services and infrastructure are adequately available.

The DRDAs are expected to channelise the infrastructural facilities/resources to achieve the desired goals of SGSY.

1.7.2 Marketing Support

The marketing of goods produced by the Swarozgaris is an important task under SGSY. If there is a proper market for the sale of their products, the Swarozgaris will not lose interest in the programme. The following options have been suggested to promote the marketing of goods produced by the Swarozgaris:

- The SGSY products should be sold and displayed at Centre/State Emporia, Handicraft Boards and Handloom Corporations, KVIC/KVIB retail outlets, etc.;

- NGOs and independent organizations should help in marketing the products of rural artisans/craftsmen across the country; and
- Rural haats, urban markets, melas and periodical exhibitions should be used to popularize the SGSY products.

Check Your Progress III

Note: a) Write your answers in the space provided.

b) Check your answers with the possible answers provided at the end of the unit.

1) How are the 'Key Activities' identified?

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2) What are the various elements of a project report prepared for a Key Activity?

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1.8 CREDIT-CUM-SUBSIDY

In a different sense, SGSY is a credit-cum-subsidy programme. Credit is the key element under SGSY and subsidy is only a small and enabling component. The major part of the investment consists of bank credit from financial institutions like commercial banks, cooperative banks and regional rural banks. The various aspects of the credit-cum-subsidy available under the programme for the Swarozgaris are outlined as follows.

1.8.1 Norms of Lending

SGSY has no investment limits other than the unit cost (investment requirement). The size of loan for a project depends on the nature of the project. It would be equal to the total project cost including the amount of subsidy as permitted to the Swarozgaris. As far as interest rates on loans are concerned, these are to be notified by the Reserve Bank of India and NABARD from time to time.

1.8.2 Sanction of Loans by the Banks

The bank concerned is expected to sanction the loan to the Swarozgaris or Self-Help Groups within fifteen days from the date the applications are received in the bank. Once the bank sanctions loans, it will send the list of the selected grantees to the Gram Panchayat, the BDO and the concerned line department. The panchayat is expected to place this list before the next meeting of the Gram Sabha to ensure that the loans are sanctioned strictly as per the norms laid down. The Bank Manager is expected to ensure that the terms of loans and repayment schedules are parts of the project profiles. The concerned line department will have to ensure as to whether the Swarozgaris have the necessary skills. As soon as loans are sanctioned, the bank is expected to distribute the loans and subsidies to the Swarozgaris who have completed the basic orientation programme or the skill-training programme.

1.8.3 Creation of Assets

One of the interesting features of this scheme is that Swarozgaris are given full freedom to purchase assets of their choice after they receive the loan. There are, however, some conditions attached to it.

It is necessary to remember that if the bank is not informed about the procurement of assets and the BDO comes to the conclusion that non-procurement has been due to the negligence of the Swarozgaris, the loan can be cancelled and the money has to be recovered. The Swarozgaris or all the group members of SHGs concerned are liable for civil or criminal proceedings that may arise from such an event. Before such steps are taken, however, Swarozgaris are given reasonable opportunity to explain their position.

1.8.4 Provision for Multiple Doses of Credit

There may be more than one dose of credit needed to improve the earning capacity of the Swarozgaris. Multiple doses of credit would mean assisting a Swarozgari over a period of time with a second and subsequent dose(s) enabling him/her or them to access a higher amount of credit. The Swarozgaris are allowed to stabilize and improve their credit absorption capacity and increase their credit intake over the years either for the same activity or a new activity. It is therefore important to remember that the main purpose of multiple credits is to facilitate a gradual improvement in the income earning capacity of the Swarozgaris.

1.8.5 Provision of Subsidy in SGSY

The provision for subsidy in SGSY is as follows:

- It is available uniformly at 30 per cent of the project cost. This is subject to a maximum of Rs. 7,500/-;
- In the case of Scheduled Castes & Scheduled Tribes, the subsidy component is 50 per cent of the project cost, subject to a maximum of Rs. 10,000/-;
- For Self-Help Groups (groups of Swarozgaris), the subsidy is available at 30 per cent of the project cost. It is, however, subject to a maximum limit of Rs. 1.25 lakhs; and,
- For irrigation projects, there is no limit to the subsidy provided.

The subsidy available under SGSY is back-ended. It means that the banks would provide the full project cost including subsidy to the Swarozgaris as a loan. The benefits of the subsidy will also be available to those who would like to avail themselves of the working capital in the form of cash-credit.

1.8.6 Repayment of Loans

The repayment schedule of the loan is expected to be drawn up in such a way that the subsidy kept under Subsidiary Reserve Fund would be sufficient for adjustments towards the last few instalments. The availability of subsidy benefits to the Swarozgaris depends on their proper utilization of the loan, prompt repayments and proper maintenance of the asset created in the process.

The banks also issue loan passbooks to the Swarozgaris.

All the loans given under SGSY are medium-term loans and repayments are subject to the following conditions prescribed in the repayment procedure:

- The minimum repayment period is five years,
- The instalment amount is to be fixed as per the unit cost approved by NABARD/DLCC,
- Instalments need not be paid during the development period (initial stages) of the asset (project),
- Repayment instalments should not be more than 50 per cent of the incremental net income expected from the project, and
- The number of instalments is fixed in accordance with the principal amount, interest liability and the repayment period.

You have to remember that the Swarozgaris would not be entitled for any benefit of subsidy if the loan is not fully repaid before a certain fixed period known as the 'lock-in period'. The loan repayment period under SGSY is 5, 7 or 9 years. The lock-in period corresponding to these repayment periods is 3, 4 and 5 years respectively. If, however, the loan is fully repaid before the lock-in period, pro-rata is to be given to the Swarozgaris.

Check Your Progress IV

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

1) What are the conditions attached to the purchase of assets by Swarozgaris?

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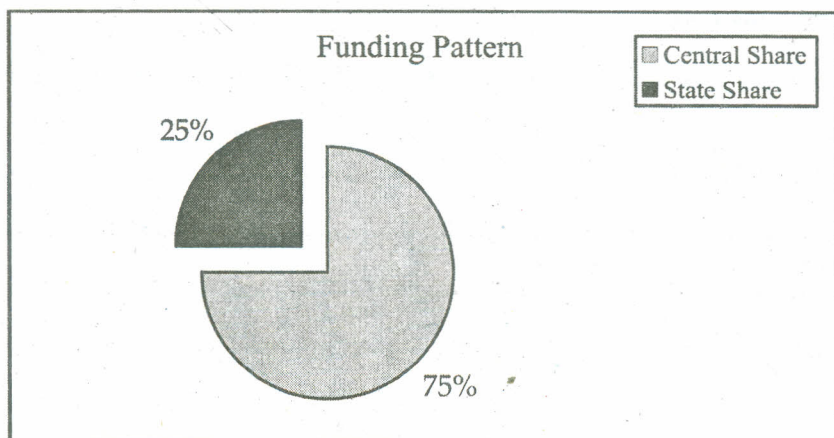
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1.9 ALLOCATION AND RELEASE OF FUNDS

As you have seen SGSY is a centrally sponsored scheme. The funding for the programme is shared by the central and the state governments in the ratio of 75:25.



1.9.1 Criteria for Selection/Allocation

The central allocation of funds that is earmarked for the states is distributed on the basis of incidence of poverty in the states. The amount of funds that should go to the districts is indicated by the states and approved by the Government of India. The Central Government releases the funds directly to the DRDAs, while the devolution of funds to the Blocks is decided by the Governing Body of the DRDA on the basis of the level of poverty and other local factors. During the course of the year other factors like the utilization of SGSY funds and special requirements are taken into consideration for adjustments.

1.9.2 Procedure for the Release of Funds

The Central Government usually releases the funds of SGSY in two instalments except in the case of cold snow bound districts with limited working period such as Lahaul, Spiti, Leh and Kargil, where the entire share can be released in one instalment. These releases should be immediately followed by the releases of the states.

First Instalment: The first instalment for a particular year is released without any formal request, if the second instalment of the previous year had been released without any condition.

Second Instalment: The second instalment is released by the Central Government on the request of DRDAs in a prescribed proforma. The States should ideally get the second instalment released latest by the end of December. The release of the second instalment depends on when utilization is reported. Depending on the receipt of the complete proposal for the second instalment, the quantum is to be governed as follows:

Proposals received:

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| — By the end of December | — 50% of the allocated fund |
| — By the end of January | — 40% of the allocated fund |
| — By the end of February | — 30% of the allocated fund |
| — By March | — 20% of the allocated fund |

Check Your Progress V

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit.

- 1) What is the central share in the funding of SGSY? In how many instalments are funds released?

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1.10 IMPLEMENTATION OF SGSY

SGSY involves different agencies for the successful implementation of its programmes. SGSY is implemented by District Rural Development Agencies (DRDAs) through the Panchayati Samithis and with the active involvement of other Panchayat Raj Institutions, the banks, the line departments and the NGOs. Close coordination among the agencies responsible for the implementation of SGSY programmes is necessary to achieve the desired goals of the programmes. The programme needs to be treated as a joint programme and all the agencies are expected to be conscious of their respective roles. In order to ensure proper coordination, various committees and institutions are involved at different levels.

1.10.1 Central Level

The Ministry of Rural Development, Government of India, has the overall responsibility for policy formulation, monitoring and evaluation of the programmes and also for the release of the Central share of funds. A Central Level Coordination Committee (CLCC) is constituted to oversee the programmes at the national level.

State Level: At the State level, the Department of Rural Development or any other Department, which deals with Rural Development, is responsible for planning, implementation, monitoring and evaluation of the programmes. The State Level SGSY Committee is constituted to oversee the functioning and performance of the programmes. The Chief Secretary/Development Commissioner chairs this Committee and Secretary, in charge of Rural Development is the Member Secretary.

District Level: A district level SGSY Committee is constituted under the Chairmanship of District Collector/Chief Executive Officer. This Committee meets every month to review the progress of programmes under SGSY and suggest corrective action wherever necessary. The Lead Bank Officer is the Convener of this Committee.

This Committee meets every month to review the progress of SGSY programmes and suggest corrective measures wherever necessary.

Block Level: Each Block has a SGSY Committee under the Chairmanship of the Project Director, DRDA. The Block Development Officer (BDO) is the Convener

of this Committee. The Lead Bank Officer, DDM, NABARD and the Lead District Officer, RBI, are expected to attend the meetings as special invitees.

This Committee meets between the 5th and the 10th of every month. It discusses the selection of activities, selects villages, decides number of Swarozgaris, and attends to infrastructure related issues. It also reviews the progress of Swarozgaris in crossing the poverty line.

1.10.2 Role of the Panchayati Raj Institutions

In SGSY, the Panchayati Raj Institutions play a crucial role. The Gram Sabha approves the BPL list of families. It also identifies the potential Swarozgaris for taking up key activities. This is done by a three-member committee including the Sarpanch. The list of Swarozgaris, who are sanctioned the loan by the bank, is placed before the Gram Sabha.

The Gram Panchayat takes steps to provide funds available under SGSY and other programmes for the necessary key activities under SGSY. It also participates in monitoring the performance of Swarozgaris and ensures the recovery of loans regularly.

The Panchayat Samiti (Block level) approves the key activities that are identified for the blocks before the list is sent to the district level technical group through the BDO. It also reviews the monthly reports sent by the Block SGSY Committee, particularly those on the loan recovery performance.

The Zilla Parishad examines the performance of SGSY in its general meetings.

1.10.3 Role of NGOs and other Institutions

You cannot under estimate the importance of NGOs in such schemes. Under SGSY, NGOs have an important role to play. They are involved in the formation of and for providing basic training to Self-Help Groups. They can help the Swarozgaris by providing technology support and the means of quality control for their products. They can also monitor the progress of the Swarozgaris. Besides, if any other technical resources in the form of technical institutions are available in the district, their experiences and technical knowledge is utilized.

Similarly, the banks have a very important role in SGSY. They are involved in planning and preparation of projects, selection of Swarozgaris, selection of key activities, pre-credit activities and post-credit monitoring and recovery of sanctioned loans. Line departments also have important roles to play. In fact, SGSY needs close collaboration between the implementation agencies and the line departments. The latter are responsible for the planning and creation of infrastructure to make the key activities successful. They also have to ensure that all the facilities including technical guidance and the relevant training are provided to Swarozgaris. Besides, they are expected to monitor the progress of Swarozgaris.

1.10.4 Monitoring and Evaluation

Monitoring

The performance of the implementation of SGSY is expected to be monitored continuously at all the levels to ensure that prescribed procedures and specifications are followed. The agencies involved in monitoring are DRDA, BDO, Panchayats and Bank branches. At the Block and the District levels, this is to be done through reports and physical verification of assets. At the Central level, the programme is monitored on the basis of monthly progress reports. At the end of the financial year (i.e. at the end of March every year) the Annual Progress Report brings together

the details pertaining to all the aspects of the implementation of and the progress made by the programme

The Projects given to the Swarozgaris are followed up by the DRDA/Block officials and the bankers to see that the Swarozgaris are properly managing their assets and are able to generate the expected income. All efforts are made to remove the difficulties that the Swarozgaris may face from time to time. All the Swarozgaris are given a Vikas Patrika, i.e. a development manual. A copy of this Patrika is kept at the Block office also. Both the copies are continuously updated with reference to the health of the Projects.

In order to develop consistent system of monitoring the implementation of SGSY at Block/DRDA level through field visits and physical verification of assets as well as progress of the Swarozgari towards income generation.

The District Collector / Chairman DRDA is expected to prescribe suitable number of field visits for the officers of the line departments and obtain their inspection reports, which serve as main input for preparation of consolidated report by the Monitoring wing at DRDA. These reports are discussed at the meetings of the Governing Bodies of DRDA for taking corrective action. Copies of reports are also sent to States along with summary of comments and follow up action taken.

Evaluation

The States and Union Territories are expected to conduct periodical evaluation studies on the implementation of the programme and on issues thrown up by the concurrent evaluation. Remedial action is expected to be taken by the States, UTs on observation and recommendations made in these evaluation studies.

1.11 SPECIAL PROJECTS UNDER SGSY

Special projects are taken up under SGSY to take up new initiatives or possible alternative strategies to achieve the desired goals of the programmes.

The objective of each special project is to ensure a time bound programme for lifting a specific number of BPL families above the poverty line through self-employment programmes.

The duration of the implementation of projects is not normally expected to exceed three years. Funds are released according to the relevant approval for each programme. The implementing agency submits the reports and the returns to the Central Government as per the prescribed procedures.

Check Your Progress VI

Note: a) Write your answers in the space provided.

b) Check your answers with the possible answers provided at the end of the unit.

1) What is the role of the Ministry of Rural Development in the implementation of SGSY?

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2) In what way do NGOs help in the effective implementation of SGSY?

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3) Why are special projects taken up under SGSY and what is their main objective?

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1.12 EVALUATING SUCCESS OF THE PROGRAMME

The SGSY is, by design, meant to create widespread income generating activities, through the empowering mechanism of SHGs, where group dynamics are expected to compensate for the basic weaknesses of the individual rural poor and present them as credit worthy and financially accountable units. The system of grading the SHGs through a rigorous process is expected to separate the more vibrant of the SHGs and eventually give them a capital subsidy assistance so that they undertake self-employment oriented livelihood opportunities.

The SGSY scheme has been successful in delivering the outcomes in terms of poverty alleviation wherever capacity building and beneficiary mobilization have been carried out. Thrift, multiple lending, participatory process of identification, and pursuit of economic activities have succeeded in States like Andhra Pradesh, Tamil Nadu, and Kerala substantially because the basic processes had been grounded.

The higher performance parameter of multiple lending and increased quantum of lending have been achieved in States like Andhra Pradesh due to the SHGs having been federated at different levels from the village to the district. With the emergence of a well federated organizational base, the SHG network has been observed to acquire dynamism and versatility in activities in States like Kerala and Andhra Pradesh. There have been diverse models of Self Help in various parts of the country, most important among them being the Kudumbashree in Kerala with active linkages with the PRIs, and the AP model that relies on the fulcrum of federations of SHGs that have grown into organizations of the poor. The NABARD also sponsors SHGs.

The SGSY is being implemented since 1999. Close to 2.6 million SHGs have been formed under the SGSY since its inception. Of these SHGs 16 lakh have already crossed the Grade-I stage. About 8 lakh SHGs have passed the Grade-II stage and of them, slightly less than Rapid Poverty Reduction 91 five lakh SHGs have taken up economic activities. About 60% of the Grade-II SHGs have taken

up economic activities, the balance number waiting for financial assistance. Of the nearly Rs 25000 crore credit flow targeted under the programme, less than 50% has been achieved. SHGs have several in-built strengths, most of which are intangible, such as group cohesion, enhanced ability for articulation of common demands, better and efficient use of available local resources, etc.

While it would be necessary to work on the strengths of the SHGs, it is equally necessary to learn the lessons from the experience of implementing the SGSY over the past eight years.

1.12.1 Key Issues

There are several issues-some conceptual ones pertaining to larger aspects of the programme, such as the role and utility of the subsidy component, and some programme specific-second generation issues such as forming federations, provision of interest subsidy, social mobilization issues, etc.

1. Diverse views are being expressed in various quarters about the relevance or otherwise of subsidy driven programmes. A rational response would have to be found for such positions. Subsidy is a form of support to the poor and stopping it entirely would be unwarranted. However, the idea of directing the subsidy flows properly and to examine if there was any case for putting conditionalities to the system of subsidy flow so that the targeted populations are better served, merits examination.
2. The number of SHGs formed under the SGSY is very large, but there is a feeling about whether such large numbers mean anything from the point of view of poverty alleviation. Agencies such as NABARD, Small Industries Development Bank of India (SIDBI), and Rashtriya Mahila Kosh (RMK), and Ministries such as Women and Child Development have their own models of SHG formation and their sustenance. Some State Governments such as Andhra Pradesh and Kerala have their own models. There is therefore, a need for placing the SGSY programme on this large canvas and fitting it in the broader context of the SHG movement of the country.
3. There is tremendous shortage of manpower in the area of technical support for rural development. Andhra Pradesh continually engages about 6.00 lakh SHGs through a separate structure, Society for the Elimination of Rural Poverty that has independent units that deal with Risk Mitigation, Food Security, Micro Finance, Institution Building, Marketing, and Livelihood Promotion. At the district level too they have equivalent units that go upto the Mandal level. The dedicated institutional machinery seems to have made a difference. There is a case for similar efforts from other States as well.
4. Going by the experience of the States like Andhra Pradesh, Kerala, and Tamil Nadu, federating the SHGs appears essential for improving the bargaining power of the SHGs and better sustainability of the SHG movement. Encouraging the inter-state, inter-district networking of the SHGs/SHG Federations for marketing of the SHG products would be the next step. Current institutional arrangements for social mobilization and livelihood generation are somewhat limited in scope. Therefore, a mission mode approach to enhance facilitation, institutional building, and hand holding support to SHG movement is required over a long period of time to secure sustainability of SHGs and their apex organizations. The social mobilization aspect of the SGSY programme has hitherto not been given due attention. Social mobilization is both a means and an end in itself. Expansion of political rights of the mobilized poor will have tremendous intrinsic value, not always measurable. A few of the SHGs that acquire the characteristics of good entrepreneurs may be

encouraged to become entrepreneurs. SGSY is actually lagging behind in keeping pace with the SHG movement which is sweeping the country.

5. Credit is a very important issue. It would be necessary to enhance the credit flow to the SHGs in a more creative manner than what has been possible so far. An issue that requires to be looked into is also the possibility of introducing interest subsidy as an alternative to the capital subsidy. There are no two opinions about the utility of financial intermediation for making the lending under the programme cost effective for the banks. There is a need to promote institutional partnerships between the SHGs/Federations with the bankers. Enhancing the credit flow to the poor may call for grounding several strategies and partnerships and not just one. The country is also on the threshold of a major initiative for micro finance. The issue of harmonizing the SGSY and the micro finance models also requires to be looked at.
6. New areas are emerging in view of the changes in the economy due to liberalization, privatization, and globalization. It may not be possible for the SGSY, a pure self-employment programme to capture all the aspects of poverty. Purely from a family's economic security point of view, BPL families might want to have at least one wage earner among them, so as to provide the requisite certainty to their family incomes. In such a situation there may be a case for introducing a placement-oriented skill enhancement model for youth as a subset of the SGSY. This programme will be a hybrid of the wage-employment and self-employment programmes.
7. Special projects of the SGSY, that were expected to ground innovative and alternative ways of reducing poverty do not seem to have actually made much difference. Of the 231 special projects that have already been sanctioned, only about 29 have been completed. Due to the indifferent performance it does not appear that there is a case for continuing with the special project component under the SGSY. There have been very wide inequities in the sanction of special projects among the States so far.

1.12.2 The Way Forward-Strategy for the Eleventh Plan (2007-2012)

Eleventh Plan strategy for SGSY would have to necessarily take the best out of what has evolved in the Self-Help movement across the country over the last few years and integrate it with the programme. Likewise a few aspects of the SGSY programme that have failed to give the desired results require a fresh look and if necessary, dropped.

One of the most important aspects that requires examination is the institutional mechanism that had been erected to undertake the poverty alleviation programmes. The District Rural Development Agency (DRDAs) in their current form and content do not appear to have the requisite wherewithal to handle a complex issue such as poverty. The administrative set-up could essentially be a society attached to the MoRD. The national organization will co-ordinate with the poverty elimination agencies established by the State Governments for implementing the SGSY in its revised form. It will also be the agency to document and be the clearing house for the best practices with respect to the poverty elimination programmes and strategies of the country. It should devolve funds to the State Governments based on rational formulae, evolving and working out the MoUs with the State Governments for the implementation of the poverty elimination programmes. The national and State level organizations so created will systematically address the key subjects of poverty alleviation like livelihood generation, capacity building, skill upgradation, credit, and international assistance.

Considering the experiences and lessons learnt from various development projects, the revised SGSY programme should aim at promoting and strengthening member-owned, member-controlled, and member-managed institutions of the poor that enable them to secure sustainable livelihoods and better quality of life. These institutions should provide a wide range of services to their members as per their demand. The revised SGSY should promote and nurture a large cadre of activists and leaders from the poor for providing support services to the institutions of the poor on a sustainable basis. The approach for organizing the poor stems from the conviction that there is an immense desire and latent capability among the poor to come out of poverty. They have a tremendous potential to help themselves and the potential of each member can be harnessed by organizing them. Social mobilization enables the poor to build their own organizations in which they participate fully and directly and take decisions on all issues concerning poverty elimination.

The current mechanism of fund flow to the SHGs through a graded system requires a comprehensive review. The current scheme allows a Revolving Fund entitlement of upto Rs 10000 for the Grade-I SHGs, that will also entitle them to draw cash credit from a financial institution. The rate of attrition between the Grade-I and II indicates that a large number of SHGs fizzle out mid-way after availing the Revolving Fund. Further, the SHGs that have cleared the Grade-II stage seem to wait for long periods before getting an opportunity to avail the subsidy assistance. Close to 3 lakh such SHGs are waiting in the wings for such assistance. The overall credit achievement under the programme is abysmally low. The overall credit targets are achieved only by about 50%. More importantly in a capital subsidy mechanism there is little scope to leverage higher credit flow because of the subsidy entitlements. The volume of credit extended to SHGs in one State, Andhra Pradesh, alone is higher than the national credit achievement under the SGSY. This calls for serious scrutiny.

The SHGs can be further strengthened and stabilized by federating them at, say village or cluster of villages or block level depending upon the number of SHGs and their spatial distribution. The federations shall be formal organizations registered under the most appropriate Acts (Societies Registration Act, State Cooperative Act, Trust, Mutually Aided Cooperative Societies Act, or Mutual Benefit Trust) that exist in the State. The second tier of Institution Building phase is the federation of SHGs either at village or at cluster of villages' level. The Village Level Federations (VLFs) are vital for demonstrating solidarity, initiating collective action on various poverty related issues and reducing dependency on the external agency for information, technical support and resolving conflicts. The VLFs provide a forum to voice the problems of the poor in the village, exchange of experiences including flow of information from various government departments, and raises resources required to take up the appropriate development interventions in poverty reduction. It generates income by collecting share capital, membership fee, savings, interest margins and penalties, and become financially sustainable in a period of 3-4 years. Based on the proposals of the VLFs, the district level agency sanctions fund for on-lending to SHGs. Once the VLFs attain a certain level of maturity, the Block Level Federation is promoted. The Block Level Federation provides solidarity to all the VLFs and SHGs. It plays a vital role in bringing all the BPL families into the SHG fold, building the capacities of the SHGs and VLFs, framing required policies and ensuring the quality of institutions, etc.

However, in order to strengthen the existing programme an effort should be made to graduate the allocations in such a manner that all further increases in the allocations to the SGSY should be based on demand-driven model, with attendant commitments of the State with respect to erecting institutions of the poor, dedicated implementation machinery and adhering to the framework provided by the national level agency. The current allocations to the SGSY can taper off over the balance Plan period so that at the end of the Plan period the new model will be firmly in place.

1.13 LET US SUM UP

This unit provides detailed information about the first part of the newly introduced self-employment programme, namely SGSY. This programme aims at building the potential of the rural poor by establishing a large number of micro-enterprises in the rural areas. With the coming into force of SGSY, the earlier programmes IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS are no longer in operation. The objective of SGSY is to lift the assisted poor families above the poverty line within a specified period of time by providing them income-generating assets through a mix of bank credit and government subsidy. It has been conceived as a holistic programme of micro-enterprises covering all the aspects of self-employment, viz. organization of the rural poor into self-help groups and their capacity building, planning of activity clusters, infrastructure build up, technology up-gradation, credit and marketing. All these aspects have been discussed in great detail. Further, the institutional set up for the implementation and monitoring of the programme has also been explained and lastly, the unit describes the special project component, which is an alternative strategy to lift a specific number of BPL families above the poverty line within a limited period of time.

The major part of the investment consists of bank credit from financial institutions like commercial banks, cooperative banks and regional rural banks. The institutional set up for the implementation and monitoring of the programme is also explained in this unit. SGSY involves different agencies for the successful implementation of the programme. These include central and state governments, DRDAs, Panchayati Raj Institutions and NGOs. We have discussed in detail their roles in the implementation of SGSY. In addition, this unit describes the special projects component, which is an alternative strategy to lift a specific number of BPL families above the poverty line within a limited period of time. SGSY is a programme aiming at eradicating rural poverty. It, therefore, assumes great importance in the overall strategy for the eradication of rural poverty in India.

1.14 KEY WORDS

- Group Corpus** : Under SGSY programme, it is defined as the total amount available with the group inclusive of cash with the group, amount in the Savings Bank account of the group, loans outstanding against members of the group and interest earned on the loans as well as deposits.
- Sustainable** : On continuous basis.
- Holistic Approach** : Total approach that takes account of all the factors necessary to achieve success. In the present context, SGSY, is conceived as a holistic programme of micro-enterprises covering all aspects of self-employment viz organization of rural poor into SHGs, their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing.
- Subsidy** : The difference between the market price and the price (which is lower) paid by the beneficiary for various products and/or services. This difference is met by the government.
- Evaluation** : It is a process for determining relevance, efficiency and impact of the key activities in the light of their objectives.

- Monitoring** : It is a continuous or periodic review and surveillance or overseeing effected by the management at various levels during the process of implementation.
- Project** : A project is a planned undertaking which is a set of interrelated and coordinated activities designed to achieve specific objectives within a given time-frame and budget.
- SIRD** : It stands for State Institute of Rural Development. There is a network of such institutions across the states in India for conducting research and imparting training at the respective state levels to development functionaries and others on various aspects of rural development.

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1.16 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

- 1) There were a number of programmes for self-employment in operation. In absence of proper linkages these programmes got engaged in achieving individual targets rather than having a cumulative impact on the situation. As a result they tended to be viewed as separate programmes. In the process, the objective of sustainable income generation on a collective basis was lost. This led to the restructuring of these programmes and the creation of SGSY.

Check Your Progress II

- 1) A Self-Help Group (SHG) is an organization of the rural poor at the grassroots level who are helped to exploit their potential for their own betterment. It emerges as a result of the process of social mobilization, which enables the rural poor to build their own organizations (Self-Help Groups) for the eradication of poverty.

- 2) It is only after 6 months from the date a Self-Help Group has received the Revolving Fund. The process is called 'Grading'. The basic objective is to find out whether a Self-help Group is capable of taking an economic activity through higher levels of investment.

Check Your Progress III

- 1) The key activities are identified through a participatory process on the basis of the following criteria:
 - Aptitude and skills of the people
 - Availability of local resources
 - Market demand.

They are finally selected after examining all the possible merits and demerits of the identified key activities. All efforts are made to see that about 30 per cent of the rural poor in a block are covered within the next five years.

- 2) The project report should clearly indicate:
 - How many people were covered in a block under a key activity;
 - The required infrastructure that was provided, and the costs involved;
 - The levels of investment required and made at the individual Swarozgari level or for a group;
 - Whether the key activity selected was for an individual, a group or both; and
 - Details of economic components like the investment required and made, the expected returns, the repayment schedule and the net income expected and derived by the Swarozgari.

Check Your Progress IV

- 1) The conditions attached to the purchase of assets by the Swarozgaris include the following:
 - a) It is necessary that the assets should be procured within a month after the receipt of the loan and subsidy;
 - b) The assets purchased by the swarozgaris should be of good quality;
 - c) It is necessary that the BDO and the Bank Officer are informed in time; and
 - d) DRDA and the Bank are expected to ensure that quality assets are purchased.

Check Your Progress V

- 1) The Central and the State Governments share funding for the programme in the ratio of 75:25. Normally, the Central Government releases the funds for SGSY in two instalments, except in the case of cold snow bound districts with limited working period such as Lahol, Spiti, Leh and Kargil. For these areas the entire share is released in one instalment. These releases are expected to be followed immediately by the corresponding releases from the states.

Check Your Progress VI

- 1) There are a number of agencies involved in the implementation of SGSY. The Ministry of Rural Development, Government of India, has the overall responsibility for policy formulation, monitoring and evaluation of the programme and for releasing the Central share of funds.
- 2) NGOs play an important role in the implementation of SGSY. They are very helpful in the formation of SHGs. They also provide basic training to Self-Help Groups for effective functioning. They help the Swarozgaris by providing technology support and the means of quality control for their products. They are also instrumental in monitoring the progress of the Swarozgaris.
- 3) Special projects are taken up under SGSY to facilitate new initiatives or to explore possible alternative strategies to achieve the desired goal of the programme. The main objective of the special projects is to ensure a time bound programme for lifting a specific number of BPL families above the poverty line through self-employment programmes.

UNIT 2 MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA)

Structure

- 2.0 Objectives
- 2.1 Introduction
- 2.2 What is MGNREGA?
- 2.3 Main Objectives and Features of MGNREGA
- 2.4 The Scheme
- 2.5 MGNREGA—A Step towards Inclusive Development
- 2.6 Empirical Analysis
 - 2.6.1 Coverage and number of days of employment
 - 2.6.2 State expenditures and household ways accruals
 - 2.6.3 MGNREGA wage rates
 - 2.6.4 MGNREGA infrastructure focus
 - 2.6.5 Complaints relating to irregularities
- 2.7 Key Issues
- 2.8 Road Ahead
- 2.9 Policy Implications
- 2.10 Let Us Sum Up
- 2.11 Key Words
- 2.12 References and Suggested Readings
- 2.13 Check Your Progress - Possible Solutions/Answers

2.0 OBJECTIVES

On completing this unit, you should be able to:

- state the importance of MGNREGA
- describe the main features and objectives of the scheme
- narrate the components of programme
- analyse the strength and weaknesses of MGNREGA
- suggest measures for making the programme a success

2.1 INTRODUCTION

The development of rural India is an imperative for inclusive and equitable growth and to unlock the huge potential of the population that is presently trapped in poverty with its associated deprivations. MGNREGA is known as flagship programme which forms the second strand for development of rural areas, the first being the Bharat Nirman Programme. Workfare programmes have been important programme interventions in India and elsewhere in developing countries since long.

These programmes typically provide unskilled workers with short-term employment on public works. They provide income transfers to poor households during periods when they suffer on account of absence of opportunities of employment. In areas with high unemployment rates and under employment, transfer benefits from workfare programmes can prevent poverty from worsening, especially during lean periods. Durable assets that these programmes create have the potential to generate second-round employment benefits as requisite infrastructure is developed. Based on the experience of these programmes the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was enacted to reinforce the commitment towards livelihood security in rural areas. The thrust of the Eleventh Five Year Plan (2007-12) is social inclusion coupled with provision of improved livelihood opportunities.

2.2 WHAT IS MGNREGA?

The Act was notified on 7 September 2005. The significance of MGNREGA lies in the fact that it creates a right based framework for wage employment programmes and makes the government legally bound to provide employment to those who seek it. In this way the legislation goes beyond providing a social safety net, and towards guaranteeing the right to employment. The experience with MGNREGA so far suggests that it is one of the main planks of rapid poverty reduction in the Eleventh Five Year Plan (2007-2012). Starting with 200 districts across the country in Phase-I during 2006-07, MGNREGA was extended to additional 130 districts in Phase-II during 2007-08. From 1 April 2008, onwards the Act covers the whole of rural India. As a district is notified under the Act, Sampoorna Grameen Rozgar Yojana (SGRY) is automatically merged in the MGNREGA and therefore, cease to exist with effect from 1 April 2008.

Few laws have had such stimulating economic, social and political impact so soon in India as the National Rural Employment Guarantee Act, 2005 - since renamed Mahatma Gandhi Rural Employment Guarantee Act. The quintessence of this phenomenal legislation lies in fulfilling the twin mandatory objectives of this historic Act - providing a right based 100-day unskilled employment in a year to strengthen the subsistence livelihood support, enhancing the rural households' purchasing power and capacity to alleviate hunger and directing the colossal amount of wages towards creating productive and durable assets of irrigation, drought-proofing, land and water conservation, horticulture and connectivity to generate a prosperous livelihood support system.

Note that MGNREGA, NREGS, 'act', 'scheme' and 'programme' are used interchangeably to mean the MGNREG Act-supported scheme or programme.

2.3 MAIN OBJECTIVES AND FEATURES OF MGNREGA

MGNREGA, an ambitious mass employment guarantee scheme implemented since the last five years, intends to sustain income and consumption in Indian rural outback. A large programme, backed by budgetary allocation promises 100 days of manual work to households who register and apply. Failure to provide employment through the Gram Sabhas creates cash entitlements as a matter of law. The future of MGNREGA is strongly linked to the cherished national goal to strengthen and broadbase decentralization of local governance. MGNREGA has the potential to address both sustenance of income and enhance the social welfare of households in rural areas.

India's Mahatma Gandhi National Rural Employment Guarantee Act or Scheme (MGNREGA, also NREGS) is being implemented since the last five years, with the multiple objectives of sustaining income and consumption through wage works, creating durable assets and empowering rural communities through the backing of law. The rural mass public works programmes (PWPs) are programmatic efforts to generate non-farm employment so as to sustain incomes and consumption, especially during conditions of distress such as those caused by drought, natural disasters, market failure in distribution of food items, and so on.

Employment is dependent upon the worker exercising the choice to apply for registration, obtain a job card, and then seek employment through a written application for the time and duration chosen by the worker. The legal guarantee has to be fulfilled within the time limit prescribed and this mandate is underpinned by the provision of unemployment allowance. The Act is thus designed to offer an incentive structure to the States for providing employment as 90% of the cost for employment provided is borne by the Centre, and there is a concomitant disincentive for not providing employment, if demanded, as the States then bear the double indemnity of unemployment and the cost of unemployment allowance. Earlier wage employment programmes were allocation based.

However, MGNREGA is not supply driven but demand driven. Resource transfer under MGNREGA is based on the demand for employment and this provides another critical incentive to States to leverage the Act to meet the employment needs of the poor. The delivery system has been made accountable, as it envisages an Annual Report on the outcomes of MGNREGA to be presented by the Central Government to the Parliament and to the State Legislature by the State Government.

The programme's multiple objectives can be summarized as: generating 'employment' and creating 'physical assets/infrastructure'. The balancing act between the two is difficult since the former can potentially take precedence over the other. Balancing the objectives of the programme necessitates large organizational skills, and the proximate involvement and commitment of the local level functionaries and MGNREGA cannot be an exception to this trend unless adequate safeguards are enforced.

Check Your Progress I

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit

1) What is the basic objective of MGNREGA?

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2) What are the three basic principals of its implementation?

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2.4 THE SCHEME

The National Rural Employment Guarantee Scheme (NREGS), initiated in 2005, has received priority policy attention in India's Eleventh Five Year Plan (2007-12), under the broader objective of Bharat Nirman aiming for the resurgence of rural India. The civil society and activists working for the welfare of the poor provided the much-needed persistence, which is normally needed to influence a policy. NREGS, India's public works programme is unique, being large in size, and intended to cover long periods, disburse huge funds and be dynamically responsive to climatic and rainfall conditions, and above all open to anyone intending to work at wage rates that are often lower than the prevailing casual wages in local areas. Since the programme is designed to self-target the needy, besides chronic poverty manifested, for example, in food inadequacy, it also intends to address idiosyncratic risks and shocks faced by other households (Schedule II of MGNREGA, 2005).

The MGNREGA is radical as (i) it guarantees 100 days of wage work on demand, failing which the claimants can legally demand cash compensation; (ii) the Act promotes the seeking of paid employment on the volition of at least one member from any household in manual rural works; (iii) the scope for self-selection of those who indeed require imminent income support for livelihood is an innovation, which should result in a high degree of automatically targeting the most deprived - thus reflecting its potential for poverty reduction; (iv) this scheme can attract the attention of the otherwise unemployed or under-employed workforce because of immediate income (cash) transfer opportunities, which is an inbuilt short-term relief objective; (v) the Act also aims at "the generation of productive assets, protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others"; (vi) MGNREGA, if implemented with due earnest, has the potential of not only reducing vulnerability and relieving chronic income deprivation and improving rural livelihood security but also of the construction of durable assets and markets in rural areas; (vii) the Act envisages free entry and exit into the MGNREGA, but has made it mandatory to follow a 'two-step' procedure. The first step is that all households intending to work on MGNREGA have to 'register' and show an expression of interest with the Gram Sabha/Panchayat, followed by the second step of making a written application for actual work.

Funding: The Central Government bears the costs on the following items:

- The entire cost of wages of unskilled manual workers.
- 75% of the cost of material, wages of skilled and semi skilled workers.
- Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the Programme Officer and his supporting staff and work site facilities.
- Expenses of the National Employment Guarantee Council.

The State Government bears the costs on the following items:

- 25% of the cost of material, wages of skilled and semi skilled workers (as a ratio of 60:40 is to be maintained for wages of the unskilled manual workers and the material, skilled/semi-skilled workers' wages, the State Government has to bear only 25% of the 40% component, which means a contribution of 10% of the expenditure).
- Unemployment allowance payable in case the State Government cannot provide wage employment on time.
- Administrative expenses of the State Employment Guarantee Council.

Budgetary Allocation: The Budget of 2009-10 has allocated RS. 39,1000 crores or about 0.66 per cent of the GDP for the MGNREGA, but the entire allocated amount may not be spent, as has been the case during the previous three years. MGNREGA is a 'Centrally sponsored scheme', administratively managed by the Ministry of Rural Development, its implementation is exclusively done by the respective state governments. The states are expected to systematically make a claim over the allocated resources by planning MGNREGA work activities and turning them into projects. Often, the states are unable to execute the programme efficiently due to the shortage of administrative and implementing personnel at the grassroots and sometimes due to inter-party political differentials, if the party in power in the concerned state is different from the one ruling at the Centre.

At the national level, MGNREGA allocations and expenditures hover between 2-3 per cent of the Central (revenue account) outlays for the past three years. Any further expansion of MGNREGA in terms of a deepening of the programme need not be a cause for concern with respect to its adverse impact on the national level fiscal deficits, even if no additional tax or levy in the name of MGNREGA is imposed.

State level performance of MGNREGA: The national level Ministry and associated State Departments of Rural Development are responsible for implementing NREGS across the entire country. This Ministry updates the progress of implementation of NREGS on its website twice a year on the basis of data provided by the States.

Check Your Progress II

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit

1) What are the works permissible under MGNREGA?

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2) What is the funding pattern of MGNREGA?

2.5 MGNREGA—A STEP TOWARDS INCLUSIVE DEVELOPMENT

While the MGNREG Act itself does not refer to or lay down any specific guiding principle, the debates around it refer to two experiences: (a) a fairly successful and people appreciated, the Maharashtra Employment Guarantee Scheme (MEGS); and (b) the harsh experience of the 1942-45 Bengal famine, which was exacerbated by both an inefficient administrative response as well as market failure in food distribution. A deeper understanding of the dynamics of the famine highlighted how the lack of employment and earning opportunities lead to impoverishment, debilitation and death. The classic exposition of the 'entitlement approach' to the analysis of hunger and deprivation points to such a possibility during natural calamities as well. The entitlement approach focuses on the ability of a person to acquire food and other relevant commodities within the prevailing economic, social and legal arrangements. Public employment provisioning as a policy response to alleviate such deprivations has become an obvious policy choice in recent years. Policy-driven investment in PWP has been in vogue since a long time and has also strengthened the foundations for mixed economies through externality gains caused by the emergence of manufacturing and business activities. Note that this approach does not consider direct food subsidy to the vulnerable - a prudent strategy which is reflected in India's long-time experiments with innumerable PWPs often tied with food supplies. It is useful to recollect the limitations of the direct food subsidy policies. Further, mass programmes yield better results when the communities are adequately empowered so as to seek participation in the programmes.

2.6 EMPIRICAL ANALYSIS

According to the national bulletin of MGNREGA, the scheme has so far provided 3.34 crore households with employment throughout the country. This also states that around 133.32 crore person days are created and 7.08 lakh assets are built, out of 25.98 lakh taken up under the programme. Of the total person days created, 51.02 per cent are the person days by the women labourers. Similarly, 40.19 per cent are created by SC members and 21.83 per cent by persons from the ST community. Two conclusions follow from this analysis. First, the promise of 100-day employment to one member of every household that seeks employment is largely unfulfilled. Second, there are several in-built biases in the execution of NREGP. The poor are inadequately represented in those selected for participation. The duration of employment is systematically lower for poor households. At the same time, the non-poor are disproportionately represented, indicating some capture. Third, whereas few participants admit to paying bribes, several reported that personal acquaintance was necessary to secure employment under NREGP. Notwithstanding the unfulfilled employment promise of the MGNREGA, many participants indicated that they wanted to continue to work on NREGP. This is less of an indicator of the efficacy of the NREGP than of the fragility of their livelihoods.

2.6.1 Coverage and number of days of employment

Given the large variation in the size of the states, it is useful to discuss MGNREGA

coverage in terms of the proportion of households enrolled in the schemes. The states that claim to have covered more than 50 per cent of the households are Chhattisgarh and Madhya Pradesh, with both of them having poverty rates that are much higher than the national average; followed by Bihar and Jharkhand, with over 30 per cent coverage but very high levels of poverty. On the other hand, states achieving meager MGNREGA coverage are not only Punjab and Haryana, with very low levels of rural poverty; but also Gujarat, Kerala and Maharashtra, with less than 5 per cent coverage, and Karnataka with 8 per cent, but with moderate levels of poverty prevalence. Uttar Pradesh, with fairly high levels of poverty, has extended NREGS to only about 20 per cent of its rural households. When it comes to providing the maximum number of days of employment, Rajasthan stands out with an average of 77 days, followed by 63 in Madhya Pradesh and 58 in Chhattisgarh. As per MGNREGA, households can claim a maximum of 100 days of employment per year. Thus, these three states can be considered as success stories of NREGS in India, in spite of their large uncovered targets in terms of coverage and man-days of work provisioning. All the other states doing poorly in coverage are also faring badly in terms of maximizing the netting of the number of days of employment.

2.6.2 State Expenditures and household wage accruals

A look at the total expenditures suggests that Madhya Pradesh, Andhra Pradesh and Rajasthan have distributed Rs. 10-17 billion as wage payments followed by Uttar Pradesh, Chhattisgarh, West Bengal and Bihar, with the utilized amounts ranging between Rs. 5 and 10 billion each. Notwithstanding a considerable variation in NREGS wage which ranges between the high levels of Rs. 136 in Haryana, Rs. 125 in Kerala, and Rs. 100 in Rajasthan and Uttar Pradesh each, and a low of just over Rs. 70 in many of the remaining states; the average accruals per household has been the highest at Rs. 7733 in Rajasthan (with 31 per cent of the households being covered), Rs. 6862 in Haryana (but with only 2.8 per cent of the households covered), Rs. 5383 in Madhya Pradesh (with 54 per cent of the households covered) and Rs. 4032 in Chhattisgarh (with 70 per cent of the households covered). The amount of wage accruals is a meager Rs. 1795 in Bihar, Rs. 1549 in Gujarat, Rs. 1981 in West Bengal, Rs. 2726 in Maharashtra (all with low coverage), and Rs. 3327 in Uttar Pradesh (covering 20 per cent of the households). Three states, namely, Madhya Pradesh, Rajasthan and Chhattisgarh, again stand out in terms of the annual size of wage accruals; followed by Andhra Pradesh and Jharkhand. The two relatively backward states that are not performing well are Bihar and Uttar Pradesh.

2.6.3 MGNREGA wage rates

The idea was that MGNREGA wages should not be too high or too low, but such that the poor, when they intend to do so, can seek such employment that is available on demand. Labourers are entitled to the statutory minimum wage applicable to agricultural workers in the state, unless the Central Government 'over-rides' this by notifying a different wage rate. One, however, finds wide variations across states with respect to the actual prevailing casual wages, which appear to be based on the demand and supply factors regulating labour in the micro-regions such as a district or block. Many states fixed their own MGNREGA wages, which were considerably higher than the Rs. 70 fixed as the minimum wage.

2.6.4 MGNREGA Infrastructure focus

Schedule I of the Act lists eight categories of tasks that are designed to be "the focus of the Scheme". Practically all of them relate to water-based tasks such as 'water conservation and harvesting', 'drought proofing/afforestation', 'micro and

minor irrigation works'; 'renovation of traditional war bodies also know as de-silting and 'flood control'. Rural connectivity is a land-based activity and in addition, a residual that 'any other work that may be notified by the Central Government in consultation with the State Government'. All such tasks are labour-intensive; therefore, there is a 60:40 ratio of labour to material inputs, which is strictly enforced so as to ensure larger wage transfers through MGNREGA works.

In order to facilitate a reasonable assessment of the quality of assets created and associated benefits to the people, a programme needs to be functioning for a reasonable time span. Further, most of the states are unable to provide data on asset formulations during the last three phases of NREGS. It is argued that operational dilemmas due to programmatic interventions in water and land make cost-benefit analysis somewhat difficult. Further, an assessment also needs to be made in the natural resources framework, especially factoring shadow prices as well as alternative investment strategies in assessment. Under such circumstances, synergy with other rural development tasks and strategies to protect natural resources can be factored into the programme.

Low employment intensity in works, leakages due to mismanagement by labour contractors and over-use of machinery are some of the problems leading to non-existent or low quality assets. The MGNREGA, strict rule of a 60:40 ratio can also lead to assets that are normally of low durability and could lead to a situation wherein the same asset is created over and over again due to poor quality work. Although the strict ratio rule is understandable for creating works that generate large wage employment, durable asset creation can be achieved by creating synergies with other developmental programmes and their associated allocation. The need to establish durable asset formations could be within the framework of the 'watershed development' programme, for example, or even the minor road construction activities through departmental synergies in works and projects. The associated information includes the average size of a 'work project' that has worked out to be only 22 households with the exception of Tamil Nadu, West Bengal and Bihar, wherein the number of households per project is somewhat large, but as we have seen earlier, overall they are poorly performing states. The average sizes of a project in the better performing states of Rajasthan and Chhattisgarh are reasonable at about 44 and 31, respectively, whereas the size is just about 10-15 for the other relatively better performing states of Madhya Pradesh and Andhra Pradesh.

Another factor that carries a substantial weight in assessing the benefits through the assets the question of who benefits from MGNREGA works, and whose land and properties are developed or protected. Whether the assets generated produce substantial public good or lead to discrete private gain is a substantial issue that needs to be documented as a matter of routine in MGNREGA. The Act nonetheless allows that the employment scheme can undertake land improvement activities on holdings owned by the SCs and STs, but it is difficult to assess if such a programme focus is actually put in place. There is also a proposal to do away with the limit of 100 days of employment per households in districts that are dominated by the SCs and STs, which can help these communities access a higher number of employment days.

2.6.5 Complaints relating to irregularities

The ministry of rural development has received over 1,000 complaints in the last three years and the current year so far from various parts of the country relating to the irregularities in the implementation of the National Rural Employment Guarantee Scheme (NREGS). The complaints are primarily concerned with (i) the delayed payment of wages, (ii) ineligible persons being given employment

opportunities under the scheme; (iii) incorrect accounting of expenditure; (iv) funds sometimes being used for non-permissible activities, (v) non-issuance of job cards to workers and use of machinery. The highest number of complaints has been received from Uttar Pradesh (337), followed by Madhya Pradesh and Rajasthan with 158 and 138 complaints respectively. The least number of complaints have come from Kerala (1), and Tripura with two, since 2006-07. The Rural Development Ministry has taken up steps to minimize the number of complaints setting up office of Ombudsman at district level for redress of grievances in a phased manner, disbursement of wages under the programme has been made mandatory only through post offices and banks, a web-enabled Management Information System (MIS) is operational, and district level vigilance and monitoring committees have been set up for proper implementation of the rural development programme. MGNREGA is the first social sector programme implemented with full IT support. The government is giving huge priority to this scheme and considering it as one of the main vehicles to generate jobs in rural areas.

On the whole, it can be said that people even in the remote parts of the selected districts are aware of MGNREGA. It appears that the NREGS programme will be as successful as the commitment and quality of management of the local Panchayati Raj Institutions (PRIs). Thus, the future of the flagship national programme is tied securely with the cherished goal of the transfer of governing powers to the local communities through the Gram Sabha and other institutions.

Check Your Progress III

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit

1) What are the main points that a Gram Panchayat has to include in the Annual Plan?

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2) What are the criteria adopted for scrutinizing the Gram Panchayat Plan by the Programme Officer?

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2.7 KEY ISSUES

The key issues that require focus in the Eleventh Plan so that MGNREGA can be optimally realized for supplementing wage employment opportunities are briefly highlighted here.

(i) Articulation of Demand for Employment

Since MGNREGA is a right-based programme, articulation of demand by the rural poor is the basic premise of its operation, especially if wage seekers are not literate and not organized. Generating awareness among local rural communities through Information, Education, and Communication becomes critical for enabling the rural poor to articulate demand. Full knowledge of the rights that MGNREGA confers to the rural poor is the most important prerequisite to enable them to seek employment as per their choice of time and duration.

(ii) Preparing a Labour Budget, Annual Shelf of Projects, and Perspective Plan

The Act guarantees providing employment within 15 days of demand and the instrument for providing employment is unskilled manual work selected from the list of permissible works. This legal guarantee has implications for the way in which works have to be planned. A Labour Budget as stipulated under the Act is required to be prepared to facilitate advance planning, whereby districts estimate their labour demand for the ensuing financial year by December-end.

The National Guidelines indicate the way in which the annual shelf of projects may be prepared to meet the estimated labour demand. Districts have attempted to prepare shelves of projects to keep a list of works ready to meet employment demand. Greater precision in planning works has been suggested through assigning a unique location code to each work and mentioning the plot numbers of the sites where works are to be executed. Estimated benefits in terms of person days need to be assessed, so that the employment expected to be generated through the works planned may be clearly matched with the estimated employment demand. Physical improvement envisaged (land/water conservation etc.) has to be quantified so that the focus remains on creating durable and productive assets that support further self-sustaining employment. Displaying the list of approved works at the GP Office and the details of works taken up on the work site has been stipulated so that the workers know the work opportunities locally available.

National Guidelines lay down the broad principles of preparing a Five Year District Perspective Plan that must have the following components viz., (i) village mapping of natural resources and social infrastructure, (ii) identification of gaps and works that can be taken up as per MGNREGA permissible list, (iii) assessment of works that respond to what local people want, what will build a livelihood base to enable them to move out of MGNREGA to sustainable employment, and assessment of labour demand.

The planning capacity of the PRIs and district level functionaries needs to be strengthened to infuse the Plans with a long term vision of sustainable livelihoods.

(iii) Record of Work Done and Payment of Wages

The legal guarantee of the Act mandates that wages due to workers be paid within 15 days of work completion. This requires that a fair record be maintained for the work done. To ensure that authentic muster rolls are used, numbered muster rolls are to be issued for each sanctioned work by Programme Officer and maintained on the work site by the executing agency. Muster rolls must mention Job Card numbers of workers, days worked, quantum of work done, amount paid and must

have space for recording inspections. Muster rolls should be read out on the work site during measurement and wage payment to prevent bogus records. Entries of the muster roll should be correspondingly recorded in the job cards of the workers. Updating of muster roll data at the Block level computers in a 15-day cycle needs to be ensured. Regular measurement and supervision of works should be done by qualified technical personnel on time. There is a need for stricter compliance of all the provisions of the Act so that payment to the labourers can be made in time.

(iv) Vigilance and Transparency

MGNREGA places a strong emphasis on vigilance and transparency. A web enabled management information systems (MIS) www.mgnrega.nic.in has been developed that seeks to place all information in public domain. It is a household level database and has internal checks for ensuring consistency and conformity to normative processes. All critical parameters get monitored in the public domain.

The field verification of MGNREGA processes is through external and internal agencies and the feedback is shared with the States for follow up. Independent concurrent studies have also been taken up. Monitoring at the State level needs to be strengthened and States are expected to ensure 100% verification at block, 10% at district, and 2% at the State level especially of works muster rolls, and records. Guidelines for muster roll verification have been evolved and need to be rigorously followed. The setting up and training local vigilance and monitoring committees is also required for bringing in lateral transparency.

(v) Public Accountability

The Act contains specific provisions for public accountability. This has to be accomplished through the provisions made in the Act and guidelines regarding Right to Information, proactive disclosure of information, and a transparent social audit process.

The Section 17 of MGNREGA provides for social audit of all works in a GP by the Gram Sabha and the GP has to provide records for social audit. This necessitates a need for creating capacity for social audit among officials, GP members, and the Gram Sabha. A significant feature here is the active role played by civil society organizations in facilitating social audit processes in partnership with State Government as well as independently.

(vi) Grievance Redressal

Enforcement of the right to employment requires setting up an effective grievance redressal system. The Act vests the responsibility for grievance redressal with the Programme Officer. To ensure prompt grievance redressal certain basic arrangements must be ensured, such as setting up a grievance redressal cell at the Programme Officer/District Programme Co-ordinator (DPC) offices, preferably with a toll free helpline. The Programme Officer and DPC must review the disposal of complaints on a monthly basis and the persons concerned must be informed.

(vii) Strengthening Administrative Systems

Technical Resource Support Groups are required to bring in multidisciplinary professional expertise in MoRD, to provide resource support in critical areas, inter alia, assisting the Ministry in formulating and codifying standard operating procedures for setting measurable outcomes, for laying down standards of programme delivery, for designing appropriate Management Information Systems (MIS) for monitoring programme outcomes. They would also carry out training needs assessment for capacity building at the State, District, and Sub-district level and formulate the framework for training and capacity building at various levels.

Another issue critical to strengthening administrative systems pertains to training of different stakeholders. The requirements of training are considerable at all levels and include functionaries, PRIs and the local vigilance committees. The challenge is to design training programmes calibrated in content and process according to different target groups and to manage large scale training needs without compromise on quality.

(viii) Financial Management

A non-lapsable Central Employment Guarantee Fund has been set up to ensure that availability of funds match working season demands. Districts have dedicated accounts for MGNREGA funds and submit their proposals based on clearly delineated guidelines so that funds may be devolved efficiently at each level, and adequate funds may be available to respond to demand.

2.8 ROAD AHEAD

(i) Empowering Workers

MGNREGA is a right-based statute and its effectiveness lies eventually in the extent to which wage seekers can exercise their choice and assert their rights to claim entitlements under the Act. The issues involved in empowering workers are in the range of enhancement of knowledge levels, development of literacy skills, organizing workers, and enhancing social security levels of workers. Opening savings accounts of workers in banks and post offices that has been initiated needs to be supported on a larger scale so that thrift and small savings can be encouraged among workers. The inclusion of MGNREGA workers under the cover of various life and health insurance schemes will also raise their security thresholds.

(ii) Linkages with Other Development Programmes

Empowerment of workers and creation of durable assets depend to a great extent on the linkages between MGNREGA and other development programmes.

(iii) Exploring the Possibility of Other Works

The allocation for the Eleventh Plan (at current price) is tentatively provided at Rs 1,00,000 crore. However, since MGNREGA is a demand driven programme and the government is legally bound to provide employment mandated under the act, this figure is only indicative.

2.9 POLICY IMPLICATIONS

The MGNREGA is still in its formative stage of implementation; therefore, a comprehensive assessment has not been attempted so far. While the local level functionaries and the panchayat need to work in tandem to successfully implement MGNREGA, often the over-riding influence and interference occurs from the local contractor, who is often a politician or has political patronage. While the local civil society institutions are generally non-existent, even if they do exist, they have been unable to penetrate the collusion between the bureaucracy and contractors.

It is important to emphasise that the future of MGNREGA, which is now even a legal entitlement for the deprived people living in rural areas, is securely tied with the functioning of the PRIs in India. For some, this scheme symbolizes a consolidation of the democratic process and seems to be revolutionary in both intent and content! But the test of the success of such a large effort lies in its ability to carry the vulnerable and the poor on board and to keep them there for period of time.

While strategies to improve programme efficiency must be undertaken jointly and concurrently by strengthening local self-governance with clear distinctions between political, administrative and fiscal decentralization; reforms in MGNREGA are also needed to ensure that special efforts are made to provide the requisite passage to the excluded to enable them to enter the folds of the scheme.

While the MGNREGA payment is pegged to the state minimum wages prevalent in the State concerned, what is not well known is its impact on regular manual agricultural wages during the peak and slack agriculture season. This has a relevance to the food output and the larger food security issues of the region, and subsequently of the country as a whole. There are demands to incorporate amendments in the Act so as to facilitate extended coverage of the programme, especially after aligning it with the agricultural season.

The scheme itself is helping the democratic process to evolve. Community participation, information sharing and the formulation of an opinion by rural residents about a scheme are some of the dominating factors that enhance the maximization of receipts from MGNREGA. These mechanisms empower communities, strengthen the democratic process and contribute towards making the programme inclusionary. MGNREGA has thus facilitated women's empowerment by providing them opportunities for enhanced participation and cash earnings, which seem to be complementing another revolutionary programme for offering micro-credit across India. This synergy is expected to create an unprecedented range of positive outcomes in terms of empowering women in the rural areas. A highly desirable intra-household dynamics favouring children, women, the differently abled, and the old and infirm can therefore become functional.

Given the importance of MGNREGA there is a need to understand the local, regional and state level dynamics, and the social and economic relevance of the programme amongst the rural households. The key dimensions and a few key questions in each of them are listed below.

- (a) Implementation Framework - Inter-state differentials in execution, coverage and administration, particularly assessment of fluctuations and differentials in the number of man-days of employment provided per household.
- (b) Impact - Impact of MGNREGA on local level wage rates and prices of food items.
- (c) Synergies - Effects of MGNREGA on the nutrition levels of women and children, and on child schooling.

It must be stated that MGNREGA has immense potential to provide social security to the masses only if its implementation is efficient and its synergies are optimally exploited. India should not miss another opportunity to demonstrate that the world's largest democracy also cares for its people, especially the deprived and the vulnerable, and that it is truly marching ahead in its quest to become a welfare state. A humungous programme like MGNREGA needs an independent body that looks after IT, human resource development, evaluation, social audit and grievance redress, without which quality outcomes will remain elusive. Despite all its failings, the MGNREGA has proved to be a boon to the rural poor. It is now necessary to expand and re-orient the MGNREGA.

The Ministry of Rural Development says that the MGNREGA is driven by 'a demand for labour' rather than '...for works'. More attention needs to be paid to the latter by dovetailing MGNREGA with the rural schemes of other departments. MGNREGA should be seen as an asset-creation programme that generates employment rather than an employment programme that incidentally creates assets.

Check Your Progress IV

Note: a) Write your answer in the space provided.

b) Check your answer with the possible answer provided at the end of the unit

1) What are the main points that should be included in the Projects Reports?

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2) What are the criteria used for the selection of Implementing Agency?

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2.10 LET US SUM UP

MGNREGA, an ambitious mass employment guarantee scheme, implemented since the last five years, intends to sustain income and consumption in Indian rural outback. A large programme, backed by budgetary allocation promises 100 days of manual work to households who register and apply. Failure to provide employment through the Gram Sabhas creates cash entitlements as a matter of law. The future of MGNREGA is strongly linked to the cherished national goal to strengthen and broad base decentralization of local governance. But there are wide variations amongst the states not only at the level of decentralization but also in the capacity to implement such a large scheme and lack of convergence amongst relevant government departments and functionaries. MGNREGA has the potential to address both sustenance of income and enhancement of the social welfare of households in rural areas. Criticised by many for a variety of reasons, from fiscal burden to the prospect of leakages, it nevertheless became the defining and differentiating programme. In its essence, the MGNREGA is a pragmatic and entirely justifiable safety net that guarantees subsistence without distorting labour markets by respecting regional differences in the minimum wage. Its effectiveness lies in the self-selecting nature of its beneficiaries; only those who are on the verge of destitution would have an incentive to enroll. It should not be converted into a general feeding though, attractive enough for even relatively better-off families to take advantage of, which will both distort its targeting of the truly deserving and raise costs. In the interests of sustainability, it is perhaps time to think of a multi-stakeholder governance framework to manage it. The scheme simply cannot be compromised by political calculations.

2.11 KEY WORDS

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA): The Mahatma Gandhi National Rural Employment Guarantee Act or MGNREGA is a job guarantee scheme, enacted by legislation on August 25, 2005. The scheme provides a legal guarantee for one hundred days of employment in every financial

year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage of Rs.100 per day. The Central government outlay for scheme is Rs. 39,100 crores. The MGNREGA achieves twin objectives of rural development and employment. The MGNREGA stipulates that works must be targeted towards a set of specific rural development activities such as: water conservation and harvesting, afforestation, rural connectivity, flood control and protection such as construction and repair of embankments, etc. Digging of new tanks/ponds, percolation tanks and construction of small check dams are also given importance. The employed are given work such as land leveling, tree plantation, etc..

2.12 REFERENCES AND SUGGESTED READINGS

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2.13 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

- 1) The basic objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. It also aims at creating durable assets, infrastructure and strengthening the livelihood resource base for the rural poor.
- 2) The MGNREGA is implemented on the basis of three principles: (a) Collaborative Partnership and Public Accountability; (b) Community Participation and (c) the Role of Panchayats.

Check Your Progress II

- 1) The major permissible works are: (a) water conservation and water harvesting; (b) drought proofing, including afforestation and tree plantation; (c) irrigation canals, including micro and minor irrigation works; (d) provision of irrigation facility to land owned by households belonging to the SC/ST, or to land of the beneficiaries of land reforms, or to land of the beneficiaries under the Indira Awas Yojana; (e) renovation of traditional water bodies, including desilting of tanks; (f) land development; (g) flood-control and protection works,

including drainage in waterlogged areas; (h) rural connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and within the village area may be taken up along with drains;

- 2) The Cost of Material and Wages for Skilled and Semi-skilled workers is shared between the Centre and State in the ratio of 75:25

Check Your Progress III

- 1) The annual plan prepared by the Gram Panchayat should be comprehensive and indicates clearly the following things: (a) existing demand for work; (b) demand in the previous year; (c) works taken up in the previous year; (d) ongoing works and works proposed for the next year; (e) likely cost of the proposed works and (f) the names of the proposed implementing agencies.
- 2) The programme officer would scrutinize the annual plan submitted by the Gram Panchayat on the following criteria -
 - (i) its technical feasibility;
 - (ii) meeting of likely demand for employment based on registration and past experience; and
 - (iii) the employment opportunities arising from the projects should match the demand for employment in his jurisdiction;
 - (iv) in case of insufficient list, supplementary list required to be submitted.

Check Your Progress IV

- 1) The Project Reports should indicate the following things: (i) project cost; (ii) time frame; (iii) employment in terms of person-days to be generated; and (iv) name of Implementing Agency.
- 2) The selection of the Implementing Agency is done on the basis of following criteria:
 - (i) Technical expertise and resources of agency;
 - (ii) Capacity to handle work within the given time frame; and
 - (iii) Overall interests of beneficiaries.

UNIT 3 INDIRA AWAAS YOJANA (IAY)

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Indira Awaas Yojana (IAY)
 - 3.2.1 Objective of IAY
 - 3.2.2 IAY: The Target Groups
 - 3.2.3 Identification of Beneficiaries
 - 3.2.4 Selection of Beneficiaries: The Priorities
 - 3.2.5 Protection of Women's Interests
 - 3.2.6 Functioning of IAY
 - 3.2.7 Implementation of IAY
 - 3.2.8 Funding of IAY
 - 3.2.9 Present Status of IAY
- 3.3 Let Us Sum Up
- 3.4 Key Words/Expressions
- 3.5 References and Suggested Readings
- 3.6 Check Your Progress - Possible Solutions/Answers

3.0 OBJECTIVES

After working through this unit, you should be able to:

- describe the problem of rural housing in India;
- comment critically on the importance and the guidelines of the Indira Awaas Yojana (IAY)
- describe the process of implementation of the scheme; and
- explain the role of Panchayats in the implementation of these schemes.

3.1 INTRODUCTION

Housing in general, and rural housing in particular, is a problem our country has been facing with since her independence. For a common person, owning a house not only provides economic security but also helps in bringing about a social change through which a person can integrate with the immediate social environment. Although a number of initiatives were taken from time to time to provide adequate housing to the rural poor, it was only during 1980s that special attention was given to the construction of houses in rural areas particularly for those belonging to Scheduled Castes/Scheduled Tribes and freed bonded labourers. A scheme called Indira Awaas Yojana (IAY) for providing housing facilities to the rural poor was launched during 1985-86.

It was made an independent scheme beginning January 1996. Besides IAY, which made some positive impact, the Central Government announced a National Housing & Habitat Policy in 1998. It aims at providing 'Housing for All' and facilitates construction of 20 lakh additional houses (13 lakhs in rural areas and 7 lakhs in urban areas) annually for the benefit of the poor and the deprived. In keeping with this policy, an Action Plan for Rural Housing was prepared to provide 'Shelter for All', including conversion of all unserviceable kutcha houses to pucca/ semi-

pucca houses. To achieve this objective, a number of schemes for rural housing were initiated which included Indira Awaas Yojana (IAY); Pradhan Mantri Gramodaya Yojana: Gramin Awaas; Credit-cum-Subsidy Scheme for Rural Housing; Innovative Scheme for Rural Housing and Habitat Development; Rural Building Centres (RBC); Samagra Awaas Yojana (SAY) and National Mission for Rural Housing and Habitat. A number of them, such as Innovative Scheme for Rural Housing and Habitat Development, Rural Building Centres (RBC), Samagra Awaas Yojana (SAY) and National Mission for Rural Housing and Habitat, have been discontinued.

In this unit, we will discuss the Indira Awaas Yojana (IAY)

3.2 INDIRA AWAAS YOJANA (IAY)

The history of IAY may be traced back to the programmes of rural employment, which were initiated in early 1980s. Now it is a part of Rural Housing Schemes.

3.2.1 Objective of IAY

The main objective of the Indira Awaas Yojana is to help construction/up-gradation of dwelling units for the members of Scheduled Castes/Tribes, the freed bonded labourers in rural areas and also for the non-Scheduled Caste/Tribe rural poor living below the poverty line by providing them a lump sum grant for the purpose.

3.2.2 IAY: The Target Groups

The main target groups of Indira Awaas Yojana (IAY) till 1992-93 were the members of the Scheduled Castes/Tribes and the freed bonded labourers living below the poverty line in rural areas. Its scope was extended in 1993-94 to cover other groups of the rural poor, subject to the condition that the benefits to non-SCs/STs do not exceed 40% of the total allocation. From 1995-96 its scope was further extended to cover the families of servicemen of the armed and paramilitary forces killed in action irrespective of income criteria subject to the condition that they should:

- be residing in rural areas;
- be houseless or in need of shelter up-gradation and
- not be covered by any other scheme of housing.

Benefits have also been extended to ex-servicemen and the retired members of the paramilitary forces, subject to the condition that they fulfill the normal eligibility conditions of Indira Awaas Yojana. Three percent (3%) of the funds are reserved for the benefit of physically and mentally challenged (disabled) persons living below the poverty line in rural areas.

3.2.3 Identification of Beneficiaries

The process of identifying beneficiaries involves the following considerations/steps:

- District Rural Development Agencies (DRDAs)/Zilla Parishads (ZPs) to decide the number of houses to be constructed/upgraded under IAY scheme panchayat-wise during a particular year.
- This decision has to be based on the allocation made and the target fixed.
- The above decision of DRDA/ZP is conveyed to the Gram Panchayats.
- Gram Panchayats hold Gram Sabha meetings and select beneficiaries for IAY according to the guidelines and the target fixed for them.

- The Gram Panchayat keeps the Panchayat Samiti informed by sending a list of the selected beneficiaries to them. No approval of the Panchayat Samiti is required.

The process of selecting beneficiaries under the scheme involves prioritization. The selection of the beneficiaries is subject to the condition that the households are Below the Poverty Line (BPL).

3.2.5 Protection of Women's Interests

The allotment of houses is in the name of the female member of the beneficiary household. Alternatively, the house is to be allotted jointly in the names of the husband and the wife.

Check Your Progress I

Note: a) Write your answers in the space provided.

b) Check your answers with the model answers provided at the end of the unit.

- 1) In which year did the Indira Awaas Yojana (IAY) become an independent Scheme? What is its main objective?

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- 2) In 1995-96 the scope of IAY was further extended to cover the families of the servicemen of the armed and paramilitary forces killed in action irrespective of the income criteria. What were the conditions attached?

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3.2.6 Functioning of IAY

In order to make IAY effective, it is important that the necessary information regarding the location of houses, cost norms, type of material/technology to be used, fuel efficient chulhas, water supply and sanitation and the involvement of beneficiaries/voluntary organizations is made available to all the concerned. We shall now discuss each one of these concerns in some detail.

Location and design of IAY houses

Houses under the scheme are to be built on individual plots in the main habitation of the village concerned. They can also be built in clusters within a habitation so as to facilitate the development of infrastructure and other common facilities. Care is to be taken to build IAY houses close to the village. Besides safety and security, it would also ensure nearness to work place and social communication. No specific design is prescribed except that the plinth area of the house should be around 20 sq. meters. It is necessary to remember that the main responsibility of constructing the house is that of the beneficiary.

Cost norms and distribution of funds

You know that price levels increase from time to time. This phenomenon has its impact on cost norms to be fixed for the construction of houses under IAY. Taking this into account, the cost norms under IAY have undergone changes from time to time.

The present ceiling on grant of assistance per unit cost under the Indira Awaas Yojana for construction of a new house and upgradation of an unserviceable kutch house is given as under:

		Plain Areas	Hilly/Difficult Areas
(a)	Construction of house including Sanitary latrine and smokeless Chulha	Rs. 35,000/-	Rs. 38,500/-
(b)	Upgradation of un-serviceable households	Rs. 15,000/-	Rs. 15,000/-

Source: GUIDELINES, INDIRA AWAAS YOJANA (Updated up to 31st March, 2009) Government of India, Ministry of Rural Development, Department of Rural Development, Krishi Bhawan

A sanitary latrine and a smokeless chulha are to be provided with each IAY house. Latrines could be constructed away IAY houses on the sites of the beneficiaries. Wherever possible, efforts are to be made to dovetail funds from Total Sanitation Campaign (TSC) for providing sanitary latrines, so that more money may be made available for the construction of IAY houses.

Credit-cum-subsidy for construction/upgrading of unserviceable kutch houses

Up to 20% of the total funds may be utilized for upgrading the existing kutch houses and towards subsidy for the construction of houses with credit from Banks/ Financial Institutions. If the amount earmarked for credit-cum-subsidy for upgrading the kutch houses is not spent in full, the balance can be spent on the construction of new IAY houses.

Use of local materials and low cost technology

In order to reduce the cost of construction, efforts are to be made to encourage the use of local material and low cost technology. As far as possible, cement is expected to be substituted by locally manufactured lime and surkhi. However, bricks manufactured by beneficiaries themselves may be used for house construction. This helps in reducing the cost of construction.

Smoke free chulha

You know that shortage of fuel is a problem that the country is faced with. It is because of this that fuel-efficient chulhas have been developed and are manufactured at a number of places. In addition, these chulhas are smoke free, which is good for health. It is, therefore, necessary that every house constructed under the Yojana be provided with fuel-efficient chulha.

Drinking water and sanitation

The agency responsible for implementing IAY has to ensure the availability and supply of drinking water. Wherever other sources of drinking water are not available, a hand pump has to be installed even before the work starts. Funds for such activities are available under the Rural Water Supply and other similar programmes.

Sanitation is an equally important requirement. It is necessary that sanitary latrines be constructed along with the houses. It is also necessary that people are made aware of the use of such latrines. Similarly, an efficient drainage system and other

common facilities need to be developed using the funds for the infrastructure development component of the programme. This will help to keep the environment clean.

Ban on contractors or departmental construction

It is very important to remember that no contractor is now allowed for the construction of the IAY houses. The spirit of the IAY is that the houses are not to be constructed and delivered by any external agency. On the other hand, the houses are to be constructed by the beneficiaries themselves for themselves.

Involvement of voluntary organizations

Beneficiaries need to be motivated to use sanitary latrines and smoke-free chulhas. Non-governmental organizations, help may be taken in promoting and popularizing the use of sanitary latrines and smokeless chulhas.

3.2.7 Implementation of IAY

It is of utmost importance that such a scheme is properly implemented and misutilization of funds and other irregularities are kept to the minimum. Indira Awaas Yojana is implemented through District Rural Development Agencies (DRDAs) or through Zilla Parishads at the district level and Block Samitis at the intermediate level. Gram Panchayats have been assigned the role of identifying the beneficiaries of this scheme. Keeping this in view, IAY provides disclosure of necessary information at various levels viz. Village, Block and District levels.

It is the responsibility of the State Governments to ensure that the programme is being implemented satisfactorily and that the construction of houses is in accordance with the prescribed procedures. Monitoring at the District, Sub-District and Block levels is done by the concerned IAY officers.

3.2.8 Funding of IAY

Indira Awaas Yojana is a Centrally sponsored scheme. It is funded on a cost-sharing basis by the Government of India and the States in the ratio of 75:25. It means that the Central Government provides 75 percent of the funds while the State Government concerned provides 25 percent of the funds. In the case of Union Territories, the Government of India provides 100 percent funding for the scheme. However, in the case of North-Eastern States and Sikkim, funding is shared between the Government of India and these States in the ratio of 90:10 respectively.

Maintenance of accounts

IAY accounts are maintained according to a set procedure. The DRDAs are expected to follow the accounting procedures prescribed by the Ministry of Rural Development.

Evaluation studies

Evaluation is a tool that helps us to know as to whether the objectives of a particular programme have been achieved or not. Concurrent evaluation facilitates mid-term correction while the implementation is in progress. It is, therefore, important that the States/Union Territories conduct periodic evaluation studies. They are also expected to encourage conducting evaluation studies by reputed organizations/institutions. It is also necessary that remedial follow up action be taken on the basis of the outcome of concurrent evaluation. Copies of the reports of these evaluation studies are also to be sent to the Ministry of Rural Development for their information and use.

Check Your Progress II

Note: a) Write your answers in the space provided.

b) Check your answers with the model answers provided at the end of the unit.

1) What was the new dimension added to IAY in 1999-2000?

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2) Who is responsible for the implementation of IAY? What inbuilt mechanism is available to ensure transparency in its implementation?

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3.2.9 Present Status of IAY

In the present form, IAY is one of the very popular schemes of the MoRD and has caught the imagination of the rural people. There is no prescribed design or technology and no contractors are involved. Funds are released in installments directly to the beneficiaries and there is no credit portion as part of the assistance which enable timely release of funds. The beneficiaries construct the houses as per their own choice of design, technology, and requirement. Not surprisingly, evaluation studies reveal high levels of occupancy and satisfaction. This participation makes the scheme even more meaningful

The unit assistance of Rs 25000 per dwelling in the plain areas and Rs 27500 in the tribal and hilly areas is not adequate and beneficiaries have to contribute at least by way of their own labour for completion of the house. This participation makes the scheme even more meaningful.

The funds for the IAY scheme are shared between the Central and the State Government in the ratio of 75:25. The Central budget is allocated to the States based on a 75% weightage to housing shortage and 25% weightage to poverty ratio. Similarly the district allocation is based on a 75% weightage to housing shortage and 25% to the share of SC/ST population. To introduce transparency, the selection of beneficiaries which was being done through the Gram Sabhas is now expected to be from the permanent IAY waitlists.

These lists are prepared based on the ranking given to families as part of the BPL Census 2002. Further, 60% of the IAY funds are earmarked for SC/STs, 3% for persons with disability, and 15% for minorities. It is expected that all houses will be sanctioned in the name of women or jointly with the husband. These provisions have enabled effective targeting of the weaker sections and the scheme has succeeded in empowering the poorest.

Adequacy of Houses and Tackling Shelterlessness

For the Eleventh Plan, however, focus could be on targeting the poorest of the poor as far as IAY is concerned while targeting the remaining shortage with other interventions. Hence for the purpose of IAY the shortage emerging due to factors of (i) houseless, and (ii) unserviceable kutchra house could be tackled. With these factors, the estimate of housing shortage for 2001 stands at 148.6 lakh houses and for 2007 at 159.5 lakh houses. Hence a target of constructing about 150 lakh houses under IAY needs to be fixed for the Eleventh Plan.

Key Issues and Strategic Interventions of IAY

(i) Selection of Beneficiaries

Though selection had to be done by the gram sabhas, studies have revealed that 25% to 50% of the beneficiaries are not being selected through the Gram Sabhas. Further, the selection as well as allocation among Panchayats has been influenced by the PRIs/ MLAs. The vocal and active segments of beneficiaries influence the selection process because of the limited allotment under IAY. In the process, the poorest among BPL households are left out, and non-BPL families also get selected for the IAY houses. Besides, collection of illegal gratification of selection by PRIs is a common complaint often heard at the field level, as brought to light by the several studies. Moreover, only beneficiaries who have house-sites are selected and thus, the very poor who do not have a plot of land get out from the purview of the scheme. This is a serious problem, since these are the people who are the most vulnerable. Some 8 million of the 14 million houseless are actually those who have no land, or live on homes located on land belonging to others (e.g., landlords, public land, etc.). The focus of the IAY programme must be on the houseless (e.g., such communities as the Saharyas, Musahars, the so called denotified tribes, those living on canal bunds or roads, and other such who are seen to be at the bottom of the social ladder.

(ii) Adequacy of Unit Cost

Inadequacy of cash assistance for construction has resulted in poor quality of house, non-fulfillment of requirements of the disaster-prone areas, and debt trap on account of the beneficiaries having to borrow funds to complete the construction of a pucca house. Several examples have been reported of poor quality of construction, sagging foundation, use of temporary materials for roofing or leaving the construction incomplete because of inadequate finance. Even after contributing their labour and borrowing from local sources, a significant number of families are not able to complete the house in all respects, and most houses remain without plastering or flooring.

There is an urgent need to increase the unit cost from the present level of Rs 25000 for plain areas and Rs 27500 for hilly areas.

(iii) Structural Facilities and Provision of Infrastructure

Studies have revealed that only about 50% of IAY houses have sanitary latrines and even a lesser percentage have installed smokeless chullas. IAY, need to succeed in building of smokeless chulhas and of sanitary latrines.

The quality of life may not improve despite the construction of new houses unless there is provision for infrastructure. There is a need to provide a minimum level of infrastructure such as internal road, drainage, water supply stand post, along with the provision of houses by way of convergence of schemes.

Based on multidimensional approach and strategic interventions, specific initiatives can be taken up, as listed below.

1. The IAY funds are being released directly to DRDAs for further disbursement. But it has been observed that there is no uniformity in disbursing the amount to the beneficiaries. To streamline the process as well as also speedy disbursement to the beneficiaries which may also speed up physical progress, implementing agencies of IAY at district level may be advised to disburse the amount directly to beneficiaries by depositing in bank accounts as far as possible.
2. To ensure transparency and fair selection of beneficiaries, all State Governments have either finalized or are in the process of finalizing permanent IAY waitlist in such a manner that the poorest of the poor get the top slot.
3. 164.00 lakh houses have been constructed under IAY till date to provide shelter to the poor, still the poorest of the poor may fail to take benefit under the scheme because of their being landless people in the rural areas. To ensure social and economic equity, it is necessary to reach out to these people. State should acquire land and distribute homestead plots. Funds for this may be provided by the government.

3.3 LET US SUM UP

This unit gave us detailed information about Indira Awaas Yojana (IAY). The main points discussed in this unit are the importance and objectives of these schemes, the procedures used for identifying the beneficiaries and the various aspects of their functioning and implementation.

The Indira Awaas Yojana is designed primarily to provide free housing to the members of the Scheduled Castes/Tribes, the freed bonded labourers and other categories of the rural poor. It is expected that a thorough understanding of these schemes would help a development functionary or a student of rural development play an effective role in solving the basic problems of housing in rural India.

3.4 KEY WORDS/EXPRESSIONS

- Beneficiaries** : Persons who are supposed to benefit from a particular programme/scheme.
- Inaccessible Areas** : The areas that are impossible to reach.
- Monitoring** : is the process through which information flow takes place to enable the management to assess the progress of implementation and take timely corrective action, if needed.
- Evaluation** : is the process to determine whether the objectives set for a particular programme/scheme have been achieved or not.

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Eleventh Five Year Plan 2007-12.

3.6 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

- 1) It was on 1st January 1996 that Indira Awaas Yojana became an independent scheme after it was separated from JRY. The main objective of IAY is to help construction of houses free of cost for the members of Scheduled Castes/Tribes, freed bonded labourers in rural areas and also for the non-Scheduled Castes/Tribes rural poor living below the poverty line.
- 2) The conditions attached included that they should be residing in rural areas; be houseless or in need of upgrading their shelters provided they are not covered by any other scheme of housing.

Check Your Progress II

- 1) It included upgrading of unserviceable kutcha houses to semi-pucca or pucca houses having sanitary latrines and smokeless chulhas. It was basically aimed to help a large number of people living in unserviceable kutcha houses in bad conditions to improve their housing conditions. Twenty percent (20%) of the IAY funds have been allocated for this purpose.
- 2) It is being implemented through District Rural Development Agencies (DRDAs) or through Zilla Parishads at the district level and by Block Samitis at the intermediate level. Gram panchayats have been assigned the role of identifying the beneficiaries of this scheme. In order to bring about transparency, IAY provides disclosure of all the necessary information at various levels, viz. Village, Block and District levels. The type of information expected to be available for the public at all these levels among others include, list of beneficiaries, funds allocated for IAY for the village, implementing agencies that take up houses at block level, muster roll details, etc.

BPR-003 : Panchayati Raj Institutions and Anti Poverty Programmes

Block-1: Programmes for Self-wage Employment and Rural Housing

- Unit 1 Swarnjayanti Gram Swarozgar Yojana (SGSY)
- Unit 2 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)
- Unit 3 Indira Awaas Yojna (IAY)

Block-2: Other Development Programmes

- Unit 1 Backward Region Grant Fund (BRGF)
- Unit 2 Prime Minister's Rozgar Yojana (PMRY)
- Unit 3 Rashtriya Mahila Kosh (RMK)

Block-3: Area Based and Other Related Programmes

- Unit 1 Drought Prone Areas Programme (DPAP) & Desert Development Programme (DDP)
- Unit 2 Rural Sanitation
- Unit 3 Wasteland Development and Social Forestry

NOTES:

About the Project

IGNOU through the Ministry of Panchayati Raj and under the sponsorship of United Nations Development Programme (UNDP) undertook a project on '**Capacity Building of PRIs Through a Multi-Mode Training Intervention**' as an attempt at empowering and capacity building of elected members of *Panchayats* and development functionaries. It also aimed at institutionalizing mechanisms to strengthen this capacity building intervention. The Project covered six northern states including **Bihar, Haryana, Madhya Pradesh, Rajasthan, Chhattisgarh** and **Uttarakhand** with the **Indira Gandhi National Open University (IGNOU)** as the implementing agency. The Project envisaged joint action by Government established institutions (SIRDs) and NGOs engaged in Capacity Building of PRIs.

In terms of strategy it involved developing a **suitable learning package through a balanced mix of distance learning and conventional training**; adapting the materials to local requirements and implementing the capacity building intervention through distance mode for the elected members of *Panchayats* and train associated development functionaries through face to face mode through a network of SIRDs and NGOs.

In terms of activities and output of the Project, the Project has been able to prepare a multi-media package consisting of 11 self-learning booklets and six video programmes for distribution among the *Panchayats*; undertook capacity building of Collaborating Institutions (CIs); published of local Governance updates in each participating state; conducted BDOs Symposia and orientation programmes for development functionaries. One of the major activities taken up by the above CIs was to undertake hardware mapping of *Panchayats* in 4 Districts in each participating State. The Diploma in Panchayat Level Administration and Development, planned and developed as a part of academic activities of the School of Continuing Education, was also sponsored under the above Project.

About IGNOU & SOCE

The **Indira Gandhi National Open University**, established by an Act of Parliament in 1985, has emerged as the largest Mega University in the democratic world. The University offers 486 Certificates, Diploma, Degree and Doctoral programmes through its 21 schools of Study, 12 Divisions, 14 Centres, 61 Regional Centres, over 3,000 Study Centres, 67 Partner Institutions spread across 35 countries. Additional help is also sought from about 6,000 experts from conventional universities and other organizations, and about 45,000 part-time academic counselors.

IGNOU caters to learners from rural and tribal areas, disability groups, jails and rehabilitation centres, government and non-governmental organizations, parents and home-makers, the employers and the employed.

One of the mandates of the University is to reach out to the disadvantaged by offering programmes in all parts of the country at affordable cost. IGNOU, the National Resource Centre for Open and Distance Learning with international recognition and presence, is expected to provide seamless access to sustainable **and learner centric quality education, skill upgradation and training** to all by using innovative technologies and methodologies and ensuring convergence of existing systems for massive human resource required for **promoting integrated national development** and global understanding.

The **School of Continuing Education (SOCE)** one of the oldest Schools currently has four disciplines assigned to it by the Academic Council. These include: **Rural Development, Nutritional Sciences, Child Development and; Home Science**. The School has currently on offer Ph.D programmes in three discipline areas, two Master's Degree level programmes, one Post Graduate Diploma, two Diploma Programmes, four Certificate Programmes and four elective and application oriented courses in the above mentioned disciplines.