

## Rural Development

12.1. India's battle against rural poverty is being fought on many fronts simultaneously, with major schemes tackling one or more aspects of the challenge. The total budgetary allocation for all rural development programmes by the Government of India in 2009-10 was Rs.74,270 crores which accounted for 31 per cent of the total Central Budget Plan provision. Rural development programmes cover employment programmes such as Mahatma Gandhi National Rural Employment Guarantee Act and the Swarnjayanti Gram Swarozgar Yojana, housing via the Indira Awaas Yojana, sanitation via the Total Sanitation Campaign, provision of drinking water via the National Rural Drinking Water Programme (described in the Chapter on Water Resources), watershed development via the Integrated Watershed Management Programme (described in the Chapter on Agriculture), road connectivity via the Pradhan Mantri Grameen Sadak Yojana (described in the Chapter on Transport), electrification via the Rajiv Gandhi Grameen Vidyutikaran Yojana (described in the Chapter on Energy) and social security via the National Social Assistance Programme, the Indira Gandhi National Widow Pension Scheme and the Indira Gandhi National Disability Pension Scheme.

12.2. This Chapter reviews many of these initiatives, with special reference to progress in the Eleventh Plan period.

### **Mahatma Gandhi National Rural Employment Guarantee Act**

12.3. The MGNREGA has led to the largest employment programme in human history and is unlike any other in its scale, architecture and thrust. Its bottom-up, people-centred, demand-driven, self-selecting, rights-based design is

new and unprecedented. MGNREGA enjoins the state to provide a guarantee of employment for 100 days every year to each rural household that demands work. It also demands of the people that they participate actively in the design and implementation of the programme. The programme started in February 2006 in the 200 most backward districts of India. It was extended to an additional 130 districts in the first year of the Eleventh Plan in 2007-08 and to the entire country in 2008-09. A brief overview of the performance of MGNREGA is provided in Table 12.1.

12.4. The works undertaken through MGNREGA give priority to activities related to water harvesting, groundwater recharge, drought-proofing, as also the problem of floods. Its focus on eco-restoration and sustainable livelihoods implies that its success should spur private investment by farmers on their lands. This would lead over time to an increase in land productivity generating a natural demand for labour which would automatically reduce dependence on MGNREGA as a source of work. If it can strengthen Panchayati Raj as it is meant to, MGNREGA has profound significance for deepening democracy and governance reform, especially in the remote hinterlands of India, where the democratic fabric has come under strain in recent years.

12.5. Over the last four years, MGNREGA's performance compares favourably with any other anti-poverty initiative India has ever undertaken. It is estimated that in 2009-10, nearly 5 crore families would be provided around 300 crore mandays of work under the programme. This is more than three times the employment created by the rural employment programme in 2006-07. In four years, the

**Table 12.1**  
**Overview of MGNREGA Performance, 2006-10**

	<b>2006-07 (200 districts)</b>	<b>2007-08 (330 districts)</b>	<b>2008-09 (615 districts)</b>	<b>2009-10 (till September; 619 Districts)</b>
Households Employed (crore)	2.10	3.39	4.51	3.26
Mandays of Employment generated (crore)	90.50	143.59	216.32	128.24
Work Provided per year to Households who worked (days)	43.00	42.00	48.00	39.00
Central Release (Rs. crore)	8,640.85	12,610.39	29,939.60	16,006.23
Total Funds Available (including Opening Balance) (Rs. crore)	12,073.55	19,305.81	37,397.06	28,664.31
Budget Outlay (Rs. crore)	11,300.00	12,000.00	30,000.00	39,100.00
Expenditure (Rs. crore)	8,823.35	15,856.89	27,250.10	15,737.40
Average Wage per day (Rs.)	65.00	75.00	84.00	88.00
Total Works taken up (lakhs)	8.35	17.88	27.75	25.21
Works completed (lakhs)	3.87	8.22	12.14	6.39

programme has provided nearly 600 crore mandays of work at a total expenditure of around Rs.70,000 crores.

**12.6.** The share of Scheduled Castes (SC) and Scheduled Tribes (ST) families in the work provided under MGNREGA over the previous four years has ranged between 51-56 per cent and 41-50 per cent of workers have been women. As many as 8.50 lakh differently-abled workers have so far been registered for work. Nearly 9 crore bank/post office accounts of our poorest people have been opened for MGNREGA payments. Around 85 per cent of MGNREGA payments are made through this route, an unprecedented step in the direction of financial inclusion.

### **Performance across States**

**12.7.** Table 12.2 provides a comparative picture of MGNREGA performance across states in 2008-09, the first year when the programme was extended across the entire country for which we have data available for the whole year. One indicator of the success of a demand-driven programme would be its coverage of those asking for work. Unfortunately States have not maintained a record of those asking for work but who did not get it. This makes it difficult to judge the quality of the guarantee element in MGNREGA, its most powerful distinguishing feature. Another indicator of success is the intensity of work provided, which refers to the number of days of

work given to those who got any work. The national average intensity of work was 48 days. As many as 15 states fall below the national average. Only 14 per cent worker households completed 100 days of work.

**12.8.** It is relevant to ask whether relatively low provision of work reflects lack of demand or ineffectiveness in being able to meet demand. In certain States, the low number of days of work is almost certainly a reflection of the universalisation of the programme to the whole country which led to the inclusion of districts where the need and demand for MGNREGA work is low (Kerala and Punjab are examples of this). But there are many states where demand was expected to be high but which have not performed well – such as the high out-migration states of Orissa and Bihar, as also states such as Uttarakhand and Karnataka, which appear to have not given the due attention to energise MGNREGA. It should be possible to form a judgment on this if States start maintaining data on how many failed to get work of those who asked for it.

**12.9.** One way of assessing the relative performance of different States is to compare the share of States in mandays generated under MGNREGA with their share in rural BPL households in India. It is reasonable to assume that a State's share in mandays of work generated nationally should be commensurate with its share in rural BPL households. Such

**Table 12.2**  
**State-wise MGNREGA Performance in 2008-09**

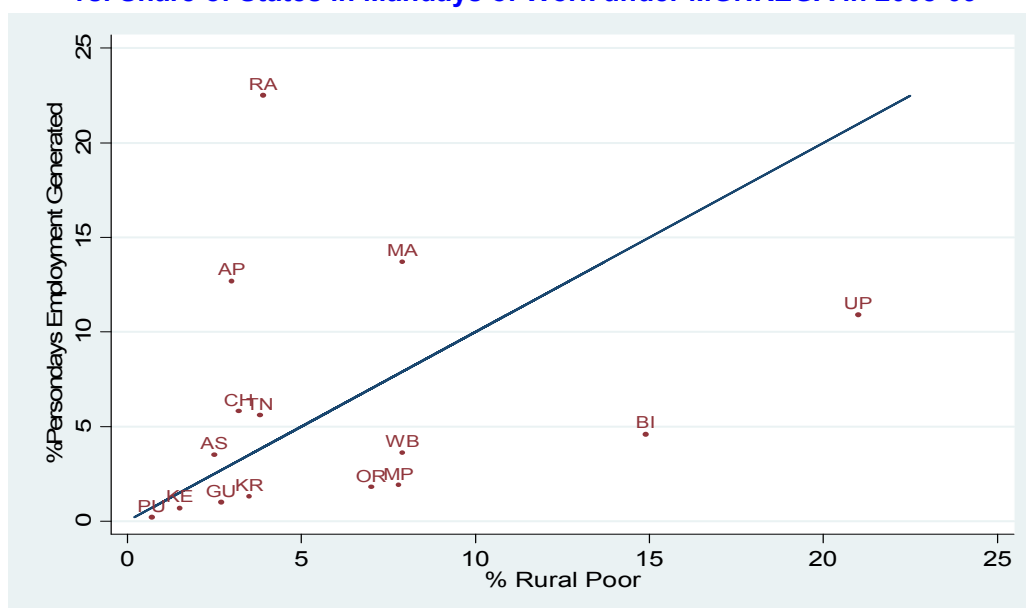
No.	State	Average Days of Work Provided per Households who got Work	Mandays of Work (Lakhs)		Expenditure (Rs. Crore)		Households Provided with Work (Lakhs)	
1	Rajasthan	76	4,827	22%	6,171	23%	63	14%
2	Mizoram	73	125	1%	159	1%	2	0%
3	Nagaland	68	203	1%	272	1%	3	1%
4	Manipur	64	237	1%	300	1%	4	1%
5	Tripura	60	328	2%	452	2%	5	1%
6	Madhya Pradesh	57	2,947	14%	3,551	13%	52	12%
7	Chhattisgarh	55	1,244	6%	1,434	5%	23	5%
8	Arunachal Pradesh	54	14	0%	15	0%	0	0%
9	Uttar Pradesh	54	2,341	11%	3,582	13%	43	10%
10	Sikkim	49	25	0%	44	0%	1	0%
11	Andhra Pradesh	48	2,735	13%	2,964	11%	57	13%
12	Jharkhand	48	750	3%	1,327	5%	16	4%
13	Himachal Pradesh	46	204	1%	332	1%	4	1%
14	Maharashtra	45	400	2%	338	1%	9	2%
15	Haryana	43	69	0%	110	0%	2	0%
16	Assam	40	749	3%	950	4%	19	4%
17	Meghalaya	38	86	0%	89	0%	2	1%
18	Tamil Nadu	38	1,199	6%	1,004	4%	31	7%
19	Jammu & Kashmir	36	61	0%	66	0%	2	0%
20	Uttarakhand	35	104	0%	136	1%	3	1%
21	Orissa	35	381	2%	597	2%	11	2%
22	Karnataka	32	289	1%	358	1%	9	2%
23	Punjab	31	40	0%	72	0%	1	0%
24	West Bengal	26	764	4%	911	3%	30	7%
25	Bihar	26	991	5%	1,320	5%	38	9%
26	Gujarat	25	213	1%	196	1%	9	2%
27	Kerala	22	154	1%	224	1%	7	2%
	<b>All India</b>	<b>48</b>	<b>21,479</b>	<b>100%</b>	<b>26,975</b>	<b>100%</b>	<b>445</b>	<b>100%</b>

States would fall on the 45 degree line in Figure 12.1. States which lie above the 45 degree line are doing better than expected and those below this line can be said to be underperforming. On this basis, Uttar Pradesh and Bihar emerge as the worst performers as their share in rural BPL households is about 10 per cent higher than their share in employment generated under MGNREGA. West Bengal, Orissa, Madhya Pradesh, Gujarat and Karnataka show a similar 5 per cent gap. On the other hand, Rajasthan and Andhra Pradesh have a much higher share in work generated under MGNREGA than their share in national rural poverty. This differential performance reflects differences in

organisational and institutional capabilities, as also in attention paid to MGNREGA.

**12.10.** A major reason for poor performance in states where poverty is otherwise high, could be the lack of awareness among potential MGNREGA workers regarding their entitlements and about the unique architecture of the Act. The belief among the rural poor that they will get work only when government decides to “open” work is still prevalent in many areas. Without a dedicated cadre of social mobilisers at the Gram Panchayat (GP) level to make people aware of the unique demand-driven character of MGNREGA, this situation will prove hard to change.

**Figure 12.1**  
**Share of States in Rural BPL Households**  
**vs. Share of States in Mandays of Work under MGNREGA in 2008-09**



**12.11.** An interesting aspect of the uneven performance across States is the coverage of women. Kerala, Tamil Nadu and Rajasthan provided more than two-thirds of their work to women (Table 12.3). On the other hand, nine states failed to meet the stipulated one-third mark for women workers. The worst performers were Jammu and Kashmir (6 per cent) and Uttar Pradesh (18 per cent).

### Quality of Works

**12.12.** A critical issue in evaluating MGNREGA relates to the quality of the work executed. The great hope (as reflected in the main objectives of the Act) was that greater water security and drought and flood proofing would be realised. The Act requires the choice of work to be made by the PRIs in order to ensure ownership by the community and so that works reflect their needs and priorities. However, for the works to lead to the creation of truly productive assets they need to be well planned with adequate technical support. This demands a harmonious blending of plans made by PRIs with a broad framework provided by district and state level agencies. While there have been a few successes in this regard, these remain oases of excellence.

**12.13.** Experience thus far suggests that the quality of works undertaken in MGNREGA has yet to come up to expectations both in terms of PRI involvement and also in terms of technical soundness of design. Work priorities in many states tend to follow orders from the state or district level rather than reflecting the needs and aspirations of the community. The required technical input is also inadequate. Part of the problem is the lack of supporting technical staff. During 2009-10 (upto September 2009), 25.21 lakh works have already been taken up under MGNREGA, which will increase further in the course of the year. But, there are only 21,533 Engineers/Technical Assistants (TAs) in position to execute these works. It means that an average of 117 works per Engineer/TA. Managing overwhelming numbers could be one of the reasons why a high percentage of works is left incomplete. The total number of works taken up under MGNREGA from February 2006 to September 2009 was over 79 lakhs but only 31 lakh i.e., 39 per cent were completed. Demanding programme like MGNREGA requires full-time, dedicated staff. But it is observed that while Programme Officers are in place in most blocks, many of these are holding "additional charge". A demanding programme like MGNREGA requires full-time, dedicated staff.

**12.14.** It is also clear that without a dedicated cadre of social mobilisers, the participation of the marginalised – SC/STs, women and the poor -- will remain peripheral to decision-making in Gram Sabhas and Gram Panchayats. While the target of one Employment Guarantee Assistant (EGA) has just about been achieved, what is required is at least one EGA per village, especially in blocks where there is high demand for MGNREGA work. In addition, one “barefoot” social mobiliser would be needed in each village for awareness generation, facilitating demand for work, thrashing out social aspects of micro-planning, forming and mobilising vigilance committees, helping in social audits, grievance redressal and conflict resolution. There is also a case for a barefoot engineer at the village level who works under the guidance of the Technical Assistants to help out with the technical surveys and readings, worksite layouts and maintenance of technical records.

**12.15.** The best way of ensuring that adequate human resources are made available is to stipulate that a definite proportion of the 6 per cent now allotted for administrative costs is spent on professional support at the block level and below. Since not more than 3 per cent of administrative costs on average are being utilised currently, there is ample scope to improve performance if this money were to be properly utilised. The States should have flexibility in exactly how they spend this amount.

**12.16.** One way could be to deploy three Cluster Level Teams of sufficient personnel – both technical and those involved in social mobilisation – in each cluster of roughly 30 villages (each block in India covers an average of 90 villages). Such a cluster would also correspond broadly to the boundaries of milliwatersheds and aquifers, which must become the basis of planning works under MGNREGA. Each Cluster Level Team would service all the GPs within its cluster. It is important to hire professionals from the open market, following established procedures for high-quality recruitment. The technical personnel would

- Make bottom-up planning more effective and support development of plans for convergence that could potentially result in improvements in agricultural productivity

and creation of sustainable livelihoods on the foundation of the water infrastructure created through MGNREGA

- Ensure measurement of works is more timely, thereby overcoming the major cause of delays in payment.

**Table 12.3**  
**Coverage of Women under MGNREGA,**  
**2008-09**

	State	Women as per cent of Persons Employed
1	Kerala	85
2	Tamil Nadu	80
3	Rajasthan	67
4	Andhra Pradesh	58
5	Tripura	51
6	Karnataka	50
7	Chhattisgarh	47
8	Maharashtra	46
9	Manipur	46
10	Gujarat	43
11	Madhya Pradesh	43
12	Meghalaya	41
13	Orissa	40
14	Himachal Pradesh	39
15	Sikkim	38
16	Uttarakhand	37
17	Mizoram	37
18	Nagaland	37
19	Haryana	31
20	Bihar	30
21	Jharkhand	29
22	Assam	27
23	West Bengal	27
24	Arunachal Pradesh	26
25	Punjab	25
26	Uttar Pradesh	18
27	Jammu & Kashmir	6
	<b>All India</b>	<b>48</b>

**12.17.** The social mobilisers would:

- Help generate greater awareness among MGNREGA workers about their entitlements thus creating more demand for work and
- Strengthen the process of social audits, thereby creating greater transparency and accountability in the program



### Capacity Building for MGNREGA

**12.18.** To implement the above reform it will be necessary to develop the required capacities. However, we neither have enough people available with requisite skill-sets nor do existing personnel have the necessary capacities, especially at the cutting-edge level of MGNREGA implementation. For example, we need nearly 6 lakh Employment Guarantee Assistants and over 50,000 each of Social Mobilisers and Technical Assistants. This requires a national effort to build capacities of MGNREGA functionaries at the block-level and below.

**12.19.** To build capacities, the Government could seriously consider recognising a one-year diploma course on MGNREGA, conducted by the whole range of government and non-government training institutions spread across the country. At least 1 out of the 6 per cent administrative costs needs to be mandatorily earmarked for capacity building. This is the standard practice in most large programmes (Integrated watershed Development Programme provides 5 per cent of total project cost). MGNREGA is perhaps our only major programme that does not stipulate a precise amount to be spent on capacity building.

**12.20.** In addition, the National Institute of Rural Development (NIRD) and State Institute of Rural Development (SIRD), as well as Capacity for Advancement of People's Action and Rural Technology (CAPART), should be revamped, so that they work in partnership with experienced civil society institutions in order to lead the national training effort. Major inputs are required for the programme from agencies such as the National Rainfed Areas Authority (NRAA), especially in the rainfed dry-lands of India.

### Delays in Payments: Use of IT

**12.21.** Delays in wage payments have emerged as the most frequently heard complaint under MGNREGA. At times payments have not been made even after nine months and workers are rarely being paid compensation for the delay. The major reason for delay is that measurements of work are not being made on time. This is, mainly due to lack

of adequate technical staff at the block level. Besides, there are also bottlenecks in the flow of funds through the system, at times (as in Orissa) because data on the Management Information System (MIS) is not being filled up in time.

**12.22.** The MIS currently used by MGNREGA is one of the best we have ever had. More than 2 crore muster rolls and nearly 9 crore job cards have been placed online. There is however, scope for further improvement as shown by the software used in Andhra Pradesh. For instance, the present MGNREGA MIS used in most states is not able to raise an alert on delays in wage payments because data are normally updated post-facto. By contrast, wage payments in Andhra Pradesh are increasingly being made within a week of completion of the previous week's work (see Box 12.1). All States need to move in that direction.

### Social Audits

**12.23.** Initially it appeared that instances of corruption under MGNREGA were less frequent than in similar programmes in the past. But it appears that the "system" has fairly quickly devised creative ways around MGNREGA safeguards. There are instances both of "elite capture" of job cards and of fake muster rolls resulting in leakages to vested interests. The problem has been compounded because workers are unable to travel long distances to get their payments from banks/post offices (POs), where they also face harassment at the hands of undoubtedly overworked officials. In such cases, especially common in sparsely populated tribal areas, "middlemen" have stepped in. They get hold of job cards of workers unable to travel to banks and in alleged collusion with bank officials swindle the money. Cases have also been reported where powerful middlemen cornered ATM cards issued by banks to MGNREGA workers and drew out cash from ATM counters. Thus, a measure to reduce corruption (ban on payments in cash and mandatory account opening of MGNREGA workers) has not yielded the expected results mainly because of inadequate density of banks/POs, as also shortage of staff in banks/POs. In other instances, there have been reports of fake and hand-written bills for materials used in MGNREGA works,

exaggerated claims, use of substandard material and payment by cash or bearer cheque. These represent violations of government orders outlining strict norms for sourcing supplies only through registered firms, inviting open tenders for purchases etc.

**12.24.** Some malpractices are bound to surface in a highly decentralised programme but it is necessary to evolve a multi-pronged

as Andhra Pradesh Society for Social Audit (APSSAT). Without this two-pronged approach there is a danger of a repeat of the Rajasthan experience of the MKSS, where the process has been repeatedly thwarted by violent opposition from vested interests. All States need to study the Andhra experience and learn to replicate it in an appropriate location-specific manner.

#### **Box 12.1** **Andhra Pradesh Software Allows MGNREGA Payments within a Week**

Since the computer system in Andhra Pradesh is tightly integrated end-to-end, any work registered in the system is alive, status-visible and amenable to tracking. Delays at any stage can be immediately identified and corrected. The system keeps track of work from when the work-ID is generated and flags delays in the payment cycle as soon as they occur. Because the network secures all levels from the ground up to the State headquarters and data are transparently and immediately available on the website, a delay at any stage is instantly noticed by the monitoring system.

By the last (sixth) day in a week's work, the measurement sheets and muster rolls of the entire week are closed and reach the *mandal* (sub block) computer centre. The next day, the muster data are fed into the computer. On day eight, the pay order is generated by the computer and the cheques are prepared. By day ten, these cheques are deposited into the post office accounts of workers. The next day cash is conveyed to the post office so that on days 12 and 13, workers are able to access their wages from their accounts. All payments to labour are made only through these accounts; there are no payments in cash. The free availability of this information on the website also facilitates public scrutiny, thus engendering greater transparency and better social audit.

response to put an effective end to them. The process of social audit which is the *differentia specifica* of MGNREGA has the potential to deal with this problem effectively. Unfortunately social audit has been conspicuous by its absence in most states. The problem seems to be deeply entrenched corruption in the field bureaucracy that resists any mechanism of enforcing accountability. Where political leadership has taken the lead and developed partnerships with civil society, social audit has taken off (see Box 12.2)

**12.25.** The success of social audits in Andhra Pradesh results from the unique partnership between the Mazdoor Kisan Shakti Sangathan (MKSS) and the State Government. Nevertheless, it remains a largely top-down approach and needs to be complemented by a greater mobilisation from below by civil society, which can be facilitated by organizations such

#### **Greater Space for Civil Society Action**

**12.26.** There is an urgent need to widen the space for civil society action in support of MGNREGA, whether it is helping Gram Panchayats to plan, implement and conduct social audit of MGNREGA works, or for generating greater awareness among workers about their entitlements under the Act. The best way to go forward on this is to convert CAPART into a truly professional organisation that facilitates civil society action in partnership with the PRIs. This would help create greater awareness among MGNREGA workers about provisions of the Act, preparation of better convergence plans by PRIs, improved quality of works and strengthen the process of social audits, thereby creating greater transparency and accountability in the programme. As explained below, steps in this direction have recently been initiated.

### Ombudsmen at the District-level: Grievance Redressal

12.27. An important step taken towards the end of 2009 was to appoint persons of eminence and proven integrity as Ombudsmen in every district to ensure redressal of grievances and disposal of complaints under MGNREGA. The Ombudsmen are independent of the jurisdiction of the Central or State Government. The powers of Ombudsmen will include

- Receiving complaints from MGNREGA workers and others
- Considering such complaints and facilitate their disposal in accordance with law
- Requiring the MGNREGA official complained against to provide any information or furnish certified copies of any document relating to the subject matter of the complaint which is in his possession

- Issuing directions for conducting spot investigation
- Lodging FIRs against the erring parties
- Initiating proceedings suo moto in the event of any circumstance arising within his jurisdiction that may cause any grievance
- Engaging experts for facilitating the disposal of the complaint and
- Directing redressal, disciplinary and punitive actions.

### Special Problems of Tribal Areas

12.28. In tribal regions, degraded catchment areas needing treatment through MGNREGA tend to fall in land under the Forest Department. There has been great difficulty in working on these lands and progress has been very slow. In view of the growing Maoist activities in such areas, this is a matter of grave concern. Steps need to be taken to ensure that this work proceeds apace and the Forest Department

#### Box 12.2

#### Social Audit in Andhra Pradesh: A Success Story

Social audit in Andhra Pradesh begins with filing of applications for MGNREGA records under the Right to Information Act by district resource persons designated by the government. Rules stipulate that “concerned officials shall provide the information requested for without fail within seven days of the receipt of the application.” In every village, teams of energetic literate youth, who usually belonging to the families of MGNREGA workers themselves, are trained in social audit processes, and go from door-to-door authenticating muster rolls, check out worksites, record written statements of workers and conduct meetings. The social audit process culminates in a public meeting at the *mandal* (sub-block) headquarters attended by people from every village, their elected representatives, the media, MGNREGA functionaries concerned and senior government officers. At this meeting, village-wise social audit findings are read out, workers testify and the officials concerned respond to the issues raised by giving an explanation about their actions under complaint and by specifying the nature of remedial action they will take in what time period. A number of corrective or disciplinary actions are taken during the meeting itself. Social audit rules specify that an “action taken report shall be filed by the Programme Officer within a month of the social audit being conducted and the same shall be communicated to the Gram Sabha.” In addition, there is a rigorous follow-up where social audit teams go back to their villages every 15 days after the mandal public meeting to ensure that the decisions taken are actually enforced.

One full round of this process has now been completed in over 50,000 habitations. In several habitations, second and third rounds have also been concluded. Around 50,000 trained village youth are conducting this social audit that has already covered nearly 20 million people. Around Rs.4 crore of misappropriated funds have been recovered. On many occasions, errant officials have “voluntarily” returned money to workers at the mandal public meeting itself. The palpable impact on rural governance of such a spectacle, which invariably continues uninterrupted for 10-12 hours, is easy to imagine. Action has been initiated against thousands of officials and a number of criminal cases have been instituted. Nearly 80 lakh MGNREGA records have been publicly scrutinised under the RTI. Independent studies reveal that awareness about the detailed provisions of MGNREGA has risen dramatically among workers. The setting up of the Andhra Pradesh Society for Social Audit and Transparency (APSSAT) is a major step in the direction of institutionalising the process of social audit in Andhra Pradesh and ensuring independence of the auditor from the implementer.



provides its fullest and most expeditious cooperation in this regard. Quicker disposal of claims under the Forest Rights Act would also facilitate MGNREGA work on these lands. This would foster greater involvement of tribal people in MGNREGA planning and implementation, more water and livelihood security and genuine decentralisation of governance in tribal areas, which would together constitute a powerful response to the challenge posed by the Maoists.

### **Partnership with UIDAI and the Banking Correspondent (BC) Model**

**12.29.** A partnership with the Unique Identification Authority of India (UIDAI) and adopting the BC model is poised to help tackle key problems of MGNREGA. UID numbers are expected to start rolling out in 2011(Box 12.3) The UID number, coupled with biometric identification, will solve the problem of fake job

cards and muster rolls as both these documents will show the UID number of the worker. The “non-repudiation” feature of UID will be a further check on leakages as the MGNREGA worker will biometrically confirm receipt after the payment has been made. By the end of the Eleventh Plan period, BCs should cover every GP in India not serviced by a bank.

**12.30.** The proposed UIDAI Civil Society Outreach Programme will facilitate a robust UIDAI-MGNREGA partnership by ensuring inclusion of the most vulnerable sections living in remote areas. It will also help roll out pilots that could build adequate safeguards to take care of teething problems and concerns of civil society and legal experts about the process.

### **Special Needs of the Differently-Abled**

**12.31.** MGNREGA promised an Act that was

#### **Box 12.3**

#### **Banking Correspondents and the UID**

Banking Correspondents will carry a handheld computer device and a mobile phone with biometric identification facilities. Each beneficiary will have a “UID bank account”. The UID will maintain a translation table (with the National Payments Corporation of India) which will map the UID number to the UID bank account. This makes everyone’s bank account addressable. The Government of India will direct all current and future payments which are given directly to individuals to this UID bank account MGNREGA payments, pensions, JSY payments, wages paid to ASHAs, IAY payments etc. The GoI will also encourage State Governments to use the same ‘pipe’. This will bring benefits (including MGNREGA wages) to the doorstep resulting in an unprecedented scale and quality of financial inclusion.

It is important here to use an open, inter-operable architecture. The lack of inter-operability between government programmes means that beneficiaries have to collect different payments from different agencies. The distance beneficiaries are required to travel to various agencies for their money incurs opportunity costs as well as travel expenses. The lack of information on when payments have arrived gives rise to middlemen, who pass on this information to beneficiaries for a fee. The costly cash handling processes, cumbersome identity verification processes and high transaction volumes create inefficiencies across the system, delayed payments and long waiting times. These limitations force the poor to withdraw the entire amount due to them from the bank, to avoid recurring visits.

The UID number will enable banking institutions to create UID-linked, no-frills bank accounts that allow electronic transactions, which can be accessed through the mobile phone. Such a UID-enabled micro payments infrastructure addresses existing challenges we face in bringing finance to the poor. Banking institutions would be able to easily and accurately verify the identity of residents. With UID-enabled biometric authentication, such verification would be possible over phone and online. Aligning reduced KYC requirements of no-frills accounts with UID Know-Your-Resident (KYR) standards and biometric authentication ensures that anyone with a UID is eligible for a UID-enabled Bank Account. The cost of customer acquisition for banking institutions would then come down dramatically. Additionally, the UID system of biometric authentication ensures that once the UID number is integrated with the BC model, only an eligible beneficiary and BC can transact on a given bank account. This simplifies and strengthens the security of transactions. A back-end switch which enables a Rs. 10 transaction for a cost of say, 10 paise would help build a high-volume, low-cost model that all stakeholders benefit from.

friendly to the differently-abled. While 8.50 lakh differently-abled workers have so far been registered for MGNREGA work, only 19 per cent of them have actually got work. Madhya Pradesh is the only State that has moved decisively by issuing specific orders enabling people with different kinds of disabilities to be employed on MGNREGA worksites on carefully specified kinds of matching work. Other states need to follow the example set by Madhya Pradesh in this regard.

### **Statutory Minimum Wages: New Schedule of Rates**

**12.32.** One of the deficiencies in MGNREGA relates to reports from various parts of the country of workers earning less than statutory minimum wages. The main reason for lower than statutory wages in many states is that payments are still based on work done that is measured using outmoded schedules of rates (SoRs), which were appropriate for a contractor-led, machine-based system of implementation. In the absence of machines, the application of these SoRs inevitably leads to underpayment. Another problem is that existing SoRs make inadequate provisions for variations in geology and climate, discriminate against women, tend to underpay workers by lumping various activities together and do not revise rates in line with increments in statutory minimum wages. Deploying the old SoRs also makes it impossible for implementers like Gram Panchayats to correctly cost works undertaken by them. The result is a varying combination of malpractices -- more work is shown than actually undertaken on the ground, poor quality of work takes place, works are left incomplete as actual costs exceed sanctions, labour is underpaid and bogus workers are shown as paid while machines actually do the work. Gujarat, Andhra Pradesh, Tamil Nadu, Bihar, Orissa, Karnataka and Uttar Pradesh have undertaken fresh time and motion studies to revise their SoRs. Other states must also follow suit.

**12.33.** The Ministry of Rural Development has notified revision of MGNREGA wages to Rs.100 per day in December 2009 for States which were below this level. Now 27 States and Union Territories are paying Rs.100 or more. The Department of Statistics and Programme

Implementation has been asked to set up an Expert Group to develop a separate price index for MGNREGA wages so that the real level contributed by the central government could be pegged at Rs.100 per day. The SoRs also need to be indexed to the wage level, so that each rise in inflation-indexed wages is accompanied by an automatic adjustment in the SoRs.

### **Mission MGNREGA**

**12.34.** For all the reforms outlined above to be carried out effectively, we need a "Mission MGNREGA" within the Ministry of Rural Development. At present, just one Joint Secretary manages this massive employment programme. Coordinating and monitoring the implementation of the programme by the States should remain the function of the Department of Rural Development, although evaluation, social audit, grievance redressal, IT innovations and human resource deployment and development demand a full-fledged Mission that works independently to support the implementer. This would enable

- More credible and sustained studies and evaluations of MGNREGA
- Speeding up better IT innovations resulting in real-time monitoring
- Deployment of more professional human resources as also high quality capacity building, resulting in better assets and improved, enduring outcomes
- Better social audit and grievance redressal
- Charting out a course for further MGNREGA reform

**12.35.** These "soft" elements will determine the quality of outcomes achieved through MGNREGA works and help realise the true potential of the Act.

### **Ultimate Potential of MGNREGA**

**12.36.** The ultimate potential of MGNREGA lies in a renewed focus on improving the productivity of agriculture and convergence to engender allied sustainable livelihoods. Millions of small and marginal farmers forced to work under MGNREGA because the productivity of their own farms is no longer enough to make

ends meet. Among agricultural labour households in India, the percentage of those who own land is around 50 in Rajasthan and Madhya Pradesh, 60 in Orissa and Uttar Pradesh and over 70 in Chhattisgarh and Jharkhand. And if we focus on tribals, the proportion shoots up to as high as 76-87 per cent in Chhattisgarh, Jharkhand and Rajasthan. MGNREGA will become really powerful in the real sense when it helps rebuild this decimated productivity of small farms and allows these people to return to full-time farming, thereby also reducing the load on MGNREGA.

**12.37.** There are many such examples to be found under MGNREGA, although they still remain small in number. For example, the First Annual Report of the National Consortium of Civil Society Organisations on MGNREGA (2009) has reported that earthen dams on common land have recharged wells of thousands of poor farmers who earlier worked as labourers to build these dams. These farmers are now busy making a series of investments to improve their own farms. Rising incomes also improve capacity utilisation and happier expectations act as incentives for more investment. Under MGNREGA, farmers have come back to land they long abandoned, as increased output, in an atmosphere of renewed hope, spurs further investment. Converging MGNREGA with other programmes for rural livelihoods would carry this momentum forward in a positive upward spiral, which will broad-base the growth process via downstream multiplier-accelerator effects.

**12.38.** It has recently been notified that MGNREGA work will now be permitted on the lands of small and marginal farmers, provided work on lands of SCs/STs has been first saturated. This is a very positive step that would also help better achieve more days of work to more job card holders. New guidelines on convergence of MGNREGA with other government programs have also been issued. Convergence can help realise the MGNREGA promise of sustainable livelihoods. Convergence can also facilitate even more flexibility in choice of works to suit the specific conditions of states such as Bihar, for example, where earthen works may be less appropriate in flood-prone districts than stone masonry

structures. However, the present guidelines are too focused on top-down inter-departmental convergence. The danger presently is that either departments will be unwilling to converge with MGNREGA because of provisions such as social audit or they will do so in a manner that violates the radical provisions of MGNREGA. The emphasis has to be on PRI-led convergence that does not compromise the unique architecture of MGNREGA implementation.

### The Way Forward

**12.39.** There is an urgent requirement for a clear set of guidelines on the use of the 6 per cent administrative costs provided under MGNREGA. Proper utilisation of this amount holds the key to infusing MGNREGA outcomes with genuine quality.

**12.40.** The most important uses to which this amount must be put are:

- Deployment of Cluster Level Teams for each cluster of around 30 villages
- Capacity building of these personnel
- Technical support for better convergence and creation of sustainable livelihoods
- Strengthening and improving IT systems
- Additional personnel for banks/POs till the BC model comes up
- Monitoring, evaluation, social audit and grievance redressal
- Time and motion studies to revise SoRs in states where this is yet to be done

**12.41.** Since States are not spending more than 3 per cent on an average on administrative costs, these reforms can easily be afforded and put in place. Once proper use of the 6 per cent is achieved, the amount could be raised, with clear guidelines for use of the money across heads. These costs could also be redesignated as “professional support costs” rather than “administrative costs” to send out the appropriate message.

### Swarnjayanti Gram Swarozgar Yojana (SGSY)

**12.42.** The SGSY is a self employment programme operational in April 1999 after restructuring and combining the Integrated Rural Development Programme (IRDP) with other allied programmes. SGSY aims to bring the assisted poor families above the poverty line by supporting income-generating activities through a combination of bank credit and government subsidy. An important change from the IRDP approach was the shift away from supporting individuals towards formation of Self Help Groups (SHGs), organisations of the poor at the grassroots, through a process of social mobilisation. Community action and group dynamics are expected to transform outcomes and also make banks recognise the rural poor as credit-worthy and financially accountable units.

**12.43.** Assistance under SGSY is given in the form of credit by the banks with a back-ended subsidy by the government. Emphasis is laid on micro-enterprise development with effective forward and backward linkages, to ensure best returns on investment. 50 per cent benefits are reserved for scheduled castes/scheduled tribes (SCs/STs), 15 per cent for minorities and 3 per cent for differently-abled people. In addition, 50 per cent of the groups formed in each block are expected to be exclusively for women who will account for at least 40 per cent of the Swarozgaris.

**12.44.** The SHG-Bank Linkage (SBL) approach involves the formation of self-help groups (mainly of women). These women regularly save money that is placed in a local (generally public sector) bank account. Many studies have shown that creation of a safe avenue for savings (on which interest is earned) is an attractive feature of SHGs, which has led to significant promotion of savings. The SHG has a set of bye-laws devised and agreed by the members themselves. These include rules for monthly savings, lending procedures, periodicity and timing of meetings, penalties for default etc. Meticulous accounts and records are maintained. The SHG itself functions like a small bank. The group lends money to its members. After a certain period (six months to

a year) of disciplined functioning, it becomes entitled to a loan from the bank where it has an account.

### Physical and Financial Progress

**12.45.** The financial and physical performance of SGSY since its inception in 1999 is summarised in Table 12.4. About 35 lakh SHGs have been formed under the programme. Around 127 lakh swarozgaris have been supported with credit and subsidy, of which 82 lakhs belong to SHGs. Credit mobilised by banks for SGSY beneficiaries during this period was Rs. 19,600 crores. Per capita investment under the programme which was Rs. 17,000 in 1999 has risen to Rs. 31,500 in 2009. The percentage of women among those assisted increased from 45 per cent in 1999 to 66 per cent in 2009. However, the attrition rate among SHGs is very high. Groups are graded on well-defined parameters of performance such as quality of functioning, repayment of loans, maintenance of proper accounts etc. Only 65 per cent SHGs graduated to Grade I, 29 per cent to Grade II and 23 per cent from Grade-II to the micro-enterprise level.

**Table 12.4**  
**Financial and Physical Performance of**  
**SGSY, 1999-2009\***

Activity	Total
SHGs Formed (lakhs)	35
Grade-I SHGs (lakhs)	23
Grade-II SHGs (lakhs)	11
SHGs Economically Assisted (lakhs)	8
Total Swarozgaris Assisted (lakhs)	127
Total SHGs Swarozgaris Assisted (lakhs)	82
Total Individual Swarozgaris Assisted (lakhs)	45
Total Credit Mobilised (Rs. crores)	19,600
Total Subsidy Disbursed (Rs. crores)	9,500
Total Investment (Rs. crores)	29,100
Per Capita Investment in 1999 (Rs.)	17,000
Per Capita Investment in 2009 (Rs.)	31,500

**\*Till October 2009**

### Assessment of Performance

#### Impact of SHGs

**12.46.** A number of studies document the positive economic impact of SHGs on indicators such as average value of assets per household,



average net income per household, employment and borrowing for income generation activities. It has been shown that SHGs help inculcate the banking habit in rural women. The running of an SHG is also a great lesson in governance. It teaches the value of discipline, both procedural and financial. Well-run SHGs are subject to external audits that enforce prudence. It broadens the horizons and expands the capabilities of its members who have to interact with the outside world, including banks, government departments and NGOs. There are reports of SHG office-bearers being elected to panchayats and becoming more effective leaders in panchayati raj institutions. In a word, it is not merely finance but empowerment that is potentially achieved in good SHGs. Thus, good SHGs can become an effective instrument of empowerment.

**12.47.** Studies also indicate that the impressive figures of the fast growth of the SBL model hide a lot of poor quality work. So long as it remains largely a government "pushed" model it will suffer from all the infirmities of any top-down programme, run in a target-driven sort of way. Many of these groups largely remain on paper and suffer high rates of mortality. Groups have dissolved at a rapid rate, often disappearing with the loans they had been provided by banks. This has led to weakening the credibility of the SBL model in the eyes of key stakeholders, including potential women members, as also bankers.

**12.48.** The real power of the SBL model lies in the economies of scale created by SHG Federations (comprising 150-200 SHGs each). This is evident, for example, in bulk purchase of inputs (seeds, fertilisers etc) and marketing of outputs (crops, vegetables, milk, NTFPs etc). They can also provide larger loans for housing and health facilities to their members by tying up with large service or loan providers. Insurance services including life, health, livestock and weather insurance are also available. A study of four large SHG Federations (including India's oldest one) with a total of over 18,000 members in Andhra Pradesh and Tamil Nadu, shows that Federations help make SHGs financially viable by reducing transaction and promotional costs as also default rates, provide them economies

of scale, create value added services and build local human capital. It has also been shown how doing business with SHG Federations can help public sector bank branches in remote rural areas become viable entities.

**12.49.** Since most SHGs are women's groups, the potential for women's empowerment is huge and a number of studies have tried to assess the impact of microfinance interventions on women's empowerment. There is overwhelming evidence that women-run SHGs are the best managed with women showing much greater sense of responsibility as also a commitment to human development objectives such as health and education of their families. However, much depends on the orientation and capacity of the agency facilitating the formation of groups. Where groups are mere conduits for the lending and recovery of money or when lending is to individuals, empowerment impacts are the least.

**12.50.** SHGs do involve high transaction costs and SHG group meetings require an investment of time and money. But if we recognise that "governance" and not just finance is a major "deficit" in rural India, then we must view this as an investment in empowerment of women and the poor, which is not too high a price for the state to bear. NABARD's "promotional" costs for SHGs, if well spent, can be an invaluable and reasonable investment for achieving this socially desirable goal. In any case, SHGs need support only for the initial years, after which they become financially self-sustaining entities.

**12.51.** There is some critique of SHGs charging high rates of interest from their members. In a way, SHGs are member-run mini-banks and what they charge is also what they earn. So the interest money earned remains with the SHGs themselves.

**12.52.** A major problem identified by the Radhakrishna Committee on Credit Related Issues under SGSY (2009) is that most of the SHGs remain crowded in the low productivity primary sector activities. The success of the programme depends on raising their ability to diversify into other high productive activities. Even in the better performing State of Andhra Pradesh, the income gain to a swarozgari from



enterprise activities under SGSY was a mere Rs.1,228 per month. The small income gain was due to low productive traditional activities in which they were engaged and due to low absorption of technology.

**12.53.** The Committee argues that that while nearly two thirds of the total funds was given out as subsidy (thus making the whole programme subsidy-driven), only 6 per cent of the total SGSY funds were utilised for training and capacity building during the past decade (Table 12.5). Ill-trained groups in SGSY would be a severe handicap in moving towards the Eleventh Five Year Plan goal of inclusive growth. Training is of vital importance in both management aspects of running SHGs and their Federations, as well as in improving existing livelihoods options and also adopting new ones.

**12.54.** It is very important to recognise as argued by the Committee “that prior to SHG-Bank Linkage, substantial preparatory work needs to be done for bringing the poor together through a process of social mobilisation, formation of sustainable SHGs and training them to pool their individual savings into a common pool for lending it among the needy. It also includes equipping them with skills to manage corpus fund created with their own savings, interest earned from lending and revolving fund contributed by the government.”

**Table 12.5**  
**Utilisation of SGSY Funds across Heads, 1999-2009**

	Percentage utilisation of Funds on:				
	Subsidy	Revolving Fund	Infrastructure Development	Training/Capacity Building	Others
1999-2009*	65.40	10.34	16.23	6.18	1.88

\*Till October 2008

Source: Radhakrishna Committee on Credit Related Issues under SGSY (2009)

### Low Credit-Subsidy Ratio

**12.55.** The failure in the spread of the programme and the limited absorbing capacity even kept the targets of credit more or less at a constant level. The target for credit under

SGSY increased very moderately from Rs.3,205 crore in 1999-00 to over Rs.3,744 crore in 2007-08 at current prices (Table 12.6). Credit actually mobilised was only Rs.1,056 crore in 1999-2000 and rose to Rs.2,760 crore in 2007-08 but still much below the target. The ratio of credit to subsidy was about 2 during the period and did not vary much from year to year. Thus, credit-subsidy ratio remained much below the target ratio of 3:1. This is partly due to failure to strengthen the demand side of the credit by improving the capacity of the poor to absorb credit for income generating activities and due to supply side failures as well. The financial services did not have the systems and procedures suited to the poor. On the whole, credit and related indicators show that SGSY-bank linkage is yet to take off from the perspective of credit facilitating the growth of micro enterprises. It signifies the failure of both credit delivery systems to reach the poor as well as that of public intervention to promote credit-worthy swarozgaris.

### Uneven Performance across States

**12.56.** An interesting feature of SGSY is the very uneven distribution of SHGs across regions, with the southern states which account for 11 per cent of the poor having 33 per cent of the SHGs, while the northern and northeastern states which account for more than 60 per cent of rural BPL population having only about 39 per cent SHGs.(Table 12.7) The performance of SGSY was unsatisfactory in states with high incidence of poverty such as Assam, Madhya Pradesh, Orissa, Jharkhand, Chattisgarh, West Bengal and Bihar. The Radhakrishna Committee believes that the constraints underlying their poor performance mostly relate to the delivery system. In most of the above States, functionaries of District Rural Development Authorities (DRDA) and Block Development Officers (BDO) did not possess adequate knowledge of the programme and also banks had little interest in it. Line departments were hardly involved in planning, implementation and monitoring of the programme. Consequently, very few swarozgaris could avail adequate level of bank credit for investment. In the East and North-East, credit disbursed as a proportion of credit targeted in 2007-08 was low at about 40 per cent as against the all-India figure of 73

percent. Consequently, investment per swarozgari (credit plus subsidy) was low at Rs.19,700.

Andhra Pradesh model which relies on federations of SHGs have acquired the shape of effective organisations of the poor. Federations acting as financial intermediaries

**Table 12.6**  
**Credit Mobilisation and Disbursement under SGSY, 1999-2009**

(Rs. crore)

Year	Credit Disbursed			Subsidy Disbursed			Total Credit + Subsidy	Ratio of Credit to Subsidy
	SHGs	Individuals	Total	SHGs	Individuals	Total		
1999-2000	187	869	1,056	125	417	542	1,598	1.9
2000-2001	257	1,202	1,459	168	534	702	2,161	2.1
2001-2002	318	1,011	1,329	210	456	666	1,995	2.0
2002-2003	459	725	1,184	283	323	606	1,790	2.0
2003-2004	708	594	1,302	444	269	713	2,015	1.8
2004-2005	1,028	631	1,659	586	273	859	2,517	1.9
2005-2006	1,275	548	1,823	671	234	905	2,728	2.0
2006-2007	1,803	488	2,291	771	200	971	3,262	2.4
2007-2008	2,091	670	2,761	991	298	1,289	4,049	2.1
2008-2009 (Upto October 2008)	1,136	412	1,548	461	250	711	2,259	2.2
<b>Total</b>	<b>9,262</b>	<b>7,151</b>	<b>1,6413</b>	<b>4,709</b>	<b>3,254</b>	<b>7,963</b>	<b>2,4375</b>	<b>2.1</b>

Source: Radhakrishna Committee on Credit Related Issues under SGSY (2009)

**Table 12.7**  
**Financial and Physical Performance of SGSY Programme,  
Region-wise, 2007-08 (per cent of All-India)**

Region	Population	Poor Persons	Swarozgaris assisted	Total Credit	Total Subsidy	Total Credit + Subsidy	Investment per Swarozgari (Rs)
North	11.9	6.1	6.2	9.5	6.3	8.5	39,354
Central	27.3	33.8	29.8	34.6	38.5	35.8	34,518
West	11.8	10.7	11.1	10.2	11.2	10.5	27,222
South	19.5	11.3	21.3	23.4	16.3	21.2	26,810
East	25.1	34.6	21.1	16.8	20.2	17.9	24,165
North East	4.4	2.5	9.11	5.5	7.5	6.1	19,658
<b>All India</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>28,722</b>

Source: Radhakrishna Committee on Credit Related Issues under SGSY (2009)

12.57. In contrast to the Eastern states, Andhra Pradesh, Kerala and Tamil Nadu show successful implementation of the programme largely because of the existence of umbrella organisations at the state level. These organisations promote formation of SHGs, ensure thrift, establish bank linkage and facilitate capacity building. In addition, they federate the SHGs into effective self-governing organizations with a hierarchy of appropriate functions, including ensuring coordination with the line departments. The Kudumbasree in Kerala with active linkages with the PRI and the

which is a high skill activity require investments in training for enhancing their skill base. This also involves institutional partnerships of SHGs /Federations with the bankers. The differences in regional and state-wise performances can also be attributed to the relative strength of banking institutions.

#### **Restructuring SGSY: National Rural Livelihoods Mission**

12.58. Based on the lessons of the last decade of SGSY implementation, the Ministry of Rural

Development is currently in the process of restructuring SGSY as the National Rural Livelihoods Mission (NRLM), which is all set to be rolled out in 2010. The main features being proposed under NRLM are

- Implementation of the programme in a mission mode with greater emphasis on Federations of SHGs
- Flexibility to states for designing specific action plans for poverty alleviation through a demand driven strategy
- Induction of professionals at various levels of the implementation machinery and facilitators-animators at the cutting-edge level of implementation
- Upward revision of financial support provided under the programme
- Introduction of interest subsidy for encouraging repayments of loans and multiple doses of credit
- Greater focus on training and capacity building efforts, including setting up of dedicated skill training institutes in each district
- Improved monitoring and evaluation through social audits, base line studies, concurrent evaluations and comprehensive MIS
- Upscaling special projects component of SGSY for greater focus on skilled wage employment along with self-employment efforts
- Creating a platform that enables industries and their associations to better integrate micro-enterprises set up by SHGs/Federations into the larger macro-economic environment in the country
- Facilitating marketing linkages so that SHG products are able to access global markets.

### Indira Awaas Yojana (IAY)

#### Performance Review

**12.59.** The IAY is a flagship scheme of the Ministry of Rural Development to provide houses to BPL families in rural areas. Since 1985, nearly 223 lakh houses have been constructed with an expenditure of about Rs.54,688 crore. In the Eleventh Plan, Rs. 26,882 crore has been allocated for IAY. The

year-wise physical and financial progress is summarised in Tables 12.8 and 12.9

**Table 12.8**  
**Financial Performance of IAY during Eleventh Plan**

Year	TAF* (Rs. crore)	Utilisation (Rs. crore)	per cent Utilisation
2007-2008	6,527.17	5,464.54	83.72
2008-2009	14,460.33**	8,348.34	57.73
2009- 2010***	9,094.44	4,927.23	54.18

\* Total Available Funds (TAF) includes Opening Balance and Centre & State Releases

\*\* Includes Rs. 3050 crore released as economic stimulus package in February 2009

\*\*\* Till September 2009

**Table 12.9**  
**Physical Performance of IAY during Eleventh Plan**

Year	Target (lakh)	Houses constructed (lakh)	per cent Physical Achievement
2007-2008	21.27	19.92	93.66
2008-2009	21.27	21.34	100.27
2009-2010*	40.52	10.96	27.05

\* Till September 2009

### New Initiatives during Eleventh Plan

**12.60.** Several new initiatives were taken during the Eleventh Plan:

- From 1 April, 2008, the assistance under IAY for new construction has been raised from Rs.25,000 to Rs. 35,000 per unit (20 sq.m. plinth) in plain areas and from Rs.27,500 to Rs. 38,500 in hilly and difficult areas.
- A beneficiary can also borrow a top-up loan upto Rs. 20,000 from any nationalised bank at 4 per cent interest per annum under Differential Rate of Interest (DRI) Scheme.
- NSS data indicate that around 7.70 million households in rural India do not have homestead sites, without which they are unable to fulfill their need for shelter and avail of benefits under IAY. The Eleventh Plan set a target of providing homestead sites to all by 2012. A proposal for providing homestead sites to rural BPL households was approved in 2009. Beneficiaries will be selected from the Permanent IAY Waitlists as per priority in the list. Only those BPL households, who have neither land nor house site, will be eligible. In the first instance, the State Government will regularise the land as a homestead site if it

is presently occupied by a BPL household and if regularisation is permissible as per the existing Acts and rules. If this is not the case, the State Government will allot suitable Government land as homestead site to the eligible BPL household. In case suitable Government land is not available for allotment as homestead sites, private land may be purchased or acquired for this purpose. Financial assistance of Rs. 10,000/- per beneficiary or actual, whichever is less, will be provided for purchase or acquisition of a homestead site of an area around 100-250 sq.m. Funding will be shared by Centre and States in the ratio of 50:50 while in the case of Union Territories, Central Government will fund 100 per cent. The total central allocation for homestead sites for the Eleventh Plan period would be Rs.1000 crore (Rs. 200 cr. for 2009-10, Rs. 300 cr. for 2010-11 and Rs. 500 cr. for 2011-12). This amount is sufficient to meet about 25 per cent of the total requirement. State Governments are expected to meet the remaining 75 per cent of the requirement by regularising the presently occupied land, if any, or by allotting surplus Government land, to fulfill the target set by the Government for providing homestead sites to all by 2012. State Governments will be incentivised by sanctioning additional houses under IAY to the extent homestead sites are provided to the landless rural BPL households.

- Proposals for providing homestead sites have been received from seven States namely Kerala, Karnataka, Bihar, Rajasthan, Sikkim, Maharashtra and Mizoram. Funds have been released to Kerala, Karnataka, Bihar, Rajasthan and Sikkim.

## Issues and Recommendations

### Quality of Housing

**12.61.** Although “high user satisfaction” is reported under IAY, the quality of housing remains a problem. 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.” The steps outlined below would help improve housing quality for which a minimum set of standards needs to be adopted.

### Dearth of Technical Inputs

**12.62.** One of the merits of IAY is supposedly the fact that house construction is left entirely to the discretion of the beneficiaries but they might not have the resources and the technical expertise to build quality houses on their own. IAY guidelines recommend that State government and implementing agencies should facilitate access to information on innovative technologies, materials, designs and methods, but most States do not have any mechanism to do so. There is a clear need for developing and popularising appropriate technology through a network of institutions, which could result in low-cost, environment friendly and disaster resistant houses as per local cultural preferences. Developing a menu of specific designs and technology options for each region reflecting variations in environmental and cultural conditions would be the way to go forward.

### Inadequacy of Unit Cost

**12.63.** The poor quality of houses constructed is partly due to the low unit cost. State Governments have been asking for enhancement of unit assistance to between Rs. 50,000 and Rs. 70,000. This is in line with the recommendations of HUDCO, Auroville Earth Institute, BMTPC and CBRI made to the Eleventh Plan Working Group on Rural Housing.

**12.64.** The Union Budget for 2010-11 has raised the unit cost under IAY to Rs.45,000 in plain areas and Rs.48,500 in hilly areas. Additional costs could be provided by widening the ambit of the DRI scheme and increasing the amount of loan permissible to Rs.50,000 at 7 per cent interest pa (as against Rs. 20,000 per unit at 4 per cent rate of interest currently allowed under IAY). The real challenge is to

promote the DRI scheme by radically improving its awareness and implementation. Only 10,970 IAY beneficiaries have so far availed of loans under the scheme during 2009-10. It needs to be promoted through women's SHGs and dovetailed with the National Rural Livelihoods Mission to be launched shortly.

### Greater Transparency and Social Audit

**12.65.** The Eleventh Plan noted irregularities in the method of selection of IAY beneficiaries. It stated that "25 to 50 per cent of the beneficiaries are not being selected through the Gram Sabhas. Allocation among panchayats has been influenced by PRIs/MLAs. The vocal and active segments of beneficiaries influence the selection process. The poorest among BPL households are left out and non-BPL families get selected. Besides, collection of illegal gratification of selection by PRIs is a common complaint brought out by several studies."

**12.66.** One method to check corruption in selection of beneficiaries is the creation of a Permanent IAY Waitlist based on the 2002 BPL Census. These Waitlists should be painted on walls of Panchayat buildings. However, many states have been slow in doing this. Andhra Pradesh, Haryana, Kerala, Manipur, Meghalaya, Orissa, Tripura, West Bengal, Andaman & Nicobar, Daman & Diu, Dadra & Nagar Haveli and Puducherry have not yet prepared the Waitlist. Uttar Pradesh, Goa,

Jharkhand, Mizoram, Punjab, Sikkim, Arunachal Pradesh and Lakshadweep have prepared the Waitlist but painting on walls has not yet been complete. It is also necessary to have real-time data base of IAY beneficiaries. This will promote transparency and strengthen the monitoring mechanism. An IAY-MIS needs to be developed to capture and maintain database of beneficiaries. The most effective means of ensuring transparency, as also quality of works, is social audit. This should be made an integral part of the programme and involve both physical and financial verification.

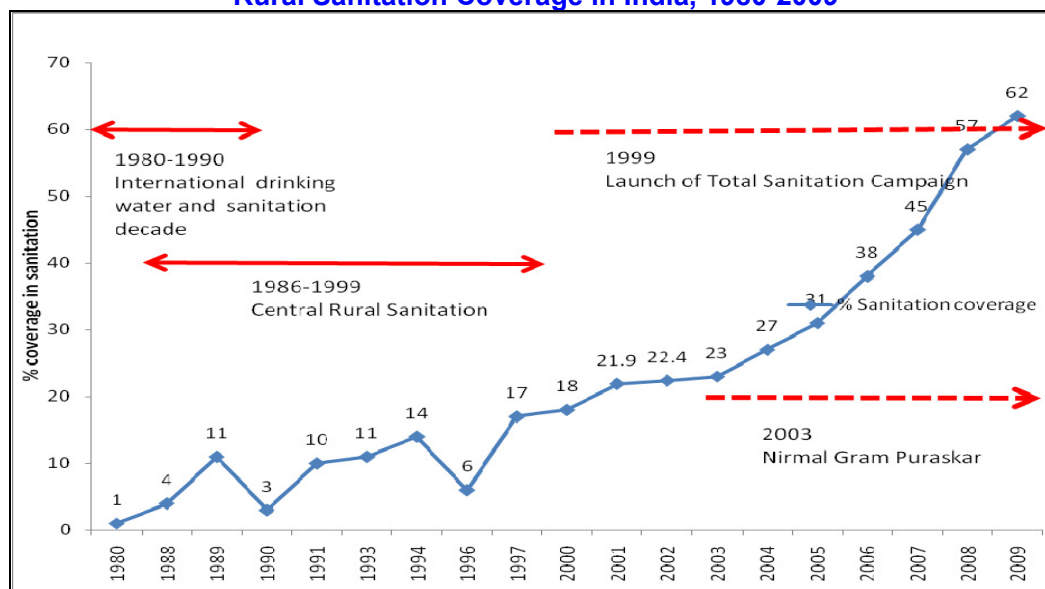
### Habitat Development Approach

**12.67.** The IAY must ultimately metamorphose into a larger habitat development programme. This needs to include at least provision of domestic water, sanitation, clean fuel and electricity and calls for much deeper convergence between various departments, currently functioning in silo mode.

### Rural Sanitation

**12.68.** The drive to extend sanitation services in rural areas is spearheaded by the Total Sanitation Campaign (TSC) introduced in 1999, which marks a break from the past in acknowledging the need for a demand-driven approach based on behaviour change. It emphasises the use of IEC for awareness generation and health education. Efforts are

**Figure 12.2**  
**Rural Sanitation Coverage in India, 1980-2009**





being made to complete implementation of TSC projects in the countryside by 2012.

**Table 12.10**  
**Physical and Financial Progress of Rural Sanitation in Eleventh Plan Period**

Year	IHHLs Constructed (million)	Expenditure (Rs. Crore)
2007-08	11.5	1060
2008-09	11.6	1200
2009-10 (till September 2009)	4.8	531
<b>Total 11<sup>th</sup> Plan</b>	<b>27.9</b>	<b>2791</b>

12.69. As can be seen from Figure 12.2, sanitation has grown impressively in rural India

12.70. A target for construction of 72.9 million individual household latrines (IHHLs) was envisaged in the Eleventh Plan, of which 27.9 million (38 per cent) IHHLs have been constructed up to September 2009 (Table 12.10). The maximum incentive offered currently is Rs.2,200 per IHHL for BPL families (Rs.2,700 in hilly areas). Another goal of the Eleventh Plan is to ensure 100 percent coverage of rural schools with toilet facilities by March 2010. At least one toilet block will be provided in each rural school. In co-educational schools, separate toilet blocks for girls will be constructed. This coverage has increased from 30 per cent on 1<sup>st</sup> April 2007 to 76 per cent by September 2009 (Table 12.11).

**Box 12.4**  
**Community Led Total Sanitation (CLTS) in Haryana: A Success Story**

In March 2006, Haryana shifted its implementation strategy from a conventional top-down, construction-based approach to active involvement of village communities through Panchayati Raj Institutions, Women Groups, Anganwadi Workers, Self-Help Groups, facilitators, motivators and school children focusing on Behavior Change Communication. The emphasis was on capacity building for all stakeholders at state, district and village levels and behavioral change through innovative CLTS approaches. A cadre of district level champions (Swacchta Sainiks) was built up. IEC activities included joint exposure visits to model sanitation project sites, celebration of Swacchta Week (Cleanliness Week) in coordination with Departments like Health, Women and Child Development, Education, Agriculture and Animal Husbandry, Swacchta Yatras (Cleanliness Rally) involving school children, and advocacy through print and electronic media. Rural Sanitary Marts for supply of sanitation facilities in the state are managed by PRIs.

This innovative approach is reflected in the phenomenal and rapid increase in sanitation coverage from a mere 29 per cent in 2001 to over 95 per cent today. 990 Gram Panchayats and 1 Block have been awarded the Nirmal Gram Puraskar.

In the CLTS approach, through a process of participatory facilitation, community members analyze their own sanitation status, including the extent of open defecation and the spread of fecal-oral contamination that adversely affects each one of them. Here *Walk of Shame* is used as a powerful trigger. Going through the defecation area, walking among the feces and talking about the issues related to open defecation can have a lasting impact on people. This develops a sense of shame about the situation and often an immediate desire to change their sanitation status.

Once people are convinced about the need for sanitation, people construct latrines on their own and more importantly use them regularly due to a strong sense of ownership. A community-driven approach does not require high subsidies, but it does need greater understanding of the individual and collective 'triggers' or factors that motivate people to change their perceptions about the need for safe sanitation.

The CLTS campaign is driven by the following principles: facilitating communities' own analysis; motivating communities to take independent decisions and action; not top-down standard designs but bottom-up innovations; not just hardware support but supporting people and processes.

following the launch of the TSC and received a special boost after the Nirmal Gram Puraskars (NGPs) were announced in 2003. More than 22,000 NGPs have been awarded so far. By September 2009, rural sanitation coverage had grown to 62 per cent households (Box 12.4).

**Areas of Concern**

12.71. While these achievements are impressive, there remain significant areas of concern. The NGPs have undoubtedly spurred competition among PRIs to hasten toilet construction but there are also reports which

**Table 12.11**  
**Sanitation Coverage across States, 2009**

State	percent of BPL HHS covered	percent of APL HHS covered	percent of APL + BPL HHS covered	percent of Sanitary Complex built	percent of Schools covered	percent of Balwadis covered
Andhra Pradesh	61.65	57.35	60.11	100.00	86.32	35.86
Arunachal Pradesh	20.32	14.67	19.55	10.06	87.40	66.61
Assam	21.33	8.38	16.88	1.90	50.51	20.73
Bihar	24.86	10.05	18.26	24.01	54.15	14.44
Chhattisgarh	45.24	34.97	39.71	23.46	91.75	75.22
D & N Haveli	1.49	0.00	1.49	8.33	0.00	0.00
Goa	90.50	63.98	74.47	0.00	61.01	10.60
Gujarat	76.96	84.72	80.81	100.00	100.00	94.36
Haryana	96.00	97.46	97.01	77.38	97.69	84.72
Himachal Pradesh	78.80	89.10	86.47	13.52	35.88	27.45
Jammu & Kashmir	38.56	6.78	21.41	49.39	48.04	7.02
Jharkhand	41.82	8.98	29.47	8.81	76.85	27.55
Karnataka	41.93	37.78	39.65	42.30	99.37	98.83
Kerala	98.19	100.00	100.00	72.84	93.92	65.44
Madhya Pradesh	50.15	53.78	52.12	39.18	88.17	100.00
Maharashtra	56.26	55.57	55.82	42.26	92.05	96.15
Manipur	5.29	12.57	7.18	27.20	37.13	13.24
Meghalaya	18.45	48.43	25.85	20.00	22.99	12.03
Mizoram	97.50	95.50	97.06	61.43	100.00	100.00
Nagaland	28.10	5.87	24.61	66.93	41.99	38.77
Orissa	43.17	15.30	33.01	3.06	84.44	69.70
Puducherry	12.17	0.00	12.17	0.00	0.00	100.00
Punjab	17.96	70.43	42.42	15.33	93.14	23.70
Rajasthan	27.77	36.68	34.18	22.99	73.46	41.13
Sikkim	100.00	100.00	100.00	100.00	100.00	100.00
Tamil Nadu	77.28	64.22	70.89	100.00	93.06	94.17
Tripura	95.22	94.30	95.02	71.68	86.96	76.31
Uttar Pradesh	62.96	44.72	52.03	98.38	89.85	72.57
Uttarakhand	46.52	40.00	43.25	11.28	57.63	18.43
West Bengal	89.42	48.10	70.85	47.37	45.65	28.59

**Table 12.12**  
**NGP Villages with Proportion of People Going for Open Defecation, 6 States, 2008**

	None	<20%	20-40%	40-60%	60-80%	>80%	Total
Andhra Pradesh		5	4	1			10
Chhattisgarh				4	5	1	10
Maharashtra	6	36	4	6	7	1	60
Tamil Nadu		11	6	9	5	2	33
Uttar Pradesh		1	7	6	1		15
West Bengal		11	18	3	2		34
<b>Total</b>	<b>6</b>	<b>64</b>	<b>39</b>	<b>29</b>	<b>20</b>	<b>4</b>	<b>162</b>
<b>per cent of Total</b>	<b>4%</b>	<b>40%</b>	<b>24%</b>	<b>18%</b>	<b>12%</b>	<b>2%</b>	<b>100%</b>

Source: UNICEF-TARU Primary Study 2008

indicate an undermining of the demand driven approach of the TSC. UNICEF and TARU conducted a study in 2008 of 162 NGP Gram Panchayats in six states (Andhra Pradesh, Chattisgarh, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal), 37 of which had won the NGP in 2004-05 and 125 in 2005-06. Their survey, covering 7,100 households, found that only 4 per cent of these GPs were genuinely open defecation free. In 32 per cent of the GPs, more than 40 per cent of the people

were not using the toilets built for them under TSC and were defecating in the open (Table 12.12).

12.72. The ASHWAS survey conducted by Arghyam in 17,200 households of 172 gram panchayats across 28 districts of Karnataka came to similar conclusions. Nearly two-thirds of the NGP villages they surveyed had more than 20 per cent open defecation. 20 per cent of NGP villages had more than 50 per cent

**Table 12.13**  
**Checklist of Activities in Four Phases of TSC**

<b>Phase I: Pre-Planning</b>	<b>Phase II: Planning and preparatory</b>	<b>Phase III: Programme Implementation</b>	<b>Phase IV: Sustaining the Usage – O&amp;M and Governance</b>
<b>0-6 months</b>	<b>0-12 months</b>	<b>6-36 months</b>	<b>From 6th month</b>
<b>Social mobilisation</b> -- entry point activities, village meetings	<b>Social mobilisation</b> -- demand creation, awareness generation	<b>Social mobilisation</b> -- for demand creation and for better O&M	<b>Social mobilisation</b> -- for sustaining use and better O&M
<b>Software activities</b> -- IEC, exposure visits, hygiene education, identifying training needs (needs and resources), school sanitation, menstrual hygiene	<b>Software activities</b> -- IEC, exposure visits, hygiene education; preparation of communication plans and training modules; training (staff, facilitators, teachers, masons), school sanitation, menstrual hygiene	<b>Software activities</b> -- hygiene education, training (O&M, disposal, reuse), school sanitation	<b>Software activities</b> -- hygiene education, training (O&M, emptying pits, disposal, reuse), school sanitation, menstrual hygiene, hygiene education
<b>Institutional process</b> -- gram sabha; interaction with Panchayat; village institutions, SHGs; set up community monitoring systems /social pressures /triggers to ensure usage	<b>Institutional process</b> -- strengthening of institutions; formation of watsan committees, area and district Resource groups ; scoping for convergence of GP funds/programmes etc	<b>Institutional process</b> -- social audit/community monitoring of construction etc	<b>Institutional process</b> -- community monitoring/social pressures /triggers to prevent slippages; end-line surveys
<b>Programme area identification</b> -- based on demand/secondary research	<b>Participatory planning</b> -- PRA, focused group discussions, village mapping indicating defecation places, water logging places, solid waste, incidence of water borne diseases	<b>Managing Material flows</b> -- explore local manufacture and supply	<b>Activating the O&amp;M strategy</b> -- roles and responsibilities, charges etc
<b>Baseline studies/needs assessment</b> -- socio-economic aspects, toilets, solid/liquid waste management, school sanitation, vulnerable and specially abled, menstrual hygiene, pregnancies)	<b>Evaluate and finalise technical plans</b> -- toilets, water supply to toilets, solid/liquid waste management, school sanitation, vulnerable and specially-abled, menstrual hygiene. Approval by gram sabha	<b>Construction</b> -- toilets, water supply to toilets, solid/liquid waste management, school sanitation, vulnerable and specially-abled, menstrual hygiene	<b>Periodic and regular impact monitoring</b> -Socio-economic -health -groundwater - Behaviour studies -end line surveys
<b>Survey of technical models</b> -- toilets, solid/ liquid waste management, school sanitation, vulnerable and specially abled, menstrual hygiene), O&M models	<b>Evaluate and finalise financial plan</b> -- establish linkages for funds; allocations or cost sharing	<b>Managing fund/ cash flows</b>	<b>Implementing post project strategy</b>
<b>Survey of financial models</b> -- government, donor, contributions, SHG linkages, banks	<b>Deployment of HR</b> based on plan for software and hardware	<b>Activating reporting and dissemination systems</b>	
<b>Estimating human resources requirement</b>	<b>Establishing supply chain linkages</b>	<b>Preparation of O&amp;M strategy /protocol etc</b>	
		<b>Preparing post project strategy</b> -- exit strategy; documentation and sharing of learning, post project institutional functioning	
Planning for Management Information System	Activating Management Information System	Activating Management Information System	Activating Management Information System

Source: Arghyam (2009): *Step by Step: What it Takes to Achieve Sustainable Sanitation?*, Submission to the Planning Commission

open defecation. Poor quality of construction and absence of behaviour change were the main reasons for the slip-back. In an ironic twist, the institution of NGPs may have turned the clock back once again to a target-driven approach. Similar feedback from across the country has recently forced the Department of Drinking Water Supply (DDWS) to make the criteria for selection for NGP much more stringent. One simple condition that could make a big difference is to give the NGP only after one year of continuous use of toilets by all households in the GP is conclusively verified.

**12.73.** The NGP example merely illustrates the larger problem plaguing the TSC. It is apparent that a rush to meet targets has compromised the quality and sustainability of achievements. This requires deeper reflection on the process that must guide TSC (Table 12.13).

#### Soft Inputs of Preparatory Phase Critical

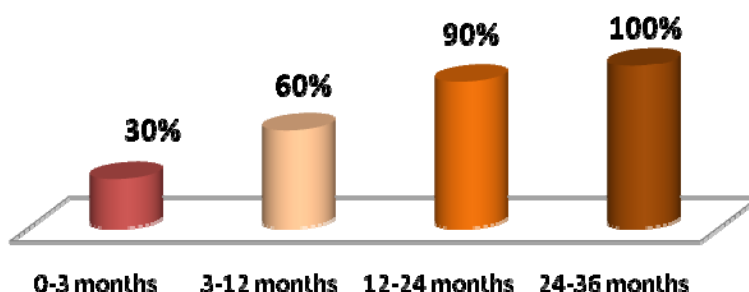
**12.74.** The powerful element of TSC is the emphasis on IEC activities to bring about behaviour change and a real demand for improved sanitation, for which it earmarks 15 per cent of total cost. The unfortunate part appears to be that though enough resources have been made available for these activities, their execution has not been effective at the cutting-edge level of implementation. A survey in 40 GPs of 20 blocks across 10 districts in Bihar, Chhattisgarh, Haryana, Karnataka, and

Tripura, conducted by Water Aid in 2008 argues that TSC is becoming increasingly state-led and target-driven. It finds that “IEC activities have been implemented without any conscious effort to create required awareness at the community level. These activities were undertaken in a routine administrative fashion as more of a fund utilisation exercise, not organically linked to awareness creation and demand generation processes.” (Indira Khurana and Romit Sen 2008: *Feeling the Pulse: A Study of Total Sanitation Campaign in Five States*). Top-down IEC strategies of posters and brochures with no individual contact have proven to be ineffective: Gaps in IEC have also led to lack of awareness about technology options and related engineering aspects, hardware maintenance issues, hand washing and hygiene awareness, both at school and community level. IEC involves a specialised set of activities that demand professionalism of a kind rather different from what line department personnel are normally trained for. Social mobilisation for changing attitudes is not a one-off activity. It is a complex process that takes time in the initial stages. (See Box 12.5). There is a point of inflection after which the process takes off and is led by the people themselves thereafter. But this happens only after a critical mass of qualitative effort is put in. IEC cannot be a one-time affair with a rigid design. There is a need to be flexible with space for cross learning and mid-course correction.

#### Box 12.5 Case Study of Gramalaya

According to Gramalaya, an NGO working in Tiruchirapalli district of Tamil Nadu since 1987, it takes about five years to ensure sustained use of toilets. Gramalaya's strength is also its women Self-Help Groups. As the graph shows, one third of the population generally get convinced in the first three months as a result of intense IEC activities; the next 30 per cent after exposure visits to successful projects, where interaction with toilet users brings about an attitudinal change. This happened within the first year. Another year sees the next 30 per cent change after they see their neighbours using toilets. To convince the remaining 10 per cent is the hardest and requires multiple strategies (including pressure from community) and goes into the third year.

##### 3-Year Timeline—From Open Defecation to 100 per cent Use of Toilets



**Note:** Values as per cent population using toilets

### Need for Clear Time Phasing

12.75. A great deal of effort is required to sustain the gains of the adoption phase to ensure that slip-backs do not occur. Just as has been recognised in the new guidelines for the Integrated Watershed Management Programme, perhaps the time has come to develop a phased approach for the implementation of the TSC. Such a phased approach would make it possible to achieve universalisation with quality, based on a process truly driven by demand from a community that is committed to improved sanitation, being fully informed about its benefits and, therefore, willing to take ownership for the campaign.

models permissible under TSC (Table 12.15). UNICEF has supported development of cost-effective models of low cost superstructure using hollow bricks, tin sheets, bamboo, coconut leaves, palm leaves, waste wood etc. These need to be more widely propagated, through partnerships with civil society.

### More Imaginative Funding Options

12.77. It is obvious from Table 12.14 that quality sanitation is not possible within the kind of funding that has so far been provided or encouraged for TSC. The maximum incentive offered currently is Rs.2,200 per IHHL for BPL families (Rs.2,700 in hilly areas). This amount is clearly insufficient for even the most rudimentary sanitation. The way forward is to

**Table 12.14**  
**Possible Choice of Technology in Rural Sanitation**

Description	Toilet types			
	Single pit	Twin Pit	Eco-sanitation	Toilet with bathroom
Where suitable/unsuitable	Not suitable in waterlogged, shallow water table areas	Not suitable in waterlogged, shallow water table areas	Suitable in water scarce areas/where water table is deep; waterlogged areas; hard rock/impervious soil regions, coastal areas	Provides for privacy and needs of women during menstrual periods
Disadvantages	Gets filled up fast; while emptying pits, slippages can occur; groundwater leaching if not properly designed	Groundwater leaching if not properly designed	Needs intense behavioural/cultural change; management inputs high	
Hardware Cost	Rs 3000-3500	Rs 5000-6000	Rs 8000-12000	Rs 12000*

\*Includes cost of twin pit and water connection

### Broader Menu of Technologies Required

12.76. One of the limitations of the TSC is the narrow range of technology options offered in a country with such immensely diverse geographic, hydrologic, climatic and socio-economic conditions (high water table, flood prone, rocky ground, desert/water scarce areas and extreme low temperatures). This has led to many problems, including non-acceptance by local communities, water pollution especially in shallow water table regions, and waste of public funds. There is need to broaden the ranges of

combine the incentive amount provided by the government with a loan amount on soft terms to be routed through women's SHGs. In order to make adoption of the above menu of technologies viable, it is critical that the loans component is actively canvassed and converged with the new National Rural Livelihoods Mission. The third component, other than incentive and loan, would be the beneficiary contribution, which would be easy to mobilize in a demand-driven programme, once the necessary effort has been put into the preparatory phase.



**Table 12.15**  
**Checklist of Parameters for a Sustainable Sanitation Village**

	Parameters
a	No open defecation in village leading to pollution of water sources
b	100 per cent coverage and usage of toilets
c	Special provision for aged, specially abled, pregnant women
d	100 per cent school sanitation (separate toilets for girls and boys)
e	Water supply available for toilets
f	No additional burden on women for fetching water for toilets
g	Presence of well maintained drainage system (drain should not be clogged; water should not stagnate; should not pollute water sources)
h	Grey water treated and reuse
i	Presence of solid waste management systems (like composts etc; solid waste not found littered in the village; not clogging drains)
j	High in hygiene behaviour (Every one washes hand after defecation; handles drinking water with clean hands )
k	Issues of menstrual hygiene addressed
l	Local capacity available for operating and maintain sanitation systems
m	Water quality tested by the community twice a year [indicative] and information disseminated and follow up by confirmative tests and follow up action taken
n	Reduction in water borne diseases in the village validated by ASHA; No deaths reported

Source: Arghyam (2009): Step by Step: What it Takes to Achieve Sustainable Sanitation?, Submission to the Planning Commission

### Sanitation and Water Supply Together

**12.78.** It is evident that the use of toilets cannot be sustained without provision of water supply. Many NGP villages have slipped back to open defecation because the promised water supply never materialised. The TSC has overlooked the water needs of sanitation. The DDWS needs to ensure that the two activities under its charge are taken up conjointly in every village. Otherwise, failure is in-built into the effort.

### Solid and Liquid Waste Management

**12.79.** The TSC guidelines state that “PRIs are required to put in place mechanisms for garbage collection and disposal and for preventing water logging. Upto 10 per cent of the project cost can be utilised for meeting capital costs incurred under this component. Under this component activities like common compost pits, low cost drainage, soakage channels/ pits, reuse of waste water, system for collection, segregation and disposal of household garbage etc may be taken up.” This, however, has been the weakest link in the TSC chain so far. Only 15,844 solid and liquid waste management projects have been implemented in the country so far. There is a serious lack of knowledge on appropriate technologies, costs and O&M procedures. A clear roster of options and activities needs to be developed and disseminated through the best training institutions in India. A large number of Master Trainer Organisations need to be developed within each State who would in turn build capacities of functionaries and people’s representatives at the GP level.

### Capacity Building

**12.80.** The key to success of TSC lies in developing capacities for its effective implementation. This has two components – a) altering the human resource profile of the implementing agency to include social workers and social anthropologists/psychologists who could play a key role in social mobilisation as also attitude-behaviour change and b) training of the personnel deployed. A whole army of masons is required to be developed and trained in setting up different sustainable sanitation options. PRI members have to be trained to become change agents. Absence of requisite capacity with PRIs has impacted the social mobilisation processes, as well as maintenance of the infrastructure in the post-implementation phase.

**12.81.** The DDWS has launched the concept of Communication and Capacity Development Units (CCDUs) at the state level to promote the reform initiatives in drinking water supply and sanitation. An evaluation by WaterAid shows that CCDUs are present in almost all the states but not always very active or effective. They

have not yet emerged as resources to bank on for sanitation. Generally, capacity building has tended to be a one-off activity, without follow-up to ensure that the inputs of training are being translated into results on the ground.

**12.82.** There is a need to set up dedicated resource centres at the block-level, which will impart hands-on training to masons on various sustainable sanitation models as also PRI representatives and functionaries to undertake social mobilisation programmes and to help them understand issues of O&M and sustainability.

**12.83.** If we are able to address this entire range of issues, we could look forward not only to meeting the MDGs but also creating sustainable sanitation villages across the length and breadth of India. Table 12.15 summarises a checklist of possible parameters for judging whether a village has truly acquired that status.

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

**12.84.** An integral element of India's battle with poverty and distress is to provide succour to senior citizens, differently abled people and others who have suffered due to mishaps in life. The NSAP refers to a basket of welfare schemes that provide social assistance to a wide range of people in need. At the beginning of the Eleventh Plan, the NSAP comprised the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the Annapurna Scheme and National Family Benefit Scheme (NFBS). In February 2009, two more schemes were added under NSAP – the Indira Gandhi National Widow Pension Scheme (IGNWPS) and the Indira Gandhi National Disability Pension Scheme (IGNDPS).

**Table 12.16**  
**NSAP Physical and Financial Progress in Eleventh Plan**

Year	Expenditure reported (Rs. Crores)	Beneficiaries (in lakhs)
2006-07	1967.96	98.24
2007-08	3116.17	128.92
2008-09	3874.92	164.55

**12.85.** Under IGNOAPS, a central assistance of Rs.200 per beneficiary is provided to BPL applicants over 65 years of age. Pension is to be credited wherever possible in a post office or a bank account. The Government of India urges State Governments to make an equal contribution, thereby increasing the pension amount to Rs. 400 per month. The coverage under IGNOAPS, as compared to the estimated numbers is given at Annexure-I. The national coverage of eligible beneficiaries under IGNOAPS is about 105 percent. Only Goa has less than 40 percent coverage. Kerala, Gujarat and Orissa cover 40-70 percent eligible beneficiaries.

**12.86.** The amount of pension paid per month including the State's contribution is given in Annexure-II. At present, 18 States and Union Territories are providing Rs.400 or more as pension under old age pension. These are Delhi, Goa (Rs.1000), Haryana, Chandigarh (Rs.700), Pondicherry (Rs. 600), A&N Islands, Dadra & Nagar Haveli and Maharashtra (Rs.500), Punjab (Rs.450), Gujarat, Jharkhand, Karnataka, Rajasthan, Uttarakhand, Sikkim, Tripura, Tamil Nadu, and West Bengal (Rs. 400). Another 11 States and Union Territories are providing pension between Rs.200 and Rs.400. These are Himachal Pradesh, J&K, Chhattisgarh, Nagaland, Uttar Pradesh, and Lakshadweep, Madhya Pradesh, Kerala, Assam, Meghalaya, Mizoram, The remaining six States and Union Territories are disbursing pension at the rate of Rs.200 p.m. only.

**12.87.** Many states are contributing from their own funds towards pension for old people in the age group of 60-64, who are not covered by the IGNOAPS. These include Andhra Pradesh, Chhattisgarh, Goa, Himachal Pradesh, Jharkhand, Madhya Pradesh, Orissa, Punjab (for women), Rajasthan (above 58 for men and above 55 for women), Uttar Pradesh, Uttarakhand, Chandigarh, Delhi and Puducherry.

**12.88.** Supplementing IGNOAPS since 2000-2001 is the Annapurna scheme, which aims at providing food security to senior citizens who, though eligible, remain uncovered under the IGNOAPS. They receive 10 kg of foodgrains per month free of cost through Fair Price Shops

(Table 12.17). Progressive absorption under IGNOAPS should allow this scheme to end within the Eleventh Plan.

**Table 12.17**  
**Beneficiaries under Annapurna**

Year	Beneficiaries under Annapurna (million)
2002-03	0.78
2003-04	1.06
2004-05	0.82
2005-06	0.85
2006-07	0.87
2007-08	1.05
2008-09	1.01

12.89. The NFBS provides for central assistance of Rs.10,000 in the case of death of the primary bread-winner (18 to 64 years of age) of the family (Table 12.18). The coverage under NFBS, as compared to the estimated numbers is given at Annexure-III. Overall 97 percent of the beneficiaries have been covered during 2008-09. States with less than 20 percent coverage are Nagaland and NCT Delhi.

**Table 12.18**  
**Beneficiaries under NFBS**

Year	Beneficiaries (in lakhs)
2002-03	0.85
2003-04	2.09
2004-05	2.61
2005-06	2.76
2006-07	2.43
2007-08	3.34
2008-09	4.23

### IGNWPS and IGNDPS

12.90. In February 2009, the IGNWPS was started to provide pension of Rs. 200 p.m. per beneficiary. to BPL widows in the age group 40-64 years. The estimated number of beneficiaries under Indira Gandhi National Widow Pension Scheme (IGNWPS) is 45 lakhs. States are in the process of identifying eligible beneficiaries under the scheme. The IGNDPS was also started in the same month for BPL persons with severe or multiple disabilities (in the age group 18-64 years) at the rate of Rs. 200 p.m. per beneficiary. It is estimated that 15 lakh beneficiaries are to be covered under this

scheme. 24.30 lakh beneficiaries have been covered so far under IGNWPS and 5.23 lakh under IGNDPS.

### Computerisation of Data-bases

12.91. In order to increase transparency and accountability, it has been decided to computerise the data base of beneficiaries under various schemes of NSAP. NIC was entrusted with the project and the software has been developed for all pension schemes. The software captures all essential processes from identification till termination of the pension. Legacy Data formats have been provided to States and they have been asked to upload the legacy data of beneficiaries in a time bound manner. The NSAP website has been launched in 2009. Data of 104 lakh beneficiaries has been uploaded on the website so far.

### Suggestions for Way Forward

- Pensions need to be indexed to inflation
- States need to make their share of payment under IGNOAPS
- As suggested in the Eleventh Plan document, NFBS must cover deaths of any adult member of the family in a BPL household, without limiting it to the breadwinner.
- As suggested in the Eleventh Plan document, national schemes for maintenance of orphans, street children and other most vulnerable sections also need to be started.
- Rs. 17,747 crore has been provided for NSAP in the Eleventh Plan out of which Rs.12,590 crore has already been released to the States in first three years of the plan period leaving Rs. 5157 crore for the remaining period of the Eleventh Plan. IGNWPS and IGNDPS have been launched in February 2009. Keeping in view the number of beneficiaries to be covered and the new schemes proposed, additional outlays would be needed for NSAP in remaining two years of the Eleventh Plan.
- With the transfer of programme implementation to states from 2002-03 (and hence change from a Centrally Sponsored Schemes (CSS) to Additional Central Assistance (ACA) in budgetary terms), reporting and monitoring by the

Government of India has weakened. These systems need to be strengthened

- The previous fund flow model of pension transfers directly to DRDAs may be preferable to routing through state treasuries. The latter encourages diversion of NOAPS for other purposes (Gujarat, Jharkhand and Orissa made no NOAPS payments in some of the early years of this decade). In Bihar, Jharkhand, West Bengal and Manipur there are reports of delays of many months thanks to the state treasury route being adopted.
- Documentary requirements for proving eligibility and identity have proved extremely onerous to beneficiaries who are among the most vulnerable. It is to be hoped that the use of the UID (once available) will ease some of these pressures
- Many states have devised somewhat arbitrary and harsh exclusion criteria which have been applied in a mechanical manner that discriminates against some of the most vulnerable. Even having a living adult son meant exclusion in some cases. Such practices must be stopped.
- Shifting to payment through post offices or banks is a significant step in ensuring transparency. But as under MGNREGA, where density of banks/POs is low or because of lack of adequate staff, people

have had to suffer great hardships in the transition period. Aged and disabled people may not be able to reach the PO or banks at all. The banking correspondent model with UID biometrics could be a way out by providing payments at the doorstep in a transparent manner.

### **Council for Advancement of People's Action and Rural Technology (CAPART)**

**12.92.** CAPART is an autonomous body within the Ministry of Rural Development, registered as a society under the Societies Registration Act. It is the largest single agency promoting voluntary action for rural development in India.

**12.93.** The Eleventh Plan has seen a major initiative in 2009 for reform of CAPART. A Committee headed by Member (Rural Development), Planning Commission, is preparing a blueprint to revitalise the organisation to introduce reforms in its programmes and professionalise its functioning and governing structures to build powerful partnerships with civil society to promote creative and innovative work that would also help improve implementation of various programmes of the Ministry of the Rural Development such as MGNREGA. Distinguished members of the Executive Committee of CAPART have been divided into sub-groups that will come up with detailed recommendations on a comprehensive design for CAPART reform.

## Annexure-I

## Coverage of beneficiaries under IGNOAPS, 2009-10

S. No	States/UTs	Estimated no. of beneficiaries under IGNOAPS as per 2004-05 poverty estimate	No. of beneficiaries in 2009-10	% coverage
1	2	3	4	5
1	Andhra Pr.	6,78,294	9,19,230	135.52
2	Bihar	15,27,246	21,92,357	143.55
3	Chhattisgarh	4,31,086	5,09,842	118.27
4	Goa	11,592	2,687	23.18
5	Gujarat	4,57,296	2,11,057	46.15
6	Haryana	1,69,400	1,30,306	76.92
7	H.P.	42,400	85,637	201.97
8	J & K	27,162	1,29,000	474.93
9	Jharkhand	4,39,673	6,43,000	146.25
10	Karnataka	7,65,500	8,34,405	109.00
11	Kerala	3,93,000	1,76,064	44.80
12	Madhya Pr.	11,31,382	10,66,051	94.23
13	Maharashtra	19,37,477	10,24,364	52.87
14	Orissa	10,16,160	6,43,400	63.32
15	Punjab	1,44,060	1,59,292	110.57
16	Rajasthan	6,17,032	5,28,322	85.62
17	Tamil Nadu	9,76,950	9,04,759	92.61
18	Uttar Pr.	26,50,568	33,00,260	124.51
19	Uttaranchal	1,91,268	1,69,102	88.41
20	West Bengal	10,36,659	11,91,716	114.96
<b>NE States</b>				
21	Arunachal Pr.	6,096	14,500	237.86
22	Assam	2,11,184	6,28,949	297.82
23	Manipur	19,496	72,514	371.94
24	Meghalaya	14,222	37,146	261.19
25	Mizoram	4,735	23,747	501.52
26	Nagaland	12,885	28,053	217.72
27	Sikkim	4,322	18,879	436.81
28	Tripura	34,945	1,36,592	390.88
<b>UTs</b>				
29	A & N Island*	2,938	861	29.31
30	Chandigarh	2,485	4,464	179.64
31	D&N Haveli	1,992	911	45.73
32	Daman & Diu	630	95	15.08
33	Delhi	86,289	1,21,974	141.36
34	Lakshadweep	480	36	7.50
35	Pondicherry	14,112	20,757	147.09
	<b>Total</b>	<b>1,50,61,016</b>	<b>1,59,30,329</b>	<b>105.77</b>



## Annexure-II

## Pensions provided under IGNOAPS by Centre and States

Name of State/UTs		Amount of pension provided as Central Assistance	Contribution of State Govt. per pensioner per month under IGNOAPS	Mode of disbursement
1	Andhra Pr.	Rs. 200.00	Nil	Bank/cash
2	Bihar	Rs. 200.00	Nil	Post Office A/c
3	Chhattisgarh	Rs. 200.00	Rs. 100.00	Bank/cash
4	Goa	Rs. 200.00	Rs. 800.00	Post office
5	Gujarat	Rs.200.00	Rs.200.00	M.O.
6	Haryana	Rs. 200.00	Rs. 500.00	Cash
7	H.P.	Rs. 200.00	Rs. 130.00	MO/BANK/PO
8	J & K	Rs. 200.00	Rs.125.00	BANK
9	Jharkhand	Rs. 200.00	Rs.200.00	BANK/P.O./CASH
10	Karnataka	Rs. 200.00	Rs. 200.00	BANK/MO
11	Kerala	Rs. 200.00	Rs. 50.00	MO
12	Madhya Pr.	Rs. 200.00	Rs. 75.00	BANK/PO/MO
13	Maharashtra	Rs. 200.00	Rs. 300.00	BANK/PO.
14	Orissa	Rs. 200.00	Nil	CASH
15	Punjab	Rs. 200.00	Rs.250.00	BANK/CASH
16	Rajasthan	Rs. 200.00	Rs. 200.00	MO/CASH
17	Tamil Nadu	Rs. 200.00	Rs. 200.00	MO
18	Uttar Pr.	Rs.200	Rs.100.00	BANK
19	Uttaranchal	Rs. 200.00	Rs. 200.00	BANK/PO/MO
19	Uttaranchal	Rs. 200.00	Rs. 200.00	BANK/PO/MO
20	West Bengal	Rs. 200.00	Rs. 200.00	BANK/PO/MO/ CASH
<b>NE States</b>				
21	Arunachal Pr.	Rs. 200.00	Nil	CASH
22	Assam	Rs. 200.00	Rs.50.00	BANK/CASH
23	Manipur	Rs.200.00	Nil	CASH
24	Meghalaya	Rs.200.00	Rs.50.00	BANK/CASH/PO
25	Mizoram	Rs. 200.00	Rs. 50.00	BANK/CASH
26	Nagaland	Rs. 200.00	Rs.100	MO
27	Sikkim	Rs. 200.00	Rs. 200.00	CASH
28	Tripura	Rs. 200.00	Rs. 200.00	BANK/CASH
<b>UTs</b>				
29	A & N Island	Rs. 200.00	Rs. 300.00	PO
30	Chandigarh	Rs. 200.00	Rs.300.00	BANK
31	D&N Haveli	Rs.200.00	Rs.300.00	PO
32	Daman & Diu	Rs. 200.00	Nil	BANK
33	Delhi	Rs. 200.00	Rs. 800.00	BANK/PO
34	Lakshadweep	Rs. 200.00	Rs. 100.00	CASH
35	Pondicherry	Rs. 200.00	Rs. 400.00	BANK/CASH/PO

## Annexure- III

## National Family Benefit Scheme (NFBS)

Sl. No.	States/UTs	Mortality figures for age group 20-64 years as per projected population as on 1.3.2006 and SRS 2003	Poverty estimates of Planning Commission for 2004-05 based on Uniform Recall Period (URP) Consumption (in percentage)	Estimated number of beneficiaries under NFBS	No. of beneficiaries covered during 2007-08	No. of beneficiaries covered during 2008-09	% of coverage 2008-09 (7/5%)
1	2	3	4	5	6	7	8
1	Andhra Pradesh	2,22,039	15.8	17,541	17,261	15,067	86
2	Bihar	2,01,373	41.4	41,684	27,476	22,421	54
3	Chhattisgarh#	1,00,469.6	40.9	20,546	9,782	10,343	50
4	Goa*#	6,760	13.8	466	257	282	61
5	Gujarat	1,50,976	16.8	12,682	7,128	7,554	60
6	Haryana	54,408	14	3,809	2,250	4,481	118
7	Himachal Pr.	17,078	10	854	2,000	2,000	234
8	J & K#	42,885	5.4	1,158	6,123	2,689	232
9	Jharkhand#	10,4170	40.3	20,990	4,378	19,810	94
10	Karnataka	1,66,378	25	20,797	21,246	19,054	92
11	Kerala	75,309	15	5,648	27,611	26,360	467
12	Madhya Pradesh	1,96,703	38.3	37,669	40,000	44,924	119
13	Maharashtra	2,71,356	30.7	41,653	19,488	47,484	114
14	Orissa	13,0,914	46.4	30,372	30,453	33,384	110
15	Punjab	63,612	8.4	2,672	1,290	2,411	90
16	Rajasthan	1,37,287	22.1	15,170	703		0
17	Tamilnadu	2,12,970	22.5	23,959	6,877	17,913	75
18	Uttar Pradesh	5,36,369	32.8	87,964	41,705	87,118	99
19	Uttarakhand	36,782	39.6	7,283		5,124	70
20	West Bengal	2,05,624	24.7	25,395	48,132	35,261	139
21	Arunachal Pr.\$#	3,569	17.6	314	347	100	32
22	Assam	1,05,278	19.7	10,370	7,514	5,894	57
23	Manipur\$#	7,785	17.3	673	5,419	1,670	248
24	Meghalaya\$#	7,078	18.5	655	1,144	981	150
25	Mizoram\$#	3,078	12.6	194		614	316
26	Nagaland\$#	6,478	19	615	110	110	18
27	Sikkim\$#	1,862	20.1	187	401	100	53
28	Tripura\$#	11,255	18.9	1,064	4,164	8,438	793
29	A&N Islands*#	1,664	22.6	188		4	2
30	Chandigarh*#	4,279	7.1	152	300	396	261
31	D&N Haveli*#	976	33.2	162	82		0
32	Daman & Diu*#	766	10.5	40			0
33	NCT Delhi#	40,779	14.7	2,997	400	400	13

Sl. No.	States/UTs	Mortality figures for age group 20-64 years as per projected population as on 1.3.2006 and SRS 2003	Poverty estimates of Planning Commission for 2004-05 based on Uniform Recall Period (URP) Consumption ( in percentage)	Estimated number of beneficiaries under NFBS	No. of beneficiaries covered during 2007-08	No. of beneficiaries covered during 2008-09	% of coverage 2008-09 (7/5%)
1	2	3	4	5	6	7	8
34	Lakshadweep* #	261	16	21	12	20	95
35	Pondicherry*#	4,654	22.4	521			0
	<b>TOTAL</b>	31,33,223		4,36,465	3,34,053	4,22,407	97

**Notes :**

\* Total projected population of age groups 20-64 as on 1.3.2006 in respect of Goa and Uts (except NCT Delhi) is 2,652,000 which is divided among them in proportionate to their population in age group 20-64 as per census 2006.

\$ Total projected population of age groups 20-64 as on 1.3.2006 in respect of NE States (except Assam) is 69,67,000 which is divided among them in proportionate to age group 20-64 as census 2004.

#Age specific death rates in respect of these States/UTs are not available in SRS 2003. Therefore, the projected Crude Death Rate for 2006-10 in respect of these States has been taken into account. Crude Death Rate in respect of Goa and UTs(except NCT Delhi) are not available, therefore the All India Crude Death Rate has been taken into account for them.