# Report of the Inter-Ministry Task Group on Redressing Growing Regional Imbalances



170 Most Backward Districts including 55 Extremist Affected Districts

115 Most Backward Districts excld. 55 Extremist Affected
55 Extremist Affected Districts
Other

National Informatics Centre
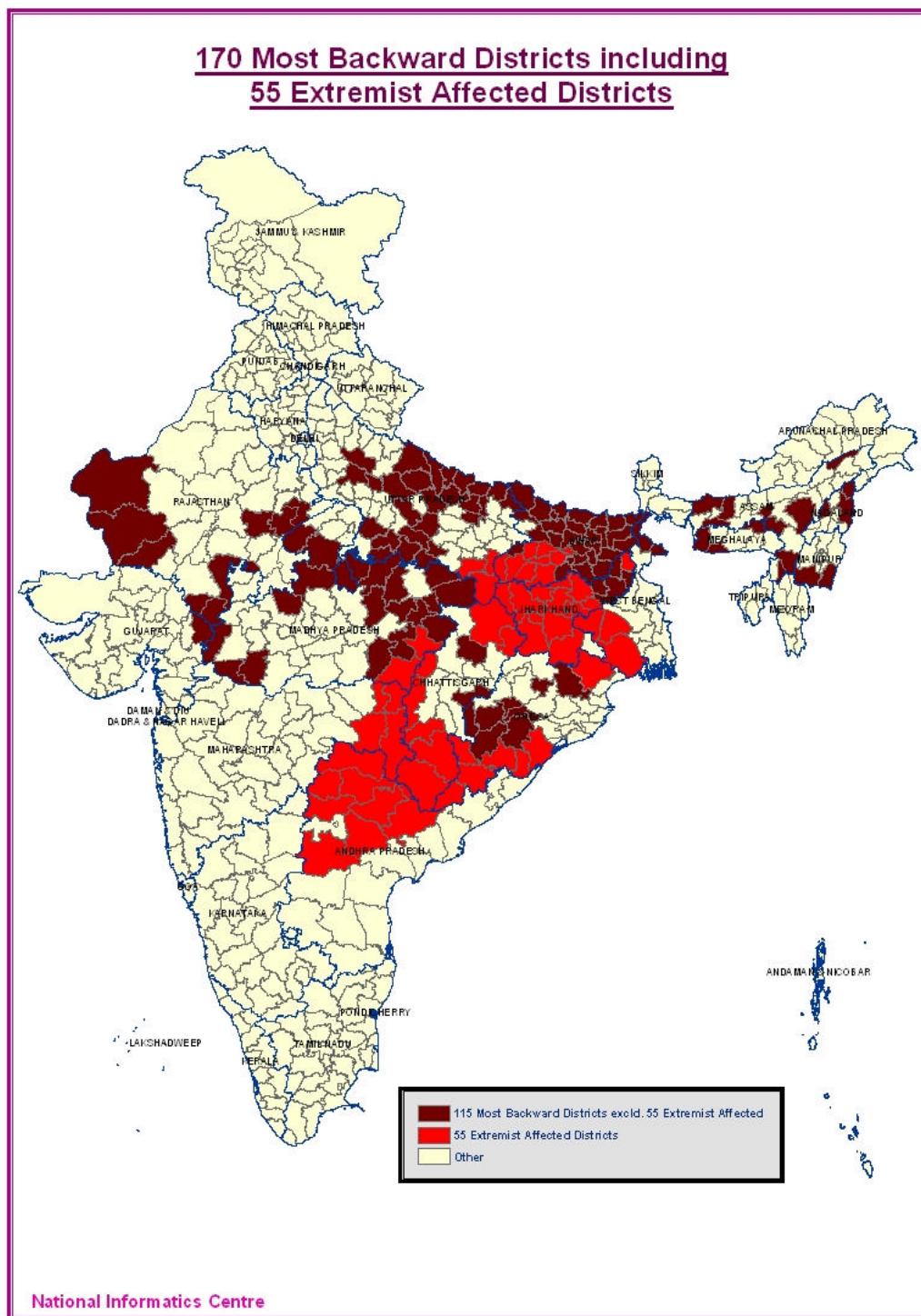
Planning Commission
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# Contents

# CHAPTER I

## 1.    INTRODUCTION

1.1.1.  The sub-continental dimensions of India, with inherent differences in geographical parameters and historical developments, have led to disparities in the levels of development of different areas, owing to differences in resource endowment, levels of infrastructure and socio-economic parameters.

1.1.2.  From the very beginning, the national planning strategy incorporated the locational concept in investment policies.  Public sector investment was promoted in less developed regions and incentives offered for the private sector to consider relocating to such areas.  The scope for such policies has diminished considerably in the liberalized environment.  Despite such policies, disparities in development have persisted and increased.

1.1.3.  Development of backward regions has been a major concern of planners in India and several programmes have been initiated over the years to address the special problems faced by various geographical regions.  Prior to the Tenth Plan, the issue of development of backward areas was approached as primarily one of development of States and allocation of normal Plan assistance through adoption of a formula for distribution of resources weighted in favour of less developed States with Special Central Assistance for   area programmes focused on regions with specific problems hilly, tribal, border or drought prone areas.  Central sector and Centrally Sponsored Schemes run by major departments and Ministries of the Central Government dealing with sectors in the State and concurrent lists of the Constitution also focused on improving developmental levels in backward regions, States, districts or blocks and built these concerns into programme content and formulae applied for fund allocation.

1.1.4.  The Mid Term Appraisal of the Ninth Plan drew attention to wide disparities among States and among districts within a State. Pockets of high poverty, low growth and human development and poor governance were identified as   key

areas slowing down the growth and development of the country. Such pockets also reflected the failure of existing policies and administrative procedures.

1.1.5. The Tenth Plan marked a shift in approach with reference to earlier Plans. Hitherto, the stand of the Planning Commission had been that planning and development of an area and allocation of funds for this purpose were primarily the responsibility of the State Government concerned, with the Planning Commission supplementing such efforts through distribution of Central Plan Assistance, promotion of Special Area Programmes and various poverty alleviation and employment generation schemes. In the Tenth Plan, it was decided that these areas should be targeted not in terms of additionality of funds alone but also with regard to the use to which funds were put. The new approach signaled the need for complete change in the ethos of governance and scheme implementation with efficiency and flexibility as key words. In this context, the Rashtriya Sam Vikas Yojana was introduced with special plans for Bihar and the undivided Kalahandi-Bolangir-Koraput (KBK) districts of Orissa and a Backward Districts Initiative currently covering 147 districts.

## 1.2 NATIONAL COMMON MINIMUM PROGRAMME AND REGIONAL DEVELOPMENT

1.2.1 The National Common Minimum Programme has laid special emphasis on redressing growing regional imbalances among as well as within States, through fiscal, administrative, investment and other measures. The main objective is to correct distortions in Plan allocations and Central Government assistance through a Backward States Grant Fund that will be used to create productive assets in the poorest and most backward areas of the country.

1.2.2 To operationalise the action programme for redressing growing regional imbalances as per the National Common Minimum Programme, an Inter-Ministry Task Group was set up on the subject (office order with composition and terms of reference at Annex I)

# CHAPTER II

## 2.    MEASURING REGIONAL IMBALANCES

Uneven regional development can affect a nation's image, security and stability. Noticeable divergence in economic conditions among different parts of the same country leads to migration of capital and people, further exacerbating existing inequalities. This can result in unplanned growth, affect the quality of life and generate severe political tensions. It produces overcrowding, squalor and slums in urban areas with adverse economic, social and political consequences.

Strategies adopted to tackle regional imbalance must, however, be formulated carefully with an eye on their incentive effects. When special dispensations are offered to backward areas in the form of direct subsidies, tax concessions and the like, care must be taken to ensure that they achieve desired outcomes and do not send out wrong signals that discourage self reliance and performance.

Over almost a half-century of planned development in India, these issues have occupied centre stage in the national debate. Several committees appointed by the Planning Commission have examined and re-examined them. Commissions appointed by State governments have also attempted to identify the more backward areas within States to enable them to make targeted interventions. A brief roundup of the approaches adopted by the most important of these committees is given at Annexure II.

The concept of regional imbalance, originally developed in an environment in which development was considered synonymous with economic growth alone, focused primarily on income deprivation assessed with reference to lack of sustainable employment and low potential for agricultural and industrial growth. Gradually, this has been extended to cover poor educational parameters and, in recent reports, there is greater focus on demographic and health status too. Various committees that have analysed the issue have

covered the ground quite comprehensively as far as identification and selection of appropriate parameters to measure regional disparities are concerned. They are unanimously of the view that the district should be treated as the appropriate unit for determining backwardness and taking remedial action. Some of the committees, which have looked into the matter, had specific sectoral objectives like selection of backward areas for locating industries for example.

On the whole, these committees did not extend their analysis to the manner in which Centrally sponsored schemes of key ministries and departments were also targeting programs to backward regions and did not attempt to assess the impact of existing formulae employed by the Finance Commission as well as the Planning Commission to channel non Plan and Plan resources to low income and less developed States. All committees have bemoaned the lack of adequate up to date information that could be used both to identify backwardness as well as monitor the effectiveness of remedial schemes. Most reports are also silent about the time frame and manner in which programs meant for redressing regional disparities should be dovetailed into normal schemes when disparities are reduced through targeted interventions. Neither has there been adequate focus on the incentive effects of special programs on the better off States and districts as well as on the developmental strategies of backward areas themselves.

The approach adopted by different committees till date has been to provide resources or promote investment in identified backward areas through the State machinery in a top-down manner. But structural and institutional deficiencies in these districts which have kept them outside the mainstream of development have reduced their absorptive capacity resulting in funds gravitating towards more developed regions and affecting the realization of desired outcomes. The preferred strategy of the present Task Group is different from these earlier approaches. Our focus is on creating a Backward Districts Fund, integrated with a district level budget/Plan developed from below through a system of village plans based on the perceived needs and real capacities of these areas.

This should ensure that resources provided are fully utilized within the specified time frame to produce the expected results.

## SELECTION OF APPROPRIATE PARAMETERS

Unequal resource endowments-physical, human, infrastructural and budgetary-lie at the root of regional disparities, but they could as well be caused by historical and cultural factors. Selection of relevant parameters is essential for identifying and assessing the degree of regional imbalance within a nation or State. A major constraint for analysts and governments is the availability of reliable reasonably up to date information that can be used to measure imbalances and monitor and evaluate the success of remedial schemes. The second stage of the process of identifying backward areas is the manner in which different parameters should be yoked together (as an index or by any other method) to generate a composite measure of low levels of development.

The concept of regional disparities can be understood in terms of unequal resource endowments, uneven human development, inadequate infrastructure and poor budgetary resources.

### Unequal resource endowments

Natural resources are distributed unevenly across the country giving some areas a natural advantage over others in terms of the scope for higher incomes, employment possibilities and more sustainable livelihoods. Relevant indicators used to measure resource availability relate mainly to agricultural and mineral resources. Availability cannot, however, be the sole criterion; level of exploitation and ease and costs of exploitation are equally important. The principal natural resources which contribute to economic growth are the following:

- Water resources, either through ample rainfall or accessible supply from both surface and ground water sources, enable the cultivation of high income

yielding food and cash crops, provide potable water for habitations and towns and facilitate industrialization. On this basis, desert and chronically drought affected areas were identified by the Planning Commission study group that drafted the Fourth Five Year Plan (1966-71) and special schemes for such regions formulated. Net irrigable area with reference to net area sown or the population supported is a criterion that has been selected by many study groups to identify regional backwardness. Chronically flood affected areas and coastal areas affected by salinity too were considered as problem areas by the Sivaraman committee appointed by the Planning Commission in its report on backward areas of 1981. Availability of water for drinking and household use has again been assessed using criteria like the average distance of safe drinking water sources (through tap, well etc.) from homes.

- The extent of exploitation of water resources has to be taken into consideration when, for historical or other reasons, investment has not been adequate for utilizing irrigation potential. This has been assessed using criteria like gross/net irrigated area with reference to gross/net sown area and area sown more than once or cropping intensity. From the human development (health and sanitation) point of view, easy availability of potable water is also a critical indicator of regional disparity.

- Mineral deposits can provide States with revenue from royalties and increase income and employment through mining and related industrial activity. However, they should not only be exploitable, revenues derived should accrue to State budgets with regular price adjustments. This factor has not generally figured as a criterion for assessing regional disparities, given existing constitutional and statutory provisions relating to revision of rates of major minerals for royalty purposes.

- Forests or tree cover also constitute a valuable natural resource, but this must be exploitable in terms of employment or cash incomes as is the case with plantations or horticultural crops. For environmental reasons, in the context of the inadequate forest cover of the country, regions with ample forest resources have been constrained in exploiting them to raise revenues for development or generating higher incomes. Hence, this has not been used as a criterion for assessing regional imbalance.

- The value of natural resources stems from their exploitability and the scope for increasing income and employment through use of resources. Sustainable exploitation is the core issue and resources will have to be husbanded. Water sources (both surface and ground water) must be conserved and mineral deposits judiciously mined for resources to contribute income and employment over a long period. The number of black and grey talukas is a good indicator of overexploitation of ground water pointing to alarming depletion of valuable resources. These issues must be kept in mind while assessing the backwardness of regions within the country.

**Uneven human development**

The concept of human development was brought to the fore by the UNDP during the nineties to offset the tendency of assessing development through the single parameter of per capita income. The human development index (HDI) and related gender development and gender empowerment indices, computed annually since 1990, ranked countries on the basis of three variables- income levels (measured by per capita GDP), educational status (measured by a combination of adult literacy and enrolment at the primary, secondary and tertiary levels) and health status (measured by life expectancy at birth). The idea was adapted to Indian conditions in the National Human Development Report brought out by the Planning Commission, while State governments used the same approach to measure intra State regional disparities.

Human resources depend upon demographic trends and economic, basic health and educational status. A plethora of parameters is available to assess different elements of human development; whether they can be prioritized and combined in the form of an index to rank States and districts is another issue. It is necessary to distinguish between process and outcome variables; the presence of the former does not necessarily ensure that desired outcomes are actually realized.

1) Economic status of the population has been the basic parameter used to measure imbalances at the global and national levels. Per capita income figures on all lists of variables used to rank regions in terms of development. This is supplemented with additional parameters focused specifically on low-

income levels-like population below the poverty line, per capita consumption etc. On the economic front, various proxies are used to capture poorer economic status. A high population ratio with reference to cultivable land or high incidence of unemployment or underemployment could be used to reflect income deprivation. Greater dependence on agriculture is also a pointer to lower growth potential. Hence, higher dependency of population on secondary and tertiary activity or the proportion of persons dependent on industry, the percentage of establishments using electricity or per capita annual consumption of electricity etc. are used to focus on backward areas.

Within sectors themselves, dependency ratios can be generated say of the percentage of workers engaged in agriculture (or specifically agricultural labourers) and the level of industrial employment (differentiating if possible between household industries, registered and unregistered units), while productivity (and resultant incomes) can be assessed using the per capita gross value of agricultural or industrial output. Since urbanization is likely to increase productivity and income, the ratio of urban to rural population is also a useful indicator.

2)      Health status is measured by a fair number of process and outcome variables drawn from demographic and governmental sources.

Outcome variables

A clutch of parameters is used to assess growth rate of the population (the crude birth and death rates and the total fertility rate, rate of growth of the population, percentage of births of order three and above etc.), with falling rates leading to stabilized population levels being treated as indicative of improved quality of life. Life expectancy is a clear indicator of improved health condition. The status of vulnerable groups is assessed through analysis of differences between the genders in life expectancy and the sex ratio as well as by indicators like infant, child and maternal mortality and the percentage of girls marrying below the age of 18. Morbidity data is difficult to obtain today although it could be the most comprehensive guide to the health status of a region.

Process variables

Data relating to institutions (in terms of availability of hospitals and health centres) and medical staff (availability of doctors and nurses), the adoption of

family planning methods, immunization, institutional or safe deliveries etc. indicate the existence or nonexistence of adequate facilities but this is no guide to the quality or effectiveness of service delivery.

3)    Educational status is focused  mainly on the primary and secondary levels. Here too process and outcome variables need to be differentiated.

**i)**    Outcome variables

Literacy is the basic indicator of education with focus on the gender gap and lower achievement levels of rural population or persons belonging to disadvantaged regions and groups.

**ii)**    Process variables

Gross and net enrolment ratios at the primary, elementary and secondary school levels with special reference to disadvantaged groups and regions are the most useful indicators.  Success rates in school leaving examinations can also be used where data is available.  As in the case of health, it is again necessary to look at institutions with reference to population as well as accessibility (distance from habitations).

**Inadequate infrastructure**

Regions which are resource-rich can remain underdeveloped and backward due to infrastructural inadequacies.  This can affect human development significantly by reducing access to economic centres and markets, schools and educational institutions and medical facilities.  Indicators used to assess infrastructural adequacy relate to road length with reference to both area and population, tele-density, availability of rail connectivity, post offices, motor vehicles and bank branches as well as credit-deposit ratio, spread of cooperative credit institutions and the like.  The kind of housing available (*kachha* or *pucca*) and access to the three basic amenities of water supply, electricity and sanitation are also good indicators of the quality of life of the population.

**Poor budgetary resources**

The size and adequacy of revenue resources can severely constrain the capacity of a government to provide basic amenities to citizens. The theory of fiscal federalism focuses on the different kinds of measures usually used to

tackle the twin problems of vertical imbalance between federal and subnational governments (due to the gap between the resource raising capacity and spending needs of subnational governments to fulfill their Constitutional role) as well as of horizontal imbalance among different subnational governments (due to differing capacities to provide a minimum level of services to citizens). Even where resources are available, inadequate exploitation or inability to exploit them for varying reasons to improve budgetary receipts may lead to deficits in State budgets which have to be met through transfers of different kinds, keeping in mind incentive effects on resource raising efforts and the quantity and quality of subnational expenditure.

## DEVELOPING A COMPOSITE APPROACH TO IDENTIFYING BACKWARDNESS

2.3.1   Indicators selected to reflect regional imbalance have to be brought together to arrive at the list of areas or regions requiring targeted attention. A common method used for the purpose is building up a composite index combining selected variables. There are serious technical flaws in this approach, since variables tend to overlap and affect each other. This can happen within sectors (there is a wide choice of demographic and outcome parameters in the case of health with varying nuances) as well as across sectors. In the latter case, for example, income levels have an obvious effect on outlays on health and education and the demand for and access to these facilities in any region. An educated population is likely to be better nourished, healthier and more conscious of public health and sanitation concerns, even with no improvement in income levels as studies have demonstrated time and again.

A major problem with indexation is the ticklish question of assigning appropriate weights to selected parameters. The UNDP has developed the Human Development Index which assigns the same weightage to variables reflecting income, health and educational status, although there is difference in the emphasis given to the two variables used to measure educational status. The committee appointed by the Ministry of Rural Areas and Employment (headed by Dr. EAS Sarma) to identify the 100 most backward and poorest districts in

the country (which gave its report in November 1997) deliberated extensively on this issue and assigned different weights to various parameters.

A second difficulty in applying the chosen variables for selecting backward areas is identification of the cutoff point for intervention. This may even have to be done arbitrarily by indicating that the focus will be on say the hundred most backward units and ranking them on the basis of the composite index.

Another approach adopted by the EAS Sarma committee in its 1997 report was to vary the weightage given to the poverty ratio in the composite index of backwardness and select districts which repeatedly figured among the districts at the lowest rung. The implications and usefulness of all these approaches will have to be considered to identify backwardness and target the proposed interventions.

## PROPOSED METHODOLOGY FOR SELECTING BACKWARD AREAS

After considering possible approaches to the issue of identifying backwardness, the task force has adopted the following procedure for selecting criteria and aggregating different components. The level at which the selection process is to be done and interventions made has also been suggested. A major factor influencing our decisions has been the continuing and ready availability of data for assessing backwardness and the existence of an administrative setup that can implement programs and be monitored effectively.

2.4.1.1 **Selection of backwardness criteria**

We have considered the four types of regional disparities cited above to arrive at the most appropriate selection criteria for general backwardness.

1) Poor resource endowment acts as an inbuilt constraint to development. Given the current constitutional position with regard to powers enjoyed by States to levy royalties for mineral exploitation and the preponderant control exercised by the Central government in respect of determining royalty rates and

managing exploitation particularly for major minerals, States and areas rich in mineral wealth have not been free to take decisions to raise substantial resources for development by drawing on these reserves. A separate analysis and set of suggestions have been generated by us regarding streamlining and improving the current procedure for royalty revision. Nevertheless, we do not consider that availability of mineral wealth substantially reflects the growth potential of an area. This applies to forest and tree cover also. Environmental concerns severely limit the scope for raising revenues by rapid exploitation of forest wealth when existing levels of tree cover are considered vastly inadequate for the country. As for water resources, we are confronted with diverse scenario ranging from unexploited irrigation potential based on surface and ground water to over exploited dark and grey areas where conservation is the predominant concern. Backward regions in general have remained backward largely on account of inadequate exploitation of resource potential not due to the absence of resources themselves. Against this background, we have not adopted resource availability as a determinant parameter to identify backwardness.

2) Human development should be a primary concern of the State and deprivation in income as well as basic health and educational facilities must be a prime concern while identifying backwardness.

> On the income front, data relating to per capita income is available only at the State level. This is subject to serious infirmities as GSDP is computed on income originating not accrual basis, with inadequate procedures to adjust data for flows across borders. Some States like Karnataka are generating district level domestic product figures by applying the income originating principle to the primary sector and using a wide range of proxies to capture incomes originating in the secondary and tertiary sectors. This requires greater refinement; district level data is also not available across the country. Poverty estimates or estimates of per capita consumption cannot be generated from NSS data at the district level unless State samples are used to supplement NSSO data. For many States, these are available only at the regional level since NSSO regions, which do data collection and analysis sometimes extend across State borders. For these reasons, it is suggested that appropriate proxies should be used to capture

poor economic status. Given the existing position regarding data availability, **preponderance of agricultural labourers in the population, the level of agricultural wages and output per agricultural worker** would reflect the dependence of a region on low income based primary sector activity. These variables could be supplemented with data relating to **per capita credit and deposits** to capture the level of monetization and saving. We recommend that these five parameters should be used as criteria for capturing economic status for assessing the backwardness of a district.

➤ As far as basic health conditions are considered, process and outcome variables may both have to be taken into account to assess levels of deprivation across regions. Availability of regular reliable data is a key driver in the choice of variables but other considerations must also be kept in mind. Life expectancy at birth, which is a variable in UNDP's HDI, may not be very useful as it tends to fluctuate within a narrow range. Similarly, although fall in the sex ratio is a serious concern that must be tackled immediately, this calls for publicity campaigns focused on attitudinal change not resource availability. We consider that the most useful indicator to capture poor health and nutritional status is the child mortality rate but data on this parameter is not available at the district level. Data regarding **infant mortality** furnished by the SRS is not generated at the district level, but we have made estimates to supplement available information relating to 292 districts from the health survey. We have similarly generated data to complete available statistics at the district level for the **crude death rate**, which is a useful variable to capture health status.

➤ In the case of process parameters, departmental data is available on several variables linked to availability and use of medical institutions and personnel as well as to the use of fertility control methods. After considering them in depth, we believe that focus should be shifted from population control to service delivery mechanisms with emphasis being placed on the vulnerable category of women and children. In our view,

**full immunization and institutional delivery** are the most appropriate parameters to reflect these concerns and we recommend adoption of these criteria to identify regions with poor health status.

➢ Educational status can be measured using process and outcome variables. Literacy is the basic indicator; to focus on the gender gap, we suggest that the **female literacy rate** may be taken as the appropriate indicator. As for process parameters, the appropriate indicators should be the net enrolment ratio at the elementary school level for vulnerable groups like girls and Scheduled Castes and Tribes. Unfortunately, however, departmental data is not readily available although it should be possible to collect it from States to enable us to apply this parameter. We have been constrained to use the less satisfactory variable of the **gross enrolment ratio and supplement it with the availability of secondary schooling facilities with reference to targeted population.**

3)   Availability of physical infrastructure acts as a major developmental constraint. We have considered variables relating to road, power, drinking water, banking services and teledensity looking at availability of data at the district level. Data regarding road length to area at the district level should be collected from States by the department for use as a relevant indicator of regional imbalance**.** In its absence, we have used the **percentage of households without electricity and of rural households with drinking water sources at a distance greater than 500 metres as well as the percentage of households not availing of bank services** as indicators of poor infrastructure. At present, however, data regarding teledensity is not available at the district level.

**4)**   A robust budget and capacity to raise revenue using tax and non tax handles are essential when investment has to be done in public goods. States and areas, which are resource rich and even enjoy reasonable levels of human development, may be hamstrung by the absence of effective administrative machinery and adequate experienced personnel. This is the case for example over much of the northeast, which continues to depend on Central transfers to

meet the costs of daily governance partially because of the lack of systems, trained staff, procedures and administrative traditions. Such concerns drive the devolution formulae applied by the Finance Commission for non Plan equalization grants as well as the Gadgil formula approved by the National Development Council for general purpose Central assistance for State Plans, under which 30% of total Central assistance is earmarked for special category States. The parameters chosen by us to identify backwardness applied uniformly across the country have brought to light districts within special category States that require focused attention. We do not, therefore, recommend the adoption of any additional parameter linked to budgetary capacity.

An overall proxy for regional backwardness that we would like to adopt to capture likely low levels of human development is the **percentage of Scheduled Caste and Scheduled Tribe population**

2.4.1.2 **Selection of the unit for identifying backwardness**

Over a half century of developmental experience, we have gradually moved from tackling regional imbalances at the State level to micro interventions targeted at districts within States. Today, there are even demands that disparities must be looked at from the sub-district or block level. Selection of the appropriate unit for measuring and removing regional inequalities will depend on the level at which reliable information is available on a regular basis and administrative arrangements can be effectively put in place to successfully implement equalization policies and programs.

We have looked at this issue from a pragmatic perspective. Studies made at the State level and evaluations of major Central ministries dealing with key social sectors have brought to light vast divergences within districts and pockets of severe deprivation. An ambitious attempt has been made, for example, in the recent comprehensive report of the committee on regional backwardness set up by the Government of Karnataka to rank blocks within the State and pick up the most deprived for focused attention. Nevertheless, given the present stage of data availability, it is not feasible to move directly to the block level

for tackling regional imbalance. Eventually, the planning process should begin at the village level, with district level plans aggregated on the basis of block and village plans. This can be achieved only when the statistical system at lower levels achieves the required degree of sophistication and when administrative reform and capacity building proceed apace. We believe strongly that it is essential to improve the statistical system to generate block wise information and proceed as quickly as possible to program implementation focused at this unit. We have made later on several suggestions on this issue. Even at the district level, we have already noted the serious gaps in basic outcome monitoring data. Despite this, we have generated as far as feasible maps of the developmental status of the country by zeroing in on districts.

We have ranked districts on the basis of the above 17 chosen parameters relating to income deprivation, health and educational status and infrastructural inadequacy, summed up their ranks on the different parameters and arranged them on the basis of their combined ranking to focus on relative deprivation levels. We believe that districts ranked lowest on the combined ranking list must be considered the most backward in the country.

## CHAPTER III

## 3. METHODS OF REDUCING REGIONAL IMBALANCES

Criteria to identify backwardness play a major role in determining the size of funds transferred to States on different counts. At the sectoral level as well as in general transfers, indicators of backwardness are being used for directing public investment towards deprived regions. This is done under Centrally sponsored schemes, in nonPlan transfers recommended by the Finance Commission as well as assistance extended by the Planning Commission. Present mechanisms are considered below:

## CENTRALLY SPONSORED SCHEMES

3.2.1 Regional imbalances have been taken into consideration while drafting major programs in core areas like poverty alleviation and social development. 5 Centrally sponsored schemes in the Rural Development Ministry itself account for one third of the total CSS outlay of around Rs. 36000 crore in 2004-05 and adopt various indicators of backwardness so that funds can flow into the most needy areas. These are briefly indicated below:

- SGSY (Department of Rural Development)-Rs. 1000 crore. Funds are allocated in relation to the incidence of poverty in States but absorption capacity and special requirements are considered in the course of the year.

- Sampoorna Grameen Rozgar Yojana (Department of Rural Development)-Rs. 5100 crore. Funds are allocated to States on the basis of the proportion of rural poor. At the district level, allocation is on the index of backwardness using the proportion of rural SC/ST population and inverse of per capita production of agricultural workers (with equal weightage).

- Indira Awaas Yojana (Department of Rural Development)-Rs. 2500 crore. Funds are allocated to States giving equal weightage to poverty ratio and housing shortage based on figures of the last census. Proportions of rural SC/ST population and housing shortage within district to totals are the criteria adopted for inter-district allocation within a State.

- Accelerated Rural Water Supply Program (Department of Drinking Water Supply, Ministry of Rural Development)-Rs. 2900 crore. Funds are allocated on the basis of rural population (weightage 40%), States under DPAP, DDP, hill area development and special category hill States in terms of rural areas (35% weightage), not covered / partially covered villages (at 2:1 ratio)-10%/5% weightage, quality affected villages (40:40:15:5)-10% weightage and overall water resource availability (unirrigated over irrigated area)

- Drought Prone Areas and Desert Development Programmes of the Department of Land Resources of the Ministry of Rural Areas and Employment (Rs. 300 and 215 crore respectively) apply to blocks selected as drought prone on the basis of the Hanumantha Rao committee report in 1994.

The entire gamut of Central sector and Centrally sponsored schemes is being reviewed in great detail in connection with the specified objective of the National Common Minimum Program of rationalizing them and transferring as many as possible to States. An ongoing process of rationalization is already under way through a subcommittee of the National Development Council and the issue will also be commented upon during the mid term appraisal of the Tenth Plan. Centrally sponsored schemes have specific sectoral objectives and targets and the Backward States Grant Fund can be used to supplement them through a comprehensive macro approach cutting across sectors and meeting intersectoral requirements. While we are not commenting upon the criteria adopted in many Centrally Sponsored Schemes, we hope that the suitability of these parameters and the data on which they are based will be examined indepth in the midterm appraisal exercise.

## NON-PLAN TRANSFERS

3.3.1  The problem of horizontal imbalance among States in fulfilling their responsibilities has been recognized by the Indian Constitution and provision made to equalize budgetary capacity through the agency of the Finance Commission which is appointed as an objective, expert body every five years to recommend tax shares and transfers from the Centre to the States so that there is horizontal equity among the citizens of different States. Finance

Commissions have adopted different criteria relating to backwardness to compute entitlements of States and equalize their budgetary capacities. Criteria for determining backwardness used by the Eleventh Finance Commission for distributing tax shares are population, per capita income, area and index of infrastructure. It has also recommended grants in aid to selected States, which are left with budgetary gaps after tax devolutions. Since distribution of resources on the non Plan side for equalizing capacities of States is being done by a statutory body set up under the Constitution, we do not propose to comment on the criteria used for this process.

## 3.4 ALLOCATION OF NORMAL CENTRAL ASSISTANCE FOR STATE PLANS

3.4.1 The Planning Commission applies the Gadgil formula to assist States to fund their Annual Plans. The details of the formula are given in **Annexure-III**. The criteria that specifically provide for backwardness in the formula are population and per capita income although these are also allied to variables that measure the performance of States in different areas including tax effort. The National Development Council has approved the formula and determined the criteria. Modification would require achievement of a consensus among Chief Ministers of different States.

## 3.5 RSVY

3.5.1 Under the Rashtriya Sam Vikas Yojana which is a new initiative launched in the Tenth Plan, 147 districts are covered – 115 backward districts and 32 districts affected by left wing extremism. Identification of backward districts within a State was done on the basis of an index of backwardness using three parameters with equal weights: the value of output per agricultural worker, the agricultural wage rate and the percentage of SC and ST population in the district. From the list of backward districts so identified, State capitals, districts with urban agglomeration of one million plus and districts, which had major cities of States, were excluded. The number of districts to be covered in a State was decided on the basis of the incidence of poverty in the case of non-

special category States and on the basis of population in the case of special category States with the rider that each State would get at least one district. Districts affected by left wing extremism have been identified by the Ministry of Home Affairs on the basis of different criteria such as intensity of left wing extremist violence, the presence of armed dalams, the spread of active front organizations of these groups, the extent of proactive measures initiated by the police and administration, etc. Rs. 15 crores of annual allocation are proposed for each selected district for a programme to be completed in three years time to redress regional imbalance District level plans are to be prepared and approved by an empowered committee chaired by Secretary, Planning Commission and these are to be implemented and closely monitored. We will be considering this programme and its future in the context of the proposed Backward Districts Initiative.

## 3.6    NATIONAL COMMISSION ON POPULATION

3.6.1    The National Commission on Population has worked out a composite index to rank 569 districts of the country using the following variables, which it found relevant to explain the fertility rate of population:

Decadal population growth rate

Percentage of births of order 3 and above (instead of total fertility rate)

Percentage of current users of family planning methods

Percentage of girls marrying below 18 years of age

Sex ratio

Percentage of women receiving skilled attention during deliveries

Percentage of children getting fully immunized

Female literacy

Percentage of villages not covered with pucca roads (estimated)

Percentage coverage of safe drinking water and sanitation (estimated)

Percentage of births registered (estimated)

Percentage of deaths registered (estimated)

3.6.2    One hundred and thirty three districts were identified on the basis of these variables.  A conference was held with the District Magistrates / Collectors of

these districts and they were asked to submit District Action Plans. Additional Central Assistance was given to 67 districts on this basis in 2000-2001 and 2001-02 and the programme has since been discontinued. Fresh initiatives are separately being considered in the health sector now.

# CHAPTER IV

## 4.    THE BACKWARD DISTRICTS GRANT FUND

4.1.1    Over and above existing mechanisms, we believe that there is a strong case for setting up a Backward Districts Grant Fund, which is a key component of the National Common Minimum Program and which has been announced by the Finance Minister in the current year's budget speech.  For optimal results and effective targeting, this should be operated as a Backward Districts (rather than a Backward States) Fund to ensure that there is focus on less developed parts within States, even those that are otherwise considered developed.  To enable the Fund to realize its outcomes at the ground level, it should be operated throughout the remaining period of the Tenth Plan as well as in the Eleventh Plan period.  Two years after operation, that is at the beginning of the Eleventh Plan, the working of the Fund should be reviewed and corrections necessary put into place.

4.1.2    Specific recommendations regarding the coverage and time frame for the program, modalities of implementation, monitoring and closure are given below.

## 4.2    COVERAGE AND TIME FRAME OF THE BACKWARD DISTRICTS GRANT FUND

4.2.1    The Fund should cover the 115 most backward districts *(map 1)* identified on the basis of the methodology given by us in Chapter II excluding Naxalite affected districts.  To this list should be added the 55 districts *(map 2)* considered to be Naxalite affected, in which disaffection with low developmental levels has driven people to violent forms of protest and opposition.  The Backward Districts Grant Fund will replace the current RSVY and Backward Districts Initiative but action has already been initiated in selected districts under these two schemes to implement developmental plans over a three year time frame (of which one year would be completed in 2004-05 for all districts, with districts in which the project was piloted being

further ahead in implementation). To avoid disruption in these programs, these plans will be completed as originally targeted, but districts now covered under RSVY, which do not qualify as most backward under the criteria chosen by us, will not be eligible for further assistance from the Backward Districts Grant Fund after the close of the Tenth Plan. Forty-six RSVY districts will not qualify for assistance from the Backward Districts Grant Fund after the Tenth Plan period is over. During the remaining two years of the Tenth Plan, however, in all 216 districts will be covered but the number will come down to 170 *(map 3)* in two years time. Districts affected by Naxalism will also require specific assistance related to connectivity, livelihood support programs, land record reforms and governance issues which cause public disaffection and induce citizens to turn towards violent redressal measures. *Map 4 & 5* depict State wise affected districts.

4.2.2   We have suggested the multi-sectoral parameters to be adopted for identifying backward districts. Choice of variables has been made in a pragmatic manner keeping in mind ready availability of data and ease of monitoring. In our view, half the funding under the program should be distributed equally to the identified districts and the remaining amount allocated on the basis of population. After two years of operation at the close of the Tenth Plan, the distribution formula should be modified. One third of the funding should be distributed equally among the backward districts, a further third on the basis of

Map 1



115 Most Backward Districts excluding
55 Extremist Affected Districts

Most Backward excld. Extremist Affected Districts (115)
Other
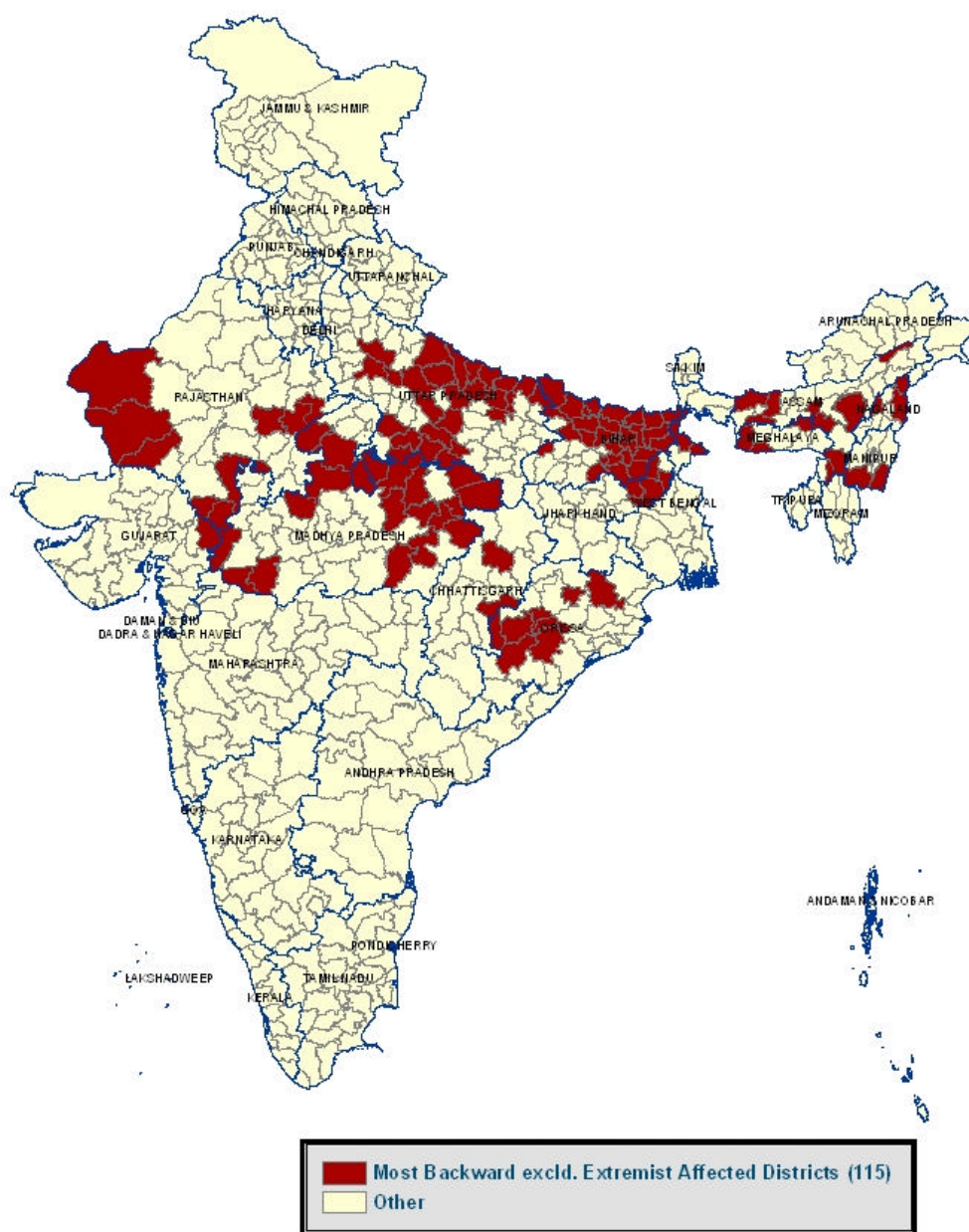
National Informatics Centre

## Map 2



**55 Extremist Affected Districts**

Extremist Affected (55)
Other
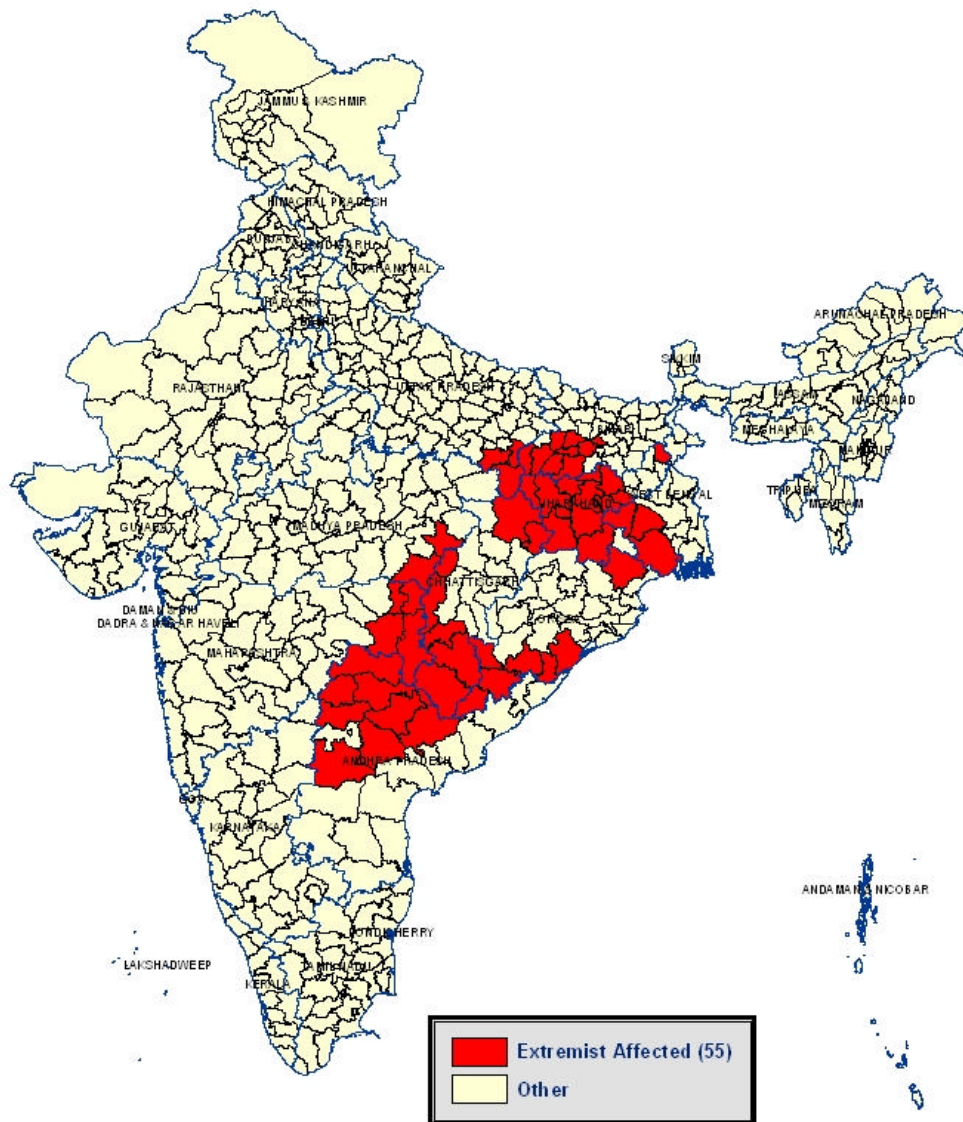
National Informatics Centre

Map 3



170 Most Backward Districts including 55 Extremist Affected Districts

Legend:
- 115 Most Backward Districts excld. 55 Extremist Affected
- 55 Extremist Affected Districts
- Other
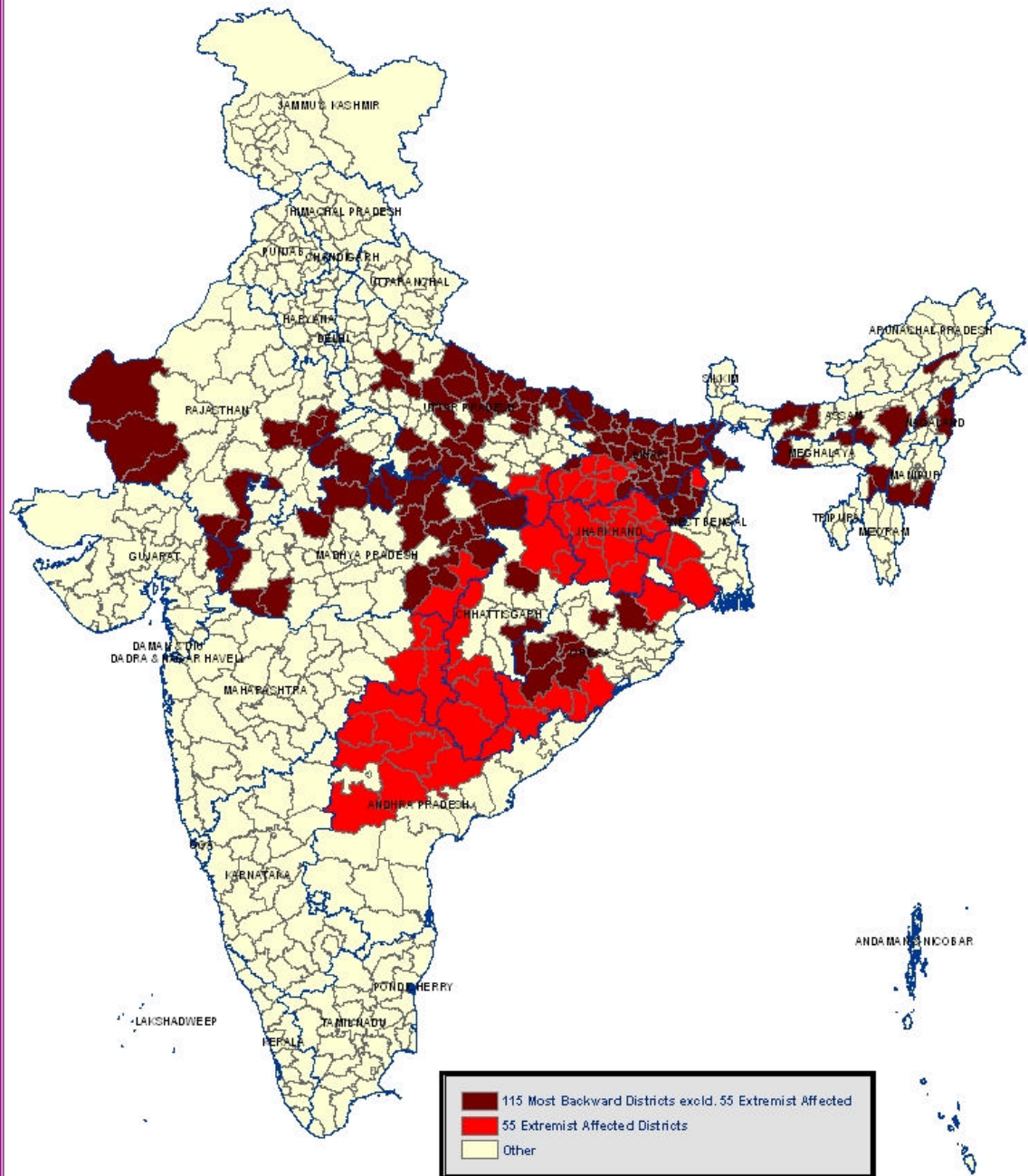
National Informatics Centre

# Map 4

## Most Backward Districts Identified including Extremist Affected Districts
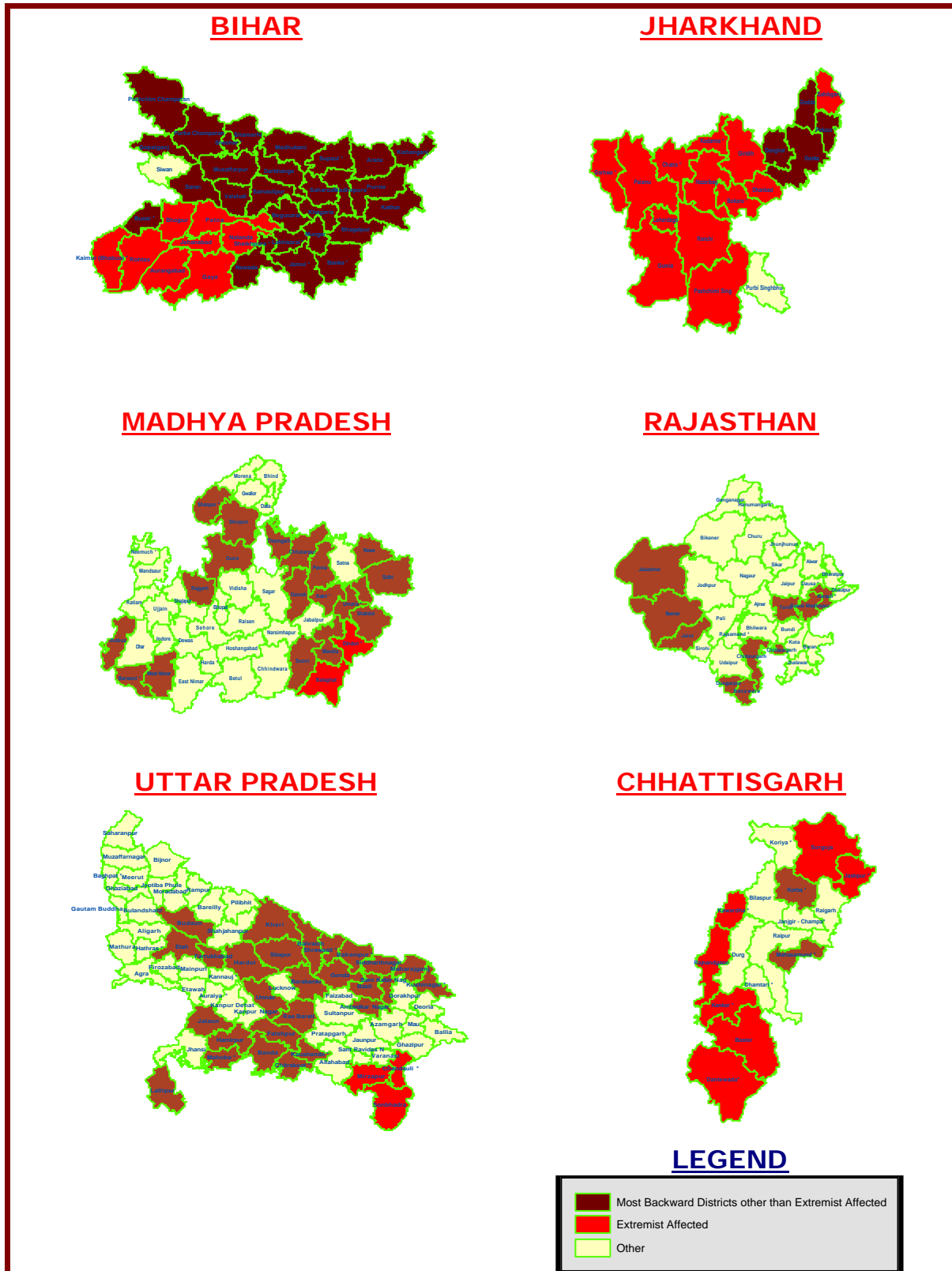


**BIHAR**

**JHARKHAND**

**MADHYA PRADESH**

**RAJASTHAN**

**UTTAR PRADESH**

**CHHATTISGARH**

**LEGEND**

| | |
|---|---|
| ■ | Most Backward Districts other than Extremist Affected |
| ■ | Extremist Affected |
| ■ | Other |

# Map 5
## Most Backward Districts Identified including
## Extremist Affected Districts



**ANDHRA PRADESH**

**ORISSA**

**MAHARASHTRA**

**NORTH-EASTERN STATES**

**GUJARAT**

**WEST BENGAL**

**LEGEND**

| | |
|---|---|
| ■ | Most Backward Districts other than Extremist Affected |
| ■ | Extremist Affected |
| ■ | Other |
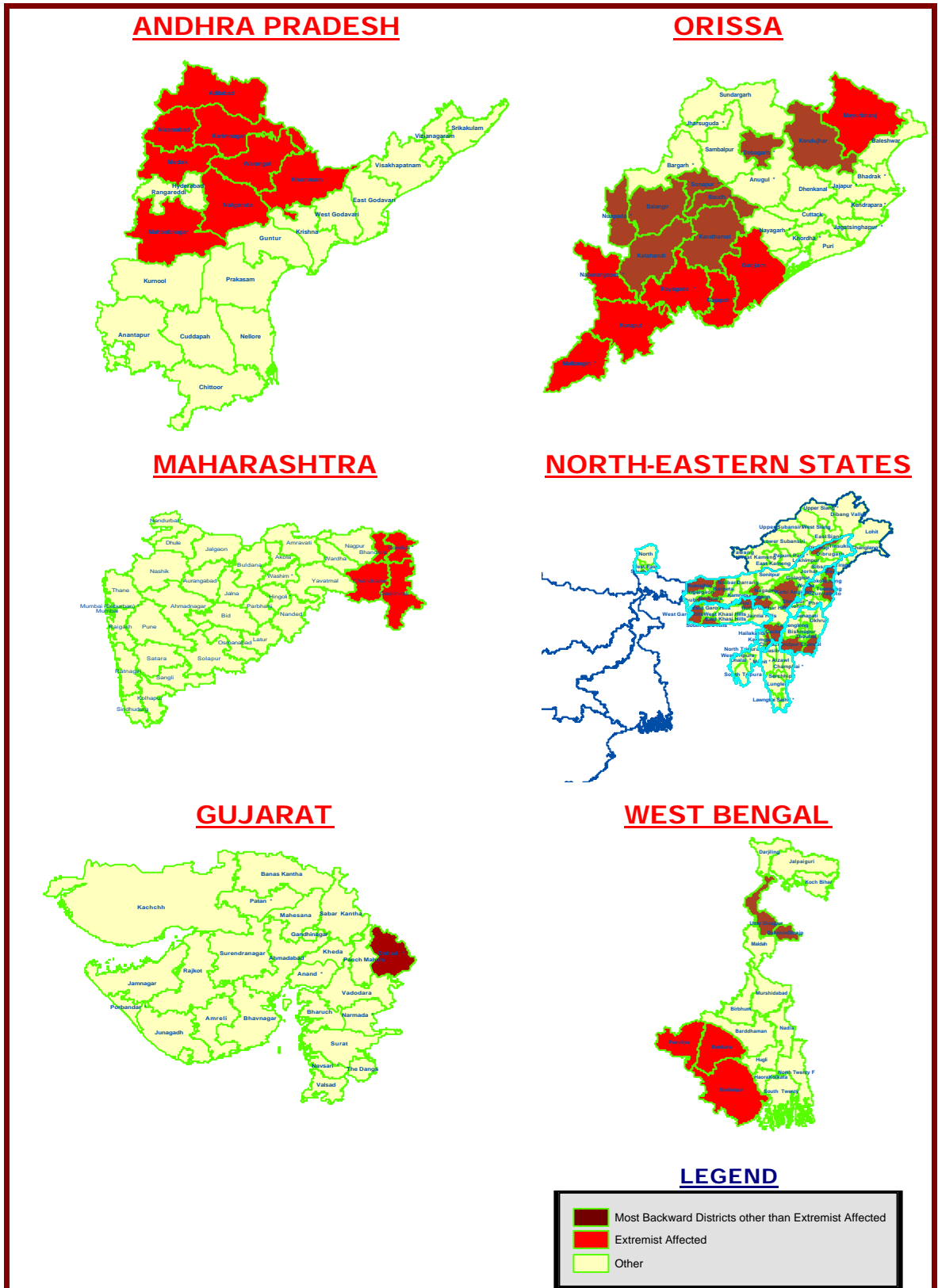
## List of 170 Districts identified under Backwardness including 55 Extremist Affected Districts (State-wise)

| No. | State Name | District Name |
|---|---|---|
| 1 | ANDHRA PRADESH | Adilabad |
| 2 | ANDHRA PRADESH | Karimnagar |
| 3 | ANDHRA PRADESH | Khammam |
| 4 | ANDHRA PRADESH | Mahbubnagar |
| 5 | ANDHRA PRADESH | Medak |
| 6 | ANDHRA PRADESH | Nalgonda |
| 7 | ANDHRA PRADESH | Nizamabad |
| 8 | ANDHRA PRADESH | Warangal |
| 9 | ASSAM | Barpeta |
| 10 | ASSAM | Cachar |
| 11 | ASSAM | Dhemaji |
| 12 | ASSAM | Goalpara |
| 13 | ASSAM | Hailakandi |
| 14 | ASSAM | Karbi Anglong |
| 15 | ASSAM | Kokrajhar |
| 16 | ASSAM | Marigaon |
| 17 | BIHAR | Araria |
| 18 | BIHAR | Aurangabad |
| 19 | BIHAR | Banka * |
| 20 | BIHAR | Begusarai |
| 21 | BIHAR | Bhagalpur |
| 22 | BIHAR | Bhojpur |
| 23 | BIHAR | Buxar * |
| 24 | BIHAR | Darbhanga |
| 25 | BIHAR | Gaya |
| 26 | BIHAR | Gopalganj |
| 27 | BIHAR | Jamui * |
| 28 | BIHAR | Jehanabad |
| 29 | BIHAR | Kaimur (Bhabua |
| 30 | BIHAR | Katihar |
| 31 | BIHAR | Khagaria |
| 32 | BIHAR | Kishanganj |
| 33 | BIHAR | Lakhisarai * |
| 34 | BIHAR | Madhepura |
| 35 | BIHAR | Madhubani |
| 36 | BIHAR | Munger |
| 37 | BIHAR | Muzaffarpur |
| 38 | BIHAR | Nalanda |
| 39 | BIHAR | Nawada |
| 40 | BIHAR | Pashchim Champ |
| 41 | BIHAR | Patna |
| 42 | BIHAR | Purba Champara |
| 43 | BIHAR | Purnia |
| 44 | BIHAR | Rohtas |

## List of 170 Districts identified under Backwardness including 55 Extremist Affected Districts (State-wise)

| No. | State Name | District Name |
|---|---|---|
| 45 | BIHAR | Saharsa |
| 46 | BIHAR | Samastipur |
| 47 | BIHAR | Saran |
| 48 | BIHAR | Sheikhpura * |
| 49 | BIHAR | Sheohar * |
| 50 | BIHAR | Sitamarhi |
| 51 | BIHAR | Supaul * |
| 52 | BIHAR | Vaishali |
| 53 | CHHATTISGARH | Baster |
| 54 | CHHATTISGARH | Dantewada* |
| 55 | CHHATTISGARH | Jashpur * |
| 56 | CHHATTISGARH | Kanker * |
| 57 | CHHATTISGARH | Kawardha * |
| 58 | CHHATTISGARH | Korba * |
| 59 | CHHATTISGARH | Mahasamund * |
| 60 | CHHATTISGARH | Rajnandgaon |
| 61 | CHHATTISGARH | Surguja |
| 62 | GUJARAT | Dohad  * |
| 63 | JHARKHAND | Bokaro * |
| 64 | JHARKHAND | Chatra * |
| 65 | JHARKHAND | Deoghar |
| 66 | JHARKHAND | Dhanbad |
| 67 | JHARKHAND | Dumka |
| 68 | JHARKHAND | Garhwa * |
| 69 | JHARKHAND | Giridih |
| 70 | JHARKHAND | Godda |
| 71 | JHARKHAND | Gumla |
| 72 | JHARKHAND | Hazaribag |
| 73 | JHARKHAND | Kodarma * |
| 74 | JHARKHAND | Lohardaga |
| 75 | JHARKHAND | Pakaur * |
| 76 | JHARKHAND | Palamu |
| 77 | JHARKHAND | Pashchimi Sing |
| 78 | JHARKHAND | Ranchi |
| 79 | JHARKHAND | Sahibganj |
| 80 | MADHYA PRADESH | Balaghat |
| 81 | MADHYA PRADESH | Barwani * |
| 82 | MADHYA PRADESH | Chhatarpur |
| 83 | MADHYA PRADESH | Damoh |
| 84 | MADHYA PRADESH | Dindori * |
| 85 | MADHYA PRADESH | Guna |
| 86 | MADHYA PRADESH | Jhabua |
| 87 | MADHYA PRADESH | Katni * |
| 88 | MADHYA PRADESH | Mandla |

## List of 170 Districts identified under Backwardness including 55 Extremist Affected Districts (State-wise)

| No. | State Name | District Name |
|---|---|---|
| 89 | MADHYA PRADESH | Panna |
| 90 | MADHYA PRADESH | Rajgarh |
| 91 | MADHYA PRADESH | Rewa |
| 92 | MADHYA PRADESH | Seoni |
| 93 | MADHYA PRADESH | Shahdol |
| 94 | MADHYA PRADESH | Sheopur * |
| 95 | MADHYA PRADESH | Shivpuri |
| 96 | MADHYA PRADESH | Sidhi |
| 97 | MADHYA PRADESH | Tikamgarh |
| 98 | MADHYA PRADESH | Umaria * |
| 99 | MADHYA PRADESH | West Nimar |
| 100 | MAHARASHTRA | Bhandara |
| 101 | MAHARASHTRA | Chandrapur |
| 102 | MAHARASHTRA | Gadchiroli |
| 103 | MAHARASHTRA | Gondiya * |
| 104 | MANIPUR | Chandel |
| 105 | MANIPUR | Churachandpur |
| 106 | MEGHALAYA | Ri Bhoi * |
| 107 | MEGHALAYA | South Garo Hil |
| 108 | MEGHALAYA | West Garo Hill |
| 109 | NAGALAND | Mon |
| 110 | NAGALAND | Tuensang |
| 111 | NAGALAND | Wokha |
| 112 | ORISSA | Balangir |
| 113 | ORISSA | Baudh * |
| 114 | ORISSA | Debagarh * |
| 115 | ORISSA | Gajapati * |
| 116 | ORISSA | Ganjam |
| 117 | ORISSA | Kalahandi |
| 118 | ORISSA | Kandhamal |
| 119 | ORISSA | Kendujhar |
| 120 | ORISSA | Koraput |
| 121 | ORISSA | Malkangiri * |
| 122 | ORISSA | Mayurbhanj |
| 123 | ORISSA | Nabarangapur |
| 124 | ORISSA | Nuapada * |
| 125 | ORISSA | Rayagada * |
| 126 | ORISSA | Sonapur * |
| 127 | RAJASTHAN | Banswara |
| 128 | RAJASTHAN | Barmer |
| 129 | RAJASTHAN | Chittaurgarh |
| 130 | RAJASTHAN | Dungarpur |
| 131 | RAJASTHAN | Jaisalmer |
| 132 | RAJASTHAN | Jalor |

## List of 170 Districts identified under Backwardness including 55 Extremist Affected Districts (State-wise)

| No. | State Name | District Name |
|---|---|---|
| 133 | RAJASTHAN | Karauli * |
| 134 | RAJASTHAN | Sawai Madhopur |
| 135 | RAJASTHAN | Tonk |
| 136 | UTTAR PRADESH | Ambedkar Nagar |
| 137 | UTTAR PRADESH | Bahraich |
| 138 | UTTAR PRADESH | Balrampur * |
| 139 | UTTAR PRADESH | Banda |
| 140 | UTTAR PRADESH | Barabanki |
| 141 | UTTAR PRADESH | Basti |
| 142 | UTTAR PRADESH | Budaun |
| 143 | UTTAR PRADESH | Chandauli * |
| 144 | UTTAR PRADESH | Chitrakoot * |
| 145 | UTTAR PRADESH | Etah |
| 146 | UTTAR PRADESH | Farrukhabad |
| 147 | UTTAR PRADESH | Fatehpur |
| 148 | UTTAR PRADESH | Gonda |
| 149 | UTTAR PRADESH | Hamirpur |
| 150 | UTTAR PRADESH | Hardoi |
| 151 | UTTAR PRADESH | Jalaun |
| 152 | UTTAR PRADESH | Kaushambi * |
| 153 | UTTAR PRADESH | Kheri |
| 154 | UTTAR PRADESH | Kushinagar * |
| 155 | UTTAR PRADESH | Lalitpur |
| 156 | UTTAR PRADESH | Maharajganj |
| 157 | UTTAR PRADESH | Mahoba * |
| 158 | UTTAR PRADESH | Mirzapur |
| 159 | UTTAR PRADESH | Rae Bareli |
| 160 | UTTAR PRADESH | Sant Kabir Nag |
| 161 | UTTAR PRADESH | Shrawasti * |
| 162 | UTTAR PRADESH | Siddharthnagar |
| 163 | UTTAR PRADESH | Sitapur |
| 164 | UTTAR PRADESH | Sonbhadra |
| 165 | UTTAR PRADESH | Unnao |
| 166 | WEST BENGAL | Bankura |
| 167 | WEST BENGAL | Dakshin Dinajp |
| 168 | WEST BENGAL | Medinipur |
| 169 | WEST BENGAL | Puruliya |
| 170 | WEST BENGAL | Uttar Dinajpur |

population and another one third on the basis of performance against predetermined targets. This is expected to act as an incentive for realizing the desired outcomes and reward States and districts that put in maximum effort. Releases made to backward districts will be treated as non-lapsable so that they can be utilized as and when absorptive capacity is created.

## 4.3 MODALITIES OF IMPLEMENTATION

4.3.1 For convergence and flexibility, the district budget and the village composite plan concepts should be used to maximize results using funds available from all schemes and untied funds from other sources. PRI institutions should be integrated with the system and key operational staff should be monitored by them. Non-Plan budgetary support should be provided to cover salary expenditure so that Plan funds are not diverted to this end. We have further elaborated the manner in which district and village level budgets and plans should be prepared in the later chapters. Other policy modifications required in planning and governance are indicated below:

Regional, inter-district infrastructure or amount needed for area development purposes should be built out of normal departmental funds. These needs should be identified and concerned departments mandated to earmark a percentage of their Plan funds for this purpose using a suitable administrative system. This is desirable for ensuring accountability at the district and sub-district levels.

Funds allocated for improving deprived areas will be utilized as planned only if trained, competent personnel are posted to work in such regions. It is essential that this aspect is considered in depth and incentive policies introduced so that the most dedicated staff are motivated to devote two to three years of their careers in backward regions, vacancies of key personnel avoided and support services made available. A package of incentives should be introduced to encourage the best personnel to work in backward areas with utmost devotion. The special facilities at present being given by the Central government for persons serving in northeastern States should be extended to those working in the most backward districts. Apart from housing and educational facilities (as well as adequate security in Naxalite affected districts), a 25% special

allowance should also be given to government employees working in backward districts. Medical personnel could be attracted to these areas if they are assured admission to postgraduate courses after serving three years. Persons posted to backward districts must be retained for full three-year tenure and relieved immediately after this is over. They should also be permitted to retain official quarters in State headquarters during the posting period. Finally, a successful tenure in backward districts should be treated as a desirable qualification for future postings, promotions and career progression.

Continuous upgradation of skills must form part of the program content. At least 10% of the total fund should be earmarked for a separate capacity building plan and financing systems and information technology upgraded. The process of setting up networked information and delivery systems should be put in place from the initial stage itself side by side with other basic infrastructure and improved administration.

## 4.4 MONITORING OUTCOMES

4.4.1 A major impediment in putting in place an effective selection mechanism for backward districts and monitoring outcomes under schemes targeted to needy areas has been the lack of useful, regular and updated information. We believe that schemes and programs of all government levels cannot be operationalised without giving the utmost priority to improvement of the statistical system in key areas. The indicators on which data must be regularly collected, analysed and made available for planners and implementing departments are briefly indicated below along with the agency that could be strengthened for performing this task:

Data relating to the incidence of poverty is available on a regional basis through occasional (quinquennial) sample surveys conducted by the NSSO and through the head count run from time to time by the Rural Development Department. Both should be strengthened. The NSS should be required to obtain and analyse data on a State wise disaggregated basis by increasing sample size. It should actively involve State agencies, train and guide them so that State samples can be used along with Central tables and district wise results obtained. The census of the Rural Development department should be

operated on a two-stage basis, using some external indicators of income to zero in on the most deprived households

GSDP data is not available regularly for all States in a reasonably reliable manner. The CSO should be empowered and strengthened preferably by creating a Statistical Commission and endowing it with powers to direct, guide and control State Statistical departments so that comparable GSDP data for the country is available with only a year's delay. The recommendations of the Rangarajan Committee in this regard should be implemented very early.

With regard to outcome variables relating to educational status, data regarding literacy will have to be collected with greater regularity and frequency than at present as we rely today only on decennial census data. This can be done either through the NSS or through special surveys undertaken from time to time.

Health and demographic outcomes are best identified with regularity by strengthening the Compulsory Registration System for Births and Deaths operating throughout the country, not by depending on Sample Registration System data, which is meant only to check the effectiveness of the main system. SRS sampling is not large enough to generate district level data and this is a major gap in our reporting system. The CRS should be strengthened, upgraded, transferred for operation to the most effective agency (which may be the medical rather than the revenue department) and computerized to obtain online results for even the smallest administrative unit. Panchayat Raj institutions should be actively involved in this process and they should be enabled to use the data for planning purposes

Departmental data on education (dropouts, enrolments and availability of physical facilities and teachers) and health (availability of medical personnel and institutions and effectiveness of interventions relating to family welfare) is not being collected and analysed through networking among States; this must be strengthened.

Data relating to agricultural and industrial productivity as well as the spread of infrastructure must also be collated accurately.

4.4.2   We believe that the districts selected under the Backward States' Grant Fund could be used as pilot areas for establishing the statistical system indicated by us on priority basis so that outcomes can be monitored regularly. Information

requirements and system to be built at the village level have been covered extensively in a later chapter.

4.4.3    Audit and evaluation must be done on a concurrent basis using modern IT tools.    Field level feedback must be obtained through independent agencies (experts, CAs etc.) and NGOs.    The model followed in District Poverty Initiatives Programme districts could be used.    Local fund audit should be reviewed by the CAG and strengthened with adequate training.  The unit cost of delivery should be specified and provision made for regional variations. Outcome indicators should be enumerated for each backward district mentioning the current benchmark and the targeted level.

**CHAPTER V**

**5.     REDRESSAL OF REGIONAL IMBALANCE TRHOUGH DISTRICT BUDGETING.**

5.1.1   The strategy for tackling regional imbalance through the mechanism of the Backward Districts Grant Fund has to be made operational through a process of district budgeting so that plans formulated for development of backward areas reflect realistically the perceived needs and aspirations of the population. The Planning Commission has advocated the concept of district planning as an integral part of the planning process ever since the first guidelines for district planning were issued as early as 1969. These and subsequent attempts    to bring in effective decentralization as recommended by a number of committees met with limited success.  District NIC Centres were   established to maintain and provide district level data   to develop a strong information base.     But the most dramatic development came in 1992 with the 73rd and 74th Constitutional Amendment Acts, which conferred constitutional status on Panchayati Raj Institutions by envisaging the establishment of a democratic decentralized development process through peoples' participation in decision-making, implementation and delivery.    To achieve these objectives, the Constitution provides for devolution of powers and responsibilities to Panchayats at appropriate levels. Twenty-nine subjects listed in the Eleventh Schedule of the Constitution were also identified for devolution to the Panchayati Raj Institutions.

5.1.2   Article 243 ZD   indicates that committees for district planning must be set up as follows, "There shall be constituted in every State at the District level a District Planning Committee to consolidate the Plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development Plan for the district as a whole".   However, even a dozen years after the coming into force of the amendments, panchayati raj institutions (PRIs) have not been empowered and enabled to function in the manner envisaged for them. Where the 29 subjects listed for transfer to PRIs in the

Eleventh Schedule of the Constitution have been devolved, it has not been accompanied by full shifting of functions, functionaries and funds.

5.1.3   We believe that the Backward Districts Grant initiative and the recommendations made by us to achieve developmental targets in the most backward areas will not be effective unless they are implemented through PRIs. But because of the uneven manner in which these bodies have been empowered for this purpose today, it will be necessary to adjust the implementation procedure to the varying requirements and stages of PRI development of different States.  We indicate below the level of development that will be necessary to enable the Backward Districts Grant initiative  to be moved directly to PRIs and suggest also what could done in the transitional phase.

## 5.2   FUNCTIONAL DEVOLUTION

5.2.1   The functional responsibility of each spatial constitutional unit should be clearly defined within the ambit of the 73$^{rd}$ and 74$^{th}$ Amendment Acts.  In four main areas public provision of services for citizens can be done best at the village level.  These are the following:

The village is the unit most suited for providing amenities and infrastructure.  Roads, drainage lighting and all other physical infrastructure that raise the quality of life should be managed at the village level.  Sanitation and housing for the poor would also come within the ambit of villages.

Economic activities connected to agriculture, watershed development, on farm activity and rural industry should also become the major concern of the villages themselves.

Employment related programmes are again best handled at the village level. Information systems built up at this point can be used to generate a complete picture of the needs of villages and suggest effective solutions.

Finally, food and water security linked projects must also be placed under the jurisdiction of village panchayats.  Public distribution and related issues and the availability and adequacy of potable water are clearly to be managed at the village level.  To enable these tasks to be performed at this level, however the

Gram Panchayat will have to be strengthened as an accountable, functioning, responsible and empowered unit.

It would be possible to improve performance and curb leakage to a large extent if programmes are planned and implemented at the local level. The ideal implementing unit is the village panchayat, as there is scope for these bodies to raise own revenues also. This can make them responsible and responsive and induce them to prepare realistic plans within existing fund constraints.

5.2.3   Activity mapping will have to be completed by State governments to identify clearly the roles and responsibilities of different PRI levels. This is a prerequisite for successful planning and effective implementation as well as ownership of programs and projects. Formal statutory notification of the functions to be performed by each level must be followed immediately by issue of the requisite executive and other operational orders.

5.2.4   Similarly, the roles of other levels of Panchayati Raj Institutions should be well defined. This should not be just supervisory in nature. In fact, different rural local bodies could co-exist for different functions as equals within the same environment. In the case of larger projects involving more than one Gram Panchayat or even a group of Panchayat Samities, a special purpose vehicle could be set up for that specific purpose, for example, in the case of a large water supply project covering several villages and perhaps a town. Once the project is over, the vehicle could be either dissolved or retained for operation and maintenance as needed for the project.

5.2.5   The importance of different levels above the village stage varies across States. The extent to which and the manner in which intermediate PRI level between the district and the village should be empowered will depend upon the specific processes and traditions of each State. This could by and large be kept flexible. States could be given the freedom to determine what should be done according to local requirements.

5.2.6 A number of parallel bodies have been created by various departments as well as donor agencies. This should be discouraged. In case it is essential to create such bodies, Panchayats should be consulted and involved. All parallel bodies and programmes should be brought under the overall monitoring and supervision of Panchayats at the appropriate level.

5.2.7 Programmes and activities to be taken up by NGOs should be within the ambit of constitutional provisions and involvement of NGOs in the implementation of various schemes for economic development / social justice should be under the strict supervision and control of PRIs. Generally NGOs may be involved for assistance in technical matters and creating awareness.

5.2.8 An indicative list of functions and funds to be transferred to different panchayat levels has been furnished at Annexure IV.

**TRANSFER OF FUNCTIONARIES**

Management of schemes in the areas indicated should be formally transferred to the appropriate panchayat level. Currently, a major stumbling block has been the fact that powers relating to functionaries have been transferred in many cases in a truncated manner. Therefore, local bodies often function only as accounting entities who pay salaries on behalf of the State Government.

5.3.2 Personnel required for delivery of services at the local level must function under PRIs to ensure attendance as well as service quality. The key functionaries who must be placed under the control of village panchayats are the local water supply operator, the primary school teacher, anganwadi worker and ANM. At the tehsil level could be stationed engineering and extension staff who could provide expertise and technical support when it is sought by villages. The staff of social welfare hostels which are placed under block panchayats should also work under their supervision. At the district level, control should be exercised over PHC and CHC personnel as well as high school staff.

5.4    **TRANSFER OF FUNDS**

5.4.1    The foremost requirement for successful decentralized planning is the freedom to choose   schemes / programmes as per local needs.    District planning is possible if the district has its own budget or funds and is informed about the financial resources available   before the commencement of the financial year. Overall, tied, scheme-based allocations should be replaced by untied / block grants   equal to at least 50% of the financial resources available at the district level but change-over to such a system will need to be gradual depending on absorptive capacity.   A system of this kind requires major changes in schemes at the Central and State levels. As a beginning, Ministries such as Rural Development, Agriculture, Health, Education, Water Supply, etc. should replace some of their watertight schemes with block grants / untied funds which can be used for schemes that can be micro planned and micro managed at the district level and below.   The   exercise done by the Ministry of Agriculture to replace a bouquet of schemes with an umbrella scheme for macro management is a step in the right direction.   Major ministries dealing with the 29 subjects earmarked for Panchayati Raj Institutions in the Constitution should give untied funds in their sectors with only broad guidelines or minimum percentages for each important component, as is being done under PMGY. In this devolution,  relative backwardness and the need for rapid socio-economic development as well as   empowerment of the poorest sections of society should be   prime considerations. The Department of Panchayati Raj should move a proposal identifying clearly  schemes that can be operated at different PRI levels and obtain necessary approvals and clearances.

5.4.2    Plan as well as non Plan funds relating to  activities transferred to different PRI levels should be placed at their disposal.   Separate accounts could be created for each level of Panchayat in which resources pertaining to their activities could be deposited. State Governments should   transfer funds in an untied manner to the appropriate Panchayat level leaving the choice of actual schemes to   local people; funds provided by State governments for their own schemes on the Plan and non Plan account for the same activities should also

be transferred to PRIs. This will enable PRIs to take coordinated action utilizing all resources available, whatever be the source.

5.4.3    The Backward Districts Grant Fund should be implemented through the PRI system in all States in which the requirements listed by us regarding transfer of functions, functionaries and funds have been broadly met. In other States, however it may not be possible to immediately operationalise the Fund in this manner. The aim should be to move quickly and effectively towards this ideal. It is essential that plans prepared to utilize the Backward Districts Fund in States, which have not yet adequately empowered PRIs, should contain also a commitment and a programme prepared by the State Government indicating the time frame and the manner in which the transition to PRIs will be effected.

5.4.4    The district is the point at which needs enunciated at the village and intermediate levels are put together and assessed in the light of available resources. This exercise is accomplished through the district planning mechanism. Implementation of the Backward Districts Grant Fund programme will require preparation of district plans for each of the targeted districts. In our view, the district plan must bring together plans of lower levels in States in which it is possible to commence implementation of the Backward Areas Grant programme through the PRI mechanism. The planning process at the intermediate and district levels will also change fundamentally with greater flexibility at the Gram Panchayat level. The role of these tiers could vary depending on activity mapping as also arrangements made among the three tiers through a system of contracts and MOUs. In addition, district and intermediate panchayats could have specific responsibilities assigned through activity mapping to administer programmes relating to the management of institutions like hostels, secondary schools and farmers' service centres. Feedback from gram panchayats regarding works outside their purview but are still essential, such as inter-village road formation and multi panchayat irrigation structures could be used as inputs for district and intermediate level plans. There will also be need to create a monitoring system at both the district and intermediate panchayat levels.

5.4.5 The District Planning Committee (DPC) should be the sole body entrusted with the task of consolidating and integrating the plan at the district level. With greater devolution and entrustment of untied funds and flexibility for Gram Panchayats to develop plans, the DPC could also provide representation to Gram Panchayat representatives. It could screen and select volunteers for Project Facilitation Teams (PFTs) within a district. The DPC could also be given the coordinating role in capacity building at the district level. This would go beyond capacity building for PRI members to encompass training for staff and members of PFTs if required.

5.4.6 The District Plan should not just be an exercise aimed at consolidation of the plans of municipalities and panchayats. It should also list infrastructure and services required at the district level (major district roads, State highways, colleges, district hospitals, irrigation schemes, etc.). Line departments could provide technical expertise and policy input and implement inter-district schemes. District Plans should then be integrated with the State's Annual Plan. There should be a separate District /Panchayat sector in the State's Annual Plan.

## 5.5 FUNDING THE BACKWARD DISTRICTS GRANT FUND

5.5.1 To adequately meet the needs of the 170 districts targeted under the new programme as well as complete implementation of the ongoing RSVY, it would be necessary to provide at least Rs. 6000 crore in the Plan budget as GBS in 2005-2006. As the programme picks up, this can be upscaled to Rs. 8000 crore. Requirements for the Eleventh Plan period will have to be assessed afresh after evaluating progress as suggested by us earlier.

Fund transfer directly to districts is an option that is technologically feasible today. However, a decision on this issue must be taken after considering fully all implications. Direct monitoring of district programmes from a distant Central perspective may not be adequately effective or responsive vis a vis local needs. The constitutional and statutory implications of such a mechanism within the federal structure of the country must also be

considered. The apprehension expressed of States blocking or diverting Central funds meant for district level development could be handled in a different manner. In the light of recent technological changes and growth in networking and IT solutions it would be possible to set up a dedicated computerized treasury account for panchayat funds which while retaining money under State control would not permit the State to stop releases against cheques issued by lower level panchayats. Many State Governments have already moved towards treasury computerization. If such a procedure can be developed, a via media can be found for the Central Government to fund local bodies through State Governments without the latter being able to retain such funds to meet overdraft or other liquidity shortages.

# CHAPTER VI

## PREPARATION OF COMPOSITE VILLAGE PLANS*

**INTRODUCTION**

6.1.1   The concept of village level planning in which every village would prepare with the participation of its citizens a development plan, has existed as a utopian ideal since pre-independence days. Gandhi's model of Gram Swaraj, in which every village would be a little republic planning for itself and only whatever could not be handled (or planned for) at the village level would be done at a higher level was an expression of this ideal. However, though planning has been with us since independence, there are very few instances of State level Plans truly built up using village plans as building blocks. There have been several excellent pilots for village level planning, but they have continued as lonely torchbearers. Even when widely appreciated, these have been considered unattainable on a large scale.

6.1.2   While formulating a plan, goals must be recognized and stated, development must be participative and the plan must be implementable within available resources and provide for adaptability and change if necessary. The recognized goals of development and human rights - eliminate poverty, provide dignity for all, equal opportunity for education and livelihood and access to basic services ought to find a place at every level of planning.

6.2     **PARTICIPATIVE PLANNING**

6.2.1   Design features in Panchayati Raj systems that enhance the quality of planning
        and make them truly participative are described below.

**A.     The Gram Sabha.**

The Gram Sabha is a unique mechanism provided in the Constitution for
citizens to interact with the government. In most State Panchayati Raj
legislations it is designed to be an instrument that holds the Gram Panchayat to
account. However, for Gram Sabhas to function effectively, they have to be
representative of all people living in a Gram Panchayat. In multi-village Gram
Panchayats, voters of the main village often dominate the Grama Sabha and
those living in outlying habitations tend to get marginalized. Several States
have designed consultative mechanisms below the Gram Sabha, such as Ward
Sabhas[1], which is a voters grouping at the level of a Gram Panchayat
member's constituency. Others have provided for Mahila Sabhas, which allow
women to conduct their own Sabhas, before attending the Gram Sabha[2].

**B.     Participative Citizen Surveys.**

Even with ward sabhas, citizens' participation is not universal. There is an
opportunity cost for the poorest of the poor to participate in Gram and Ward
Sabhas, as they have to often lose a days' wages. Thus a citizen survey,
developed in a participative manner is a very desirable pre-requisite for
preparing a participatory plan. Care has to be taken to ensure that the citizens'
survey is not a top down, officially undertaken exercise. The best citizen
surveys can be done under the direct supervision of elected Gram Panchayat
members[3]. The citizens' survey is perhaps the most effective manner of
informing a Grama Sabha about itself. A well-designed survey mechanism

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[1] Best practice drawn from Kerala, Karnataka, West Bengal

[2] Best practice drawn from Maharashtra.
3 See Kerala & Karnataka

builds a climate of participation even before the actual planning process starts. Questionnaires can be easily designed for use at the local level[4].

### C. Democratising panchayat functioning.

There are several design features in legislation and rules that open up and democratise processes of decision making within PRIs. These are essentially in the nature of inherent checks and balances that ensure that decision making is not captured by the elite.

Even after Gram Sabhas take decisions, there must be representatives who are accountable to them. There must be a single chain of accountability, where the Panch is accountable to the people and the chairperson accountable to Panchas. This is best structured by having the village Pradhan elected from Panchayat members. A 'leader in council' system, along with a standing committee where decisions are delegated to such committees is a strong suggested democratic design[5].

Procedures for conduct of meetings have to be laid down meticulously. Making provision for a secret ballot requirement in the rules is necessary to ensure that those who do not feel up to articulating their concerns in an open meeting can still make their presence felt in decision-making.

There must be a strict quorum requirement.

Votes must always be recorded. There must be mandatory public display of resolutions along with the record of members voting for or against them to enable the Gram Sabha to know what members are doing for them.

It must be ensured that the Gram Panchayat is collectively responsible for its actions. Once a member knows that his position is also in jeopardy as he is vicariously responsible for wrong acts of his colleague-members in the body, there is a greater price to be paid for being a passive spectator to proceedings. Members will be induced to participate meaningfully and there will be peer pressure on one another to take right decisions.

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[4] Kerala has a 9 point questionnaire with a simple yes/no answer. Karnataka has modified the GOI's BPL form for use at the Gram Panchayat level by Gram Panchayat members.

[5] States that are generally known to lead in Panchayati raj, such as Kerala, Karnataka and West Bengal, have this system.

Meetings must be made transparent. The process of decision-making should be opened up to observation. There must be full disclosure of facts in meetings, so that reasoned decisions can be taken. Prior circulation of the agenda for a meeting and if necessary, allowing one meeting to intervene before a decision is made is a good design feature.

## 6.3    MAKING PLANS IMPLEMENTABLE

There are several design and management features that enhance the implementability of a plan.

### A.    Scale of a Gram Panchayat.

There are wide variations in Gram Panchayat size from State to State.  In some, they are designed to be rural municipalities through a conscious delimitation effort[6]. In others, every traditional village is designed as a Gram Panchayat[7]. Scaling Gram Panchayats as rural municipalities with sufficiently large populations enhances implementability. Some may point out that there is a tradeoff between larger size and intensity of peoples' participation, but providing for Ward Sabhas could offset this disadvantage.

### B.    Provision of staff or alternatives for outsourcing.

Village level planning puts very great pressure on external support,   for planning as also for implementation. Successful village level planning effort has involved mobilization of volunteers and their training[8]. Quite often, the 'participation' goes out of participatory planning when there is paucity of technical and capacity building support. Having the State as the monopoly supplier of capacity amounts to a weak design. Therefore, legislation or

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[6] Kerala and West Bengal, (average Gram Panchayat population 28000-30000), Karnataka and Rajasthan (average Gram Panchayat population 6500),

[7] AP, with a rural population of about 4 crores has 22000 Gram Panchayats. Karnataka with 3.5 crores, has only 5600 Gram Panchayats.

[8] Kerala's peoples' planning action campaign of the late 90s, the most successful State wide model for Gram Panchayat level planning, involved more than 1,00,000 volunteers in a campaign mode. It is said to be the largest ever public voluntary mobilization after the total literacy campaign in Kerala.

executive orders de-monopolising the provision of support to Gram Panchayats for planning and execution enhances implementability[9].

## C.  Carrying the concept of outsourcing further to develop local consultant groups to advise Gram Panchayats.

Training, operational manuals and online support from trainers may not be enough to equip Panchayats with the skills required to handle tasks associated with planning and project development, such as raising finances, examining estimates and undertaking tax mapping A skilled and responsive local consultant group could be made available to guide Gram Panchayats. Potential members of Project Facilitation Teams (PFTs) could be Government staff themselves on a sabbatical[10], retired government officials[11], NGO staff, ex-Panchayat members who have a reputation for mentoring and local representatives of Panchayat member federations[12]. The PFT concept, being a strategy to encourage PRI-civil society collaboration, should, however, be protected from over bureaucratization and rigidity. Since this is largely a voluntary initiative, PFTs cannot be foisted on PRIs that do not want them.

## D.  Matching  resources to the plan

A plan is meaningless without enough financial resources to implement it. However, it is not necessary that all resources should be provided from above. Three design features are essential to ensure that those who plan invariably match resources to desires.

a)  The 11th Finance Commission has identified 24 items of revenue that ought to be assigned to Panchayats for collection and use. The most important of these are property taxes and user charges for drinking water and street lights. In several States, these sources are legislatively mandated, but they are neglected.

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[9] TN, Kerala and Karnataka have legislative provisions allowing hiring of outside experts by the Panchayats. Kerala also has a system where govt engineers can also be hired by Panchayats and get a commission for their support.

[10] This approach has been adopted in the District Poverty Initiatives Programme (DPIP) in Madhya Pradesh

[11] As in Kerala

[12] In Karnataka, women panchayat members have constituted themselves into a federation and are now in the process of identifying subject matter specialists from amongst themselves to undertake peer to peer training.

Capacity is also not built in Gram Panchayats to use these legislative provisions effectively. There has to be substantial emphasis in local planning processes on estimation and collection of local revenues. This support has to be not merely in terms of broad objectives, but also by listing out specific steps in tax mapping, such as categorization of taxable property, setting tax rates for different categories, measurement of properties and even self declaration of taxes as in urban areas[13]. Collection of local revenue is not merely a gain in terms of resources; it is perhaps the most powerful motivator for a citizen to take interest in the happenings of the panchayat. Legislations that give revenue powers to panchayats must be put in place. Legislations taking away revenue powers must be done away with[14].

If there are bailouts available for a Gram Panchayat in case they do not do something that is within their control, local planning cannot succeed. A good example is the electricity bill incurred on water supply and street lights. A soft line taken on the payment of such bills, acts as a strong disincentive to pay. If something fails because the panchayat intentionally did not exercise financial prudence, it must be allowed to fail. Only then will local accountability develop and people become responsible planners.

c)    While legislative provisions introducing transparency and the duty to give information mitigate the problem of non-participatory planning to a large extent, legal provisions for fiscal responsibility are a good design feature. Elements of a fiscal responsibility regime would be the following.

Spillover works should be fully provided for

Estimates of own resources should not be optimistically raised in order to justify the taking up of new work

Commitment of funds towards works that spill over beyond the period of representation of PRI members should be restricted

Limits should be imposed on the freedom to borrow funds

The process of budget preparation should be transparent.

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[13] Perhaps the best recent initiative in this respect has been in Karnataka.

[14] Punjab and recently Rajasthan and Delhi, have taken the retrograde step of abolishing property taxes for rural areas.

## 6.4    ADAPTABILITY TO CHANGE

Several factors may throw a plan out of gear. The most probable scenario is a natural calamity, which may mean transfer of fund allocations, leaving half done plans aside and concentrating on immediate relief. Currently, there is no formally designed mechanism that can integrate a calamity relief operation, even in a slow acting calamity such as a drought, with the existing Panchayat plan. This leads to duplication of work and irregularities. Systems will have to be put in place for frequent monitoring. This would include a social audit mechanism too. A set of options on corrective actions will also have to be put in place.

## 6.5    HOW THE GRAM PANCHAYAT WILL PLAN UNDER THE NEW SCHEME OF THINGS

The process of planning has to be adopted within the shortcomings seen at the Gram Panchayat level in the current system of planning. These are: -

Equal distribution of funds among members,

Projects prioritised for actual implementation tend to be mostly construction-oriented and provide contractual opportunities to Panchayat members, their friends and relatives,

Works are included in the action plan with only a token allocation or without fund allocation, under pressure from elected representatives and local contractors.

While there are good examples of people's participation at the stage of project implementation through the formation of special committees, this is more the exception than the rule,

Downward accountability for planning is poor, with low transparency and apathetic Gram Sabhas,

There is lack of long or medium term perspective. Works are chosen for the day and there is insufficient background work done in terms of assessing local resources, identifying developmental gaps, prioritising them and finding solutions.

Outgoing PRIs often make huge commitments towards new works, so that the new body is burdened by the need to provide funds for spillover works.

**A.** **The time frame of a plan and the need for a perspective plan and annual plans.**

The planning exercise ought to comprise a five-year perspective plan for the period corresponding with the national plan period and annual plans that define and prioritise areas and schemes from the perspective plan. Perspective plans capture the overall picture of the Panchayat and allow people to understand what planning and governmental funding could hold out for them. Once a perspective plan is prepared, drawing out the annual action plan from it is a relatively easy exercise. The annual plan can also undergo appropriate modification within the overall perspective plan, in case there is need to make corrections.

**B.** **Preparing the information base**

A good plan rests on the strong foundation of a good information base. However, since a village plan has to be prepared for people by themselves through their Gram Panchayat, the information base has to be tailored to immediate planning needs. The broad structure of the information base is given below.

**a)** **Citizens' data bases**

Information on citizens is a basic tool for Gram Panchayat level planning, but relevant information is rarely available. Citizens' data bases are now prepared piecemeal by each department and are almost always a top down exercise in which Panchayat members are not involved. Data is usually in self-contained compartments and even if available in electronic form, cannot be easily correlated. They are almost always inaccurate, because data collection is seen as a fresh event and not as part of a continuous process of refinement of existing data. Deadlines prescribed from the top do not allow enough time for quality work and there are no consistency checks. Because officers with no Gram Panchayat involvement collect data, there is a widespread impression that exaggeration of poverty could get more benefits for people. By the time

data is compiled into secondary data, it is out of date and is merely descriptive of past trends.

Requirements of data at the Gram Panchayat level are quite different. The field reality is dynamic and constantly changing. What the Gram Panchayat requires are specifics with names and faces, rather than statistics and it is needed here and now. The process of data collection on citizens must be so dealt with that Gram Panchayats see in it their own empowerment. In that case, they will begin to feel the need to collect information about their own villages. This can be achieved if time is spent on developing a climate of participation. The following strategies comprise a good design for data collection by a Gram Panchayat for itself.

Everybody involved ought to know that the Grama Panchayat will own the data it collects. The justification for data collection and ownership at the Gram Panchayat level is that everybody ultimately is a member of some Grama Sabha and only if Gram Panchayats own data will they take on the responsibility of updation.

Gram Panchayats could seek help for designing the survey. This enhances participation. A basic framework should be developed and local initiatives and add-ons encouraged[15];

Data collection must involve local elected representatives. Gram Panchayat members, or their literate assistants could carry out surveys. They must be trained effectively.

Data collection is a process, not an event. It must be understood that chasing 100 percent accuracy at one go is futile; data needs to be continuously refined[16].

Gram Panchayats could begin to act on their findings even before data is correlated. They must be encouraged to undertake interventions even as the survey throws up results. When Gram Panchayats generate data and use it to transform their lives they will update it on their own;

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[15] This has happened in Karnataka and Kerala

[16] In Kerala's Nedumassery Gram Panchayat, which pioneered the 9 point poverty tracking system, the initial survey was repeated nine times by the panchayat before they were satisfied about its accuracy,

Though it may look ambitious, creating a citizens level data base, however elementary, at the Gram Panchayat level has been done in some States and can be replicated elsewhere. Some strategies can telescope the steps of this process as follows.

**Desegregating census data**

Census data is generally seen to be accurate as people do not exaggerate or give false data during a census, because they do not see any immediate benefit flowing from it. However, census does not recognize the Gram Panchayat as a unit for data collection. If a State can prepare a correlation chart linking villages and habitations as recognized by the census with Gram Panchayats, the wealth of census data available in the public domain can very easily be segregated Gram Panchayat wise. Even if this does not give details of individual families, it is accurate and unbiased data that could provide a strong foundation for planning, before even a citizens' data base is prepared.

**Using voters lists as the basis for tracking families**

Voters' lists, which are continuously and systematically prepared and periodically updated, can be used as the basis for tracking families for collection of data. The voters list could be broken up into Gram Panchayat constituency sized lists, which can be used by members to collect data

**Recompiling departmental data Gram Panchayat wise**

Excellent data bases on disease incidence and maternal and child health are available at the PHC level. Unfortunately, this is not made available at the Gram Panchayat level. It could be easily recompiled Gram Panchayat wise and lodged in the Gram Panchayat for its use.

**b)    A natural resources data base**

Systems for collecting natural resource data are already available, often supported by sophisticated and expensive GIS based systems. In several States, the question is more about making this data available to Gram

Panchayats for planning purposes. The simplest and quickest means would be to transfer data from an existing GIS system into a series of static slides that can be given to the Gram Panchayat on a CD. Data can be updated every 6 months.

**c)**     **A property tax data base**

This data base would essentially consist of the dimensions, quality of construction and the end use of properties that are within the Gram Panchayat's power to tax[17]. Almost all State laws give the power to tax houses to Gram Panchayats. Rules are also laid down regarding the manner and frequency of property tax estimation. An accurate house list is a good starting point for tax mapping[18].

**d)**     **A physical infrastructure data base**

This is a data base of all government infrastructure available in the Gram Panchayat. It can be either non-spatial or spatial. If spatial, data collection could be linked with the compilation and preparation of the natural resources data base.

**C.**     **Use of IT in the maintenance of data bases**

IT has tremendous potential in the maintenance of data bases. Basically, the issue here is not one of connectivity as a priority, but of positioning IT as a tool that enhances the quality of decision making at the Gram Panchayat level. Several simple processes, such as giving a standard identity number to a family, can help in linking one data base with another, adding greater value.

**D.**     **Ward and Gram Sabhas as originators of the planning process**

Ward and Gram Sabhas are the nuclei around which decentralized planning is built. However, it would be optimistic to assume that people are straightway equipped to undertake the potentially complicated exercise of planning. There

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[17] Software to undertake this is already available with the NIC.

[18] Data bases can also be linked to add further value. For instance, in some Gram Panchayats in Karnataka, entirely as a part of local innovation, photographs of families standing in front of their house have been taken as part of the citizens survey. This could be used to link the property tax data base with the citizens data base

has to be a balance between unstructured and structured approaches. A broad sequence of steps for planning is suggested below[19].

a)   **Stage 1:      Preparation of a 'wish list':**

Ward and Gram Sabhas could identify needs and generate suggestions for plans and programmes from people. Initial meetings could be largely unstructured, which would allow every section  to articulate what it would ideally want if it had the resources.

b)   **Stage 2:      Situation analysis:**

Once the 'wish list' is prepared, a project facilitation team could aid the Gram Panchayat to undertake an on  ground situation analysis, which would identify and document the current state of things. There are several established models for undertaking situational analysis, like the transect walk approach, which, if properly sequenced, could be conducted in conjunction with the citizens survey. Undertaking tax mapping is generally not considered part of the situational analysis, but it must be invariably done. The most easily identifiable taxable resources ought to be mapped. This includes properties, such as houses, shops and industrial establishments.

c)   **Stage 3:      Identification of gaps:**

After the situation analysis is done, it is compared with the wish list to throw up gaps that require intervention.

d)   **Stage 4:      The development workshop:**

Discussing strategies and solutions to bridge these gaps should go hand in hand with discussions on resource allocations; this could be followed by firming up implementation strategies.  These aspects of planning should be undertaken through a development workshop, (which is a special and well-structured meeting of the Gram Sabha), or sub-committees constituted by it. The   workshop would develop a shelf of projects to be implemented over the period for which the perspective plan is developed. The outcome of the

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[19] These are adapted from the peoples' planning action campaign of Kerala

developmental workshop would be a plan with sub-projects listed in priority, all of which have their genesis in discussions within Ward and Gram Sabhas.

**e)    Stage 5:  Processing of the developmental plan:**

The draft plan generated in the developmental workshop can be presented before the Gram Panchayat, as the starting point for discussions on plan development. After finalisation, the Perspective Plan prepared by the Gram Panchayat could be placed before the Gram Sabha for final discussion and ratification.

**E.    Content of the Gram Panchayat level plan.**

The fundamental principle to follow is that everybody must be able to understand the plan, more so the people of the village and Gram Panchayat members. Therefore the plan ought not to be written in a complicated fashion. Still, chapters in the Gram Panchayat level plan could follow a broad pattern[20]. Drawn from best practices, as also shortcomings seen on the field, even with good models, given below is a possible framework for chapterisation of the plan.

**a)    Chapter 1; "Who are we?"**

This chapter will indicate data collected from citizens as also data compiled on them elsewhere and now transferred to the Gram Panchayat, such as census and health related data from the PHC. This could be analysed in a very simple way[21], for the understanding of people.

**b)    Chapter 2: "What do we have?"**

The natural resources and infrastructure data base could be described here. This chapter could also list out gaps identified by people in ward and Grama Sabhas

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[20] The only State that now has a system of detailed Gram Panchayat level plans is Kerala, where the plan follows a broad pattern of stating the human development condition, the resources available and action points for each department.

[21] Some of the best analyses of data collected, have been done by children. A good example are family surveys undertaken by children themselves in several Panchayats in Karnataka, with a view to detecting and eliminating child labour as also ensuring 100 percent attendance in school.

**c)**     **Chapter 3: "How do we want to rule ourselves?"**

This looks at improving aspects of governance in the Gram Panchayat. In essence it will state     the commitment of the Gram Panchayat to be transparent, to disclose information suo moto, be democratic in     internal functioning and to consult people for the plan and     submit progress to them. The chapter could also give a citizens charter for services that the Gram Panchayat is expected to provide, such as time limits for giving certificates and licences and processing other requests.

**d)**     **Chapter 4: "Who are our poor and how will be look after them?"**

The profile of the poorest of the poor in the Gram Panchayat and special needs of SCs, STs, women and children can be discussed and strategy and provisions made for them described in a separate anti-poverty sub-plan, if required.

The next six chapters can deal with various aspects of development, seen from the Gram Panchayat point of view.  Unlike the Kerala approach,   it is better to slot   priorities and plans into departmental compartments. Chapters can be focused on providing a number of 'securities' for people. There can be add-ons too. The chapters could be as follows.

**e)**     **Chapter 5. Food security**

This chapter would look at the PDS, ICDS, the midday meal programme[22] and the concept of foodgrain banks. It would also look at unfunded, but equally priority areas, such as getting rid of food taboos that are a critical factor in the poor health status of women.

**f)**     **Chapter 6. Water security**

The crying need for water in rural areas is perhaps priority number one for most Panchayats. Yet, local approaches to water conservation are spread across several programmes that deal with drinking water and water

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[22] This could also be considered under education.

conservation for agriculture separately. This chapter could adopt a unified approach to water and deal with cross-sectoral convergence of a *water security approach,* where the emphasis is on water conservation and efficient use, for agriculture or drinking water.

**g)   Chapter 7. Health security**

This chapter could look at both he alth care and public health. With respect to the latter, Gram Panchayats are almost universally entrusted with civic functions-maintaining cleanliness in the interests of public health, (maintenance and cleaning of streets, drainage, garbage collection and disposal and vector control through spraying). Two more items that are family oriented, but have an impact on public health, (provision of toilets, individual and group and smokeless chulhas) can be added.

**h)   Chapter 8. Education security**

This chapter could look at all aspects of education relating to the Gram Panchayat, including continuing education and adult literacy.

**i)   Chapter 9. Livelihood security**

This chapter could deal with the entire gamut of the primary sector and rural industries. Planning could encompass the SGRY and the SGSY

**j)   Chapter 10. Infrastructure security**

Infrastructure gaps in the Gram Panchayat and the manner of dealing with them could be dealt with in this chapter.

**k)   Chapter 11. "The money we have"**

In this chapter, the extent of funds available for the plan could be stated out in detail. While the own revenues aspect of the chapter can be undertaken internally, preparation of an estimation of funds that would come to the Gram

Panchayat would be a challenging task, because more often than not, higher governments do not keep their commitments on funding and frequently apply unforeseen plan cuts. The fiscal responsibility norms that are proposed for Gram Panchayats elsewhere in this paper will also need to have corresponding commitments that higher governments would keep the promises they make with respect to funding Panchayats.

l) **Chapter 12. "How we will go about implementing the plan"**

This chapter would lay out the process of "projectisation", (the drawing out of priorities and converting them into projects with time frames and monitoring schedules, and if required, preparation of estimates and tendering).

m) **Chapter 13. "How we will measure our progress"**

Here, the mechanism of monitoring, the frequency and process of social audit, how regular audits are to be done and reports disclosed could be elaborated. Matrices for tracking progress, which may extend to keeping track of every family in anti poverty initiatives, could be laid out in this chapter.

F. **Preparation of the Annual Plan:**

The Annual Plan can be derived from the perspective plan. Once the perspective plan is prepared, prioritisation of programmes and beneficiary lists for implementation during the year will be relatively easy. The Gram Panchayat will work out an implementation plan and provide time limits within which milestones in prioritisation, plan preparation and implementation are achieved. Once performance criteria are worked out, they can be monitored in subsequent meetings of ward and gram sabhas.

No. N-11017/7/2004-PC
Government of India
Planning Commission

Yojana Bhavan, Sansad Marg,
New Delhi, 4th August, 2004.

ORDER

Subject:    Setting up of an Inter-Ministry Task Group on Redressing Growing
Regional Imbalances

In pursuance of the decision taken by the Prime Minister for setting up  Inter
Ministry Task Groups to consider action needed for those areas of  the National
Common Minimum Programme where the agenda is cross-sectoral and requires
action encompassing a number of  Ministries / Departments,  it has been decided to
set up an Inter-Ministry Task Group on Redressing Growing Regional Imbalances.

2.      The composition of the Task Group is as under:

(i)      Secretary, Planning Commission                                    -  Chairman
(ii)     Secretary, Ministry of Finance (Department of Expenditure)       -  Member
(iii)    Secretary , Department of Rural Development                       -  Member
(iv)     Secretary, Department of Agriculture and Cooperation             -  Member
(v)      Secretary, Ministry of Steel                                     -  Member
(vi)     Secretary, Department of Coal                                    -  Member
(vii)    Secretary, Department of Mines                                   -  Member
(viii)   Secretary, Department of Power                                   -  Member
(ix)     Secretary, Ministry of Road Transport & Highways                 -  Member
(x)      Secretary, Department of Elementary Education & Literacy         -  Member
(xi)     Secretary, Department of Health                                  -  Member
(xii)    Secretary, Department of Family Welfare                          -  Member
(xiii)   Secretary, Ministry of Water Resources                          -  Member
(xiv)    Sectoral Officer-in-Charge, Prime Minister's Office              -  Member
(xv)     Principal Adviser / Adviser (MLP), Planning Commission           -  Member
(xvi)    Adviser (FR)                                                     -  Convenor

3.      The Terms of Reference of the Task Group would be developed in the first
meeting of the Task Group by the Group itself keeping in view the objectives
and priorities laid down in the NCMP relating to the subject of the Task
Group. In addition, the Group will give its specific recommendations /
suggestions on the following issues:

Addressing growing regional imbalances both among and within States through fiscal,
administrative, investment and other means and correcting distortions in Plan
allocations and Central Government assistance and consider creation of a
Backward States Grant Fund to create productive assets in these States.

All non-statutory resource transfers from the Central Government to be weighted in favour of poor and backward States but with performance parameters.

Special programmes to be taken up for social and physical development of the poorest and most backward States of the country on a priority basis.

The issue of mineral royalities to States to be reviewed.

4.   The Task Group may constitute a support group of domain specialists in the Ministries (i.e. officers in the rank of Joint / Additional Secretaries) in its first meeting to assist it in spadework and in preparing and finalizing its Report.

5.   Each Ministry / Department concerning the subject of the Task Group should make a written presentation to the Task Group on the possibilities that exist in their areas of concern.

6.   The Task Group will have powers to co-opt / associate professionals / domain experts with the Group.  The Task Group will also have powers to set up Sub Groups / Steering Committees of officials / non-officials to finalise its views on specific issues.  The Task Group should, however, encourage active participation of State Governments in areas of concern of the Group.

7.   Expenditure of members on TA / DA in connection with meetings of the Task Group will be borne by the Ministry / Department / State Government to which the members belong.  In the case of private members, TA / DA will be borne by the Planning Commission as admissible to Class I officers of the Government of India.

8.   The Task Group will submit its report to the Planning Commission within **ninety days** from the date of its constitution.

The Task Group will be serviced by the Planning Commission.


(Rajan Katoch)
Joint Secretary to the Govt. of India

To

All Members of the Task Group

Copy to :

1.   Deputy Chairman, Planning Commission
2.   Minister of State (Planning)
3.   Members, Planning Commission
4.   Cabinet Secretary
5.   Secretary to the President of India
6.   Principal Secretary to Prime Minister
7.   Joint Secretary to Prime Minister (Sh. R. Gopalakrishnan) with reference to his U.O.No. 360/31/C/20/04-ES.II dated 29th July 2004.

8.      Principal Adviser / Advisers, Planning Commission

## APPROACHES OF COMMITTEES ON REGIONAL IMBALANCE

**Committee on Dispersal of Industries:**  Perhaps the first attempt to determine backwardness of an area was made by the Committee on Dispersal of Industries, set up in pursuance of a decision taken at the meeting of the Small Scale Industries Board of April 1960, to examine the question of industrialization of rural and industrially under-developed areas through small and medium scale industries.  According to this Committee, unemployment was the general criterion applied to identify backward areas in Europe and USA.  Since unemployment is a common feature all over the country, the committee took into account several economic criteria based on available data and their correlation for determining the backwardness of an area.

It also narrowed down   the unit or area to be analysed as the district, since data on different criteria examined by it was available only up to the district level and not below.  The criteria recommended by the Committee for determining backwardness were as follows:

*Poverty  indicated by:*

➢      low per capita income; and

➢      low per capita consumption

b)    *High density of population in relation to the development of productive resources and employment opportunities indicated by the following factors:*

➢      High ratio of population to cultivable land (50% or more below the national average of per capita land holding considered as backward)

➢      Low percentage of population engaged in output  (50% or more below the national average considered as backward)

➢      Absence or under-exploitation of other natural resources - minerals, forests and animals

➢      Low percentage of population engaged in secondary and tertiary sectors (25% below the national average considered as backward)

➢      Low ratio of urban to rural population (districts where the ratio was less than 50% of the national average considered as backward)

➢ Low percentage of factory employment (50% below the national average considered backward)

*Poverty of communication indicated by small lengths of railways and metalled roads per square mile (districts where the railway and road mileage fell below 50% of the national average considered as backward)*

*High incidence of unemployment and gross underemployment*

*Consumption of electric power*

**Patel Committee Report:** A Joint Study Team to suggest suitable steps for the development of 4 eastern district of Uttar Pradesh - Ghazipur, Azamgarh, Deoria and Jaunpur was appointed by Planning Commission in January, 1964. This study is known as the Patel Committee Report. The Study Team suggested the following indicators of development:

a) Agricultural output per capita of rural population and yield per acre of principal crops

b) Irrigated area

c) Industrial development – percentage of population dependent on industry and industrial income per capita

d) Electrification

e) Road mileage

f) Facilities for education and health

➢ Percentage of school children going to primary schools

➢ Hospital bed facilities

Districts inhabited by a specified percentage of tribals, Scheduled Castes and other backward class populations were regarded as backward irrespective of information on the above indicators.

**Planning Commission Study Group:** In the context of the formulation of the earlier Draft Fourth Plan (1966-71), the Planning Commission had requested State governments to devote special attention to the subject of area development. In this connection, backward areas were classified under five categories

a) Desert areas

b) Chronically drought affected areas

c)      Hill areas including border areas

d)      Areas with high concentration of tribal population

e)      Areas with high density of population with low levels of income, employment and living etc.

As regards category (e) above, a Study Group was appointed to review a set of indicators of regional development, which was furnished at the instance of the Planning Commission by State governments.  The Study Group recommended the following 15 indicators:

a)      Total population and density of population

b)      Number of workers engaged in agriculture including agricultural labourers as percentage of total workers

c)      Cultivable area per agricultural worker

d)      Net area sown per agricultural worker

e)      Percentage of gross irrigated area to net sown area

f)      Percentage of area sown more than once to net sown area

g)      Per capita (rural population) gross value of agricultural output

h)      Establishments (manufacturing and repair) using electricity

i)      Number of workers per lakh of population employed in registered factories

j)      Mileage of surfaced roads

k)      Number of commercial vehicles registered in a district

l)      Percentage of literate population

m)      Percentage of school-going children

n)      Number of seats per million population for technical training

o)      Hospital beds per lakh of population

**Pande Committee Report**: The Pande Committee which was set up with the intention of ultimately suggesting a strategy by which existing regional imbalances could be minimized or even eliminated by encouraging the establishment of industries of all sizes in selected backward areas or regions through financial and fiscal incentives including investments from financial and banking institutions submitted its Report in 1968.  Since the position regarding availability of data had not changed much since the submission of a report by the Committee on Dispersal of Industries, the Pande Committee opted for consideration of criteria for which data was available up to the district level.  Keeping in view  general fund constraints, it was felt that it

would be desirable to select certain backward districts only in industrially backward States, which may then qualify for special treatment by way of incentives for industrial development.  The criteria adopted for this purpose were as follows:

a)      Total per capita income

b)      Per capita income from industry and mining

c)      Number of workers in registered factories

d)      Per capita annual consumption of electricity

e)      Length of surfaced road in relation to the population and area of the State

f)      Railway mileage in relation to the

➢      Population and

➢      Area of the State

As regards identification of backward districts in industrially backward States and Union Territories the following criteria were recommended:

Districts outside a radius of about 50 miles from large cities or large industrial projects

Poverty as indicated by low per capita income starting from the lowest to 25% below the State average.

High population density    in relation to utilization of productive resources and employment opportunities as indicated by:

➢      Low percentage of population engaged in secondary and tertiary activity (25% below the State average to be considered as backward)

➢      Low percentage of factory employment (25% below the State average to be considered as backward)

➢      Non and/or under utilization of economic and natural resources like minerals, forests etc.

Adequate availability of electric power or likelihood of its availability within 1-2 years

Availability of transport and communication facilities or likelihood of their availability within 1-2 years

Adequate availability of water or likelihood of availability within 1-2 years

**Wanchoo Committee Report**: The Wanchoo Committee was the second Working Group appointed by the National Development Council in 1968 to make a careful study of the issue of regional imbalance. The terms of reference of this Group were:

➢ To consider the nature of concessions to be given for encouraging the development of industries in backward regions and in particular to examine procedural, financial and fiscal incentives.

➢ To consider the role of State governments and financial institutions in the development of industries in backward regions

➢ To examine the type of disincentives that should be introduced to avoid concentration in metropolitan or highly industrialized areas.

The Committee went on to recommend a package of concessions – procedural, financial and fiscal – for encouraging the development of industries in backward regions. Reports of the two Working Groups were considered by the National Development Council, which in consultation with financial institutions evolved a set of criteria for identification of industrially backward districts, in which minimum infrastructure facilities were available. These were:

a) Per capita foodgrain /commercial crop production depending on whether the district was predominantly a producer of foodgrains/ or cash crops (for inter-district comparisons, conversion rates between foodgrains and commercial crops were to be determined by the State Government where necessary).

b) Ratio of agricultural workers to population

c) Per capita industrial output (gross)

d) Number of factory employees per lakh of population or alternatively number of persons engaged in secondary and tertiary activities per lakh of population

e) Per capita consumption of electricity

f) Surfaced road or railway mileage in relation to population

**Report on Backward Areas**: The Planning Commission constituted a committee headed by Prof. Sukhamoy Chakravarty in October 1972, but it could not submit its final report. It observed, "the approach to the identification of backward areas has to be based on a set of what may be called partial indicators of development and underdevelopment. The report further expatiated at length on choice of data. "The selection of a set of indicators is a crucial decision. Only such indicators should be

chosen which will best express relative variations in development among various area units. However, the type and number of indicators that may be used for this purpose is ultimately circumscribed by data availability. Further, the indicators chosen should cover a range of development aspects and should not seriously overlap each other. So far as the unit area is concerned, the district was the obvious choice since at this level not only sufficient data is available, but it is also an administrative organization for the formulation and implementation of plans". After examining comparable data available at the district level, the following variables were chosen for the analysis:

a)    Density of population per sq. km. of area

b)    Percentage of agricultural workers to total working force

c)    Gross value of output of foodgrains per head of rural population

d)    Gross value of output of all crops per head of rural population

e)    Percentage of total establishments using electricity to total number of establishments (manufacturing and repair)

f)    Percentage of household establishments using electricity to total household establishments

g)    Percentage of non-household establishments using electricity to total household establishments

h)    Number of workers in registered factories per lakh of population

i)    Length of surfaced roads per 100 sq. kms. of area

j)    Length of surfaced roads per lakh of population

k)    Percentage of male literates to male population

l)    Percentage of female literates to female population

m)    Percentage of total literates to total population


**National Committee on the Development of Backward Areas (NCDBA)**: The NCDBA appointed by the Planning Commission in November, 1978 under the Chairmanship of Shri B. Sivaraman, Member, Planning Commission submitted its deliberations in the form of 11 Reports on different aspects of backwardness in 1980-81. It observed that the concept of backwardness has to be operationalised in a manner that is least open to dispute and most likely to attract    consensus.    It recommended that the primary unit for    identification of backward areas should be the development block. The Committee recommended that the following types of problem areas should be treated as backward for the purposes of planning.

a)      Chronically drought prone areas

b)      Desert areas

c)      Tribal areas

d)      Hill areas

e)      Chronically flood affected areas

f)      Coastal areas affected by salinity

The six categories listed above were treated as six types of fundamental backwardness. An area could suffer from the handicap of more than one type of fundamental backwardness.

**Hyderabad – Karnataka Development Committee**: The Government of Karnataka appointed a Committee know as the 'Hyderabad Karnataka Development Committee' in May, 1980 under the Chairmanship of Shri Dharam Singh. The Committee submitted its report in October 1981. For identification of the backwardness of an area, it selected 22 indicators for measuring inter-district variations in the level of development:

a)      Density of population

b)      Percentage of urban population to total population

c)      Percentage of non-agricultural workers to total workers

d)      Net area sown as per cent of total geographical area

e)      Total cropped area as per cent of net sown area

f)      Net sown area as per cent of cultivable land

g)      Average yield per hectare in cereals

h)      Average yield per hectare in pulses

i)      Average yield per hectare in oilseeds

j)      Area irrigated as per cent of net sown area

k)      Number of industrial establishments as per cent of State total

l)      Number of vehicles per lakh population

m)      Number of bank offices per lakh population

n)      Value of turnover per regulated market

o)      Percentage of literates in total population

p)      Number of schools per lakh population

q)      Number of university educational institutions per lakh population

r)      Number of health units per lakh population

s)      Number of hospital beds per lakh population

t)      Number of pumpsets energized as per cent of State total

u)      Road length per 100 sq. kms. of area

v)      Number of towns and villages electrified as per cent of total number of towns and villages

**Fact Finding Committee on Regional Imbalance**:  This Committee was appointed in Maharashtra in August 1983 chaired by Dr. V.M. Dandekar. It submitted its report in April, 1984 and identified the following criteria:

a)      Per capita net domestic product

b)      Per capita consumer expenditure

c)      Per capita net domestic product from agriculture

d)      Per capita net domestic product from registered manufacturing

e)      Proportion of urban population

f)      Proportion of workers in non traditional occupations

g)      Consumption of electricity

h)      Per capita bank credit

i)      Literacy

j)      Proportion of weaker sections i.e. Scheduled Tribes, Scheduled Castes and agricultural labourers

**Committee for the Development of Backward Areas**: The Committee for the Development of Backward Areas of Gujarat was appointed in December 1983 chaired by Dr. I.G. Patel. It submitted its report in August 1984. It used the following 25 indicators:

**Economic Indicators**

a)      Agriculture

- Net cropped area per agricultural worker
- Percentage of area sown more than once to net area sown
- Percentage of gross irrigated area to gross cropped area
- Number of electric pump sets and diesel engines per 1000 hectares of gross cropped area

- Number of tractors per 1000 hectares of gross cropped area
- Percentage of villages having milk co-operative societies to total inhabited villages

b)  Urbanization

- Percentage of urban population to total population

Industry

- Number of registered factory workers per lakh population
- Number of registered small scale industrial units per lakh population
- Percentage of workers in household industries to total workers
- Percentage of secondary and tertiary workers to total workers

## Infrastructure Indicators

d)  Power
- Percentage of population of electrified villages and towns to total population of talukas

e)  Transport and Communication
- Length of surfaced pucca roads per lakh population
- Length of surfaced pucca roads per 100 sq. kms. of area
- Percentage of villages having all weather . facility to total inhabited villages
- Number of post and telegraph offices per 100 sq. kms of area
- Number of bank offices of scheduled commercial banks per lakh population
- Number of cooperative banks and primary agricultural cooperative credit societies per lakh population

## Quality of Life Indicators

f)  Education
- General literacy rate of taluka
- Female literacy rate of taluka
- Rural literacy rate of taluka
- Number of secondary and higher secondary schools per lakh population

g)  Health
- Number of hospital beds per lakh population
- Percentage of villages having an allopathic or ayurvedic doctor to total inhabited villages
- Percentage of villages having drinking water facility to total inhabited villages

**Committee to Identify 100 Most Backward and Poorest Districts in the Country:**
This committee was set up as part of the mandate to fulfill the Common Minimum Programme announced in 1996 which included preparation of a Special Action Plan for infrastructure development in rural areas in the 100 most backward and poorest districts of the country. The criteria used by the committee included the following:

## Indicators of social infrastructure

- Number of primary schools

- Percentage of female literates

- Number of primary health sub-centres

- Number of community health workers

- Infant Mortality Rate

- Percentage of villages having potable water supply

## Indicators of economic infrastructure

- Percentage of villages with pucca roads

- Number of railway stations

- Percentage of villages electrified

- Percentage of villages with post offices

- Bank branches per lakh population

- Cropping intensity

- Value of output per hectare

- Percentage of villages engaged in non-agricultural activities

Weights were given to each of these indicators. As the poorest districts had to be identified and district-wise data for poverty was not available, a sensitivity analysis was carried out by assigning different weights to the poverty ratio (region-wise). For each assumption arising from a set of weights, an aggregated index of poverty and backwardness was derived for each district. Districts were then ranked in ascending order of poverty and backwardness as indicated by the aggregate index. A number of districts continued to be most backward and deprived regardless of the weights used in the sensitivity analysis. After due deliberation, the Committee initially decided that any district which came within the top 100 ranks in terms of deprivation under any of the scenarios considered would qualify for inclusion among the most backward districts in the country. Regardless of the relative importance given to different

indicators, these districts will continue   among the poorest and most backward in the country.

**National Commission on Population**

The National Commission on Population has worked out a composite index and ranked 569 districts of the country using the following variables:

1.    Percentage of decadal population growth rate
2.    Percentage of births of order 3 and above (in place of the total fertility rate)
3.    Percentage of current users of family planning methods
4.    Percentage of girls marrying below 18 years of age
5.    Sex ratio
6.    Percentage of women receiving skilled attention during deliveries
7.    Percentage of children getting complete immunization
8.    Female literacy rate
9.    Percentage of villages not connected with pucca road (estimated)
10.   Percentage coverage of safe drinking water and sanitation(estimated)
11.   Percentage of births registered (estimated)
12.   Percentage of deaths registered (estimated)

PLANNING COMMISSION
(Financial Resources Division)

**A Background Note on Gadgil Formula for distribution of Central Assistance for State Plans**

Prior to the Fourth Five Year Plan, allocation of Central Assistance for State Plans was based on a schematic pattern and there was no definite formula for allocation. In view of the general demand for an objective and transparent formula for allocation of Central Assistance for State Plans, a formula known as the Gadgil formula was evolved in 1969, which was adopted for distribution of Plan assistance during the Fourth and Fifth Five Year Plans. This formula was modified in 1980 and the modified formula became the basis for allocation during the Sixth and Seventh Five Year Plans. The modified formula was again revised in 1990 and formed the basis for allocation of Central Assistance for 1991-92 only. Following representations, the formula was further revised in 1991. The Gadgil Formula (1991), has been in operation during the Eight Plan period.

**Gadgil Formula (1991)**

The formula is known as the Gadgil-Mukherjee Formula. The main features of the formula are the following:

From total Central Assistance, set apart funds required for externally aided schemes.

From the balance, provide reasonable amounts for Special Area Programmes

Hill Areas

Tribal Areas

Border Areas

NEC

Other Programmes

III. From the balance, give 30% to the Special Category States.

IV. Distribute the balance among the non-special category States as per the following criteria and weights:

<u>Criteria</u>                                      <u>Weight (%)</u>

1. Population (1971)                      60

2. Per capita income                  25

  (a)  Deviation method covering all States       20
  (b)  Distance method covering all States        5

3.  Performance
    (a)  Tax effort;
    (b)  Fiscal management and
    (c)  Progress in respect of national objectives

4.  Special Problems                     7.5

Under the criterion of progress in respect of national objectives, the approved formula covers four objectives

    (i)        Population control and maternal and child health

    (ii)       Universalisation of primary education and adult education

    (iii)     On-time completion of externally aided projects and

    (iv)      Success in land reforms.

Weights have been assigned separately for each of these within the overall weight of 7.5 percent as under:

| Items | Weights |
|---|---|
| a. Tax policy | 2.5 % |
| b. Fiscal management | 2.0% |
| c. National objectives | 3.0% |
|   i.   Population control | 1.0% |
|   ii. Elimination of illiteracy | 1.0% |
|   iii.On-time completion of externally aided projects | 0.5% |
|   iv. Land reforms | 0.5% |

In respect of special problems, there are no specific criteria and it was left to the Planning Commission to use its discretion in allotment.

**Functions and Funds to be Transferred to PRI Levels**

**Village level**

- Programs where community interest is directly involved and community participation or community supervision and control are necessary. These are:

  a) Employment oriented programs like food for work, PMGY etc.

  b) Development and management of micro watersheds

  c) Soil and water conservation programs

  d) Creation of water communities to regulate water wastage and optimize water distribution and introduction of techniques like drip and sprinkler irrigation

  e) Creation of village level power distribution infrastructure and provision of rural electricity services

  f) Rural health, sanitation and drinking water supply infrastructure and habitat improvement programs

  g) Education and health committees to oversee the work of teachers in primary schools, clear salary payments and supervise nutritional programs like ICDS

**B. Block level**

  a) Junior high schools and payment of teachers' salaries in these institutions

  b) Agricultural extension

  c) Scheduled Caste, Scheduled Tribe and Backward Class hostels and ashram schools

**C. District level**

  a) High schools

  b) PHCs and CHCs

  c) Inter village roads and rural infrastructure programs like   the PMGSY