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Rural Development

17.1. The Eleventh Plan period saw major new initiatives towards inclusive growth in rural India. The total budgetary allocation for all rural development programmes by the Government of India in the Eleventh Plan was ₹2,91,682 crores which accounted for 25 per cent of the total Central Budget Plan provision. Rural development programmes cover employment through the Mahatma Gandhi National Rural Employment Guarantee Act and the National Rural Livelihoods Mission, housing via the Indira Awaas Yojana and other State schemes and bank support, sanitation through the Total Sanitation Campaign, provision of drinking water via the National Rural Drinking Water Programme, social security through the National Social Assistance Programme, watershed development via the Integrated Watershed Management Programme (covered in Chapter 5 of Volume 1), road connectivity through the Pradhan Mantri Gram Sadak Yojana (described in Chapter 15 of Volume 2) and electrification via the Rajiv Gandhi Grameen Vidyutikaran Yojana (described in Chapter 14 of Volume 2).

17.2. Based on a critical review of these programmes and their performance in the Eleventh Plan, this chapter outlines the major new initiatives proposed during the Twelfth Plan period.

MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA)

The Experience So Far

17.3. The most significant rural development initiative of the Eleventh Plan period was the Mahatma

Gandhi National Rural Employment Guarantee Act (MGNREGA). Over the last six years, MGNREGA has delivered the largest employment programme in human history, which is unlike any other in its scale, architecture and thrust. Its bottom-up, people-centred, demand-driven, self-selecting, rights-based design is new and unprecedented. Never have in such a short period so many crores of poor people benefited from a Government programme.

17.4. In 2011–12, nearly 5.00 crore families were provided over 211 crore person-days of work under the programme. Over the last six years, MGNREGA has generated more than 1,200 crore person-days of work at a total expenditure of over ₹1,66,760 crores. The share of SC/ST families in the work provided under MGNREGA has been 55 per cent and 45 per cent of workers are women. Average wages of workers have gone up by 54 per cent over the last five years and wages have now been so indexed that workers will be protected from the ravages of inflation. Nearly 10 crore bank/post office accounts of our poorest people have been opened and around 80 per cent of MGNREGA payments are made through this route, an unprecedented step in the direction of financial inclusion. An overview of MGNREGA performance from 2006–07 to 2011–12 is given in Table 17.1.

17.5. In many parts of the country, spectacular successes have been recorded in water harvesting. Distress migration has been arrested in several areas. Some State Governments have been leaders in this and the National Consortium of Civil Society Organisations on MGNREGA has also set up examples of excellent work.

TABLE 17.1
Overview of MGNREGA Performance, 2006–12

	2006–07 (200 Districts)	2007–08 (330 Districts)	2008–09 (All Districts Hereon)	2009–10	2010–11	2011–12
Households Employed (crore)	2.10	3.39	4.51	5.26	5.49	4.99
Person-days of Employment generated (crore)	90.5	143.59	216.32	283.59	257.15	211.41
Work Provided per year to Households who worked (days)	43	42	48	54	47	42
Central Release (₹ crore)	8,640.85	12,610.39	30,000.19	33,506.61	35,768.95	29,184.85
Total Funds Available (including Opening Balance) (₹ crore)	12,073.55	19,305.81	37,397.06	49,579.19	54,172.14	43,273.58
Budget Outlay (₹ crore)	11,300	12,000	30,000	39,100	40,100	40,100
Expenditure (₹ crore)	8,823.35	15,856.89	27,250.10	37,905.23	39,377.27	37,548.79
Average Wage per day (₹)	65	75	84	90	100	117
Total Works taken up (lakhs)	8.35	17.88	27.75	46.17	50.99	74.13
Works completed (lakhs)	3.87	8.22	12.14	22.59	25.90	15.01

Source: Ministry of Rural Development, GoI.

17.6. Many critics and sceptics of MGNREGA who were extremely vocal during the years leading up to its passage by Parliament and in the early years of its implementation have been silenced, especially after it was recognised that the purchasing power the programme created in rural areas and the operation of the Keynesian multiplier played a crucial role in generating demand for industry during the dark days of the recession and assisted in our comparatively faster emergence out of it.

17.7. However, there is no denying the fact that the true potential of MGNREGA as an instrument of rural transformation is yet to be fully realised. Since the programme marks a radical departure from earlier efforts of a similar kind, there have been many problems in infusing the system with the new culture of demand-driven, rights-based, decentralised decision-making. The MGNREGA provides a historic opportunity for strengthening Panchayati Raj in India but the experience so far also alerts us to the need for doing much more in this direction.

17.8. There are problems that arise from the sheer scale of the programme. At the same time, new opportunities have arisen because of advances in

Information Technology that allow us to get rid of inefficiencies and corruption in a manner quite inconceivable in the past. The MIS currently used by MGNREGA is already the best we have ever had. More than 8 crore muster rolls and over 12 crore job cards have been placed online. But there is huge scope for further improvement in overcoming systemic delays as shown by the software being used, for example, in Andhra Pradesh.

17.9. We also need to view MGNREGA as a programme whose success will, in itself, pave the way for its downscaling. A large proportion of MGNREGA workers are small and marginal farmers, the productivity of whose lands has been so decimated over the years, that they have been compelled to work under MGNREGA. The real success of MGNREGA will lie in raising the agricultural productivity of millions of these farmers who will then be able to return once again to farming and will no longer need to depend on MGNREGA for their survival. Urgent measures are required to convert MGNREGA into a productivity-enhancing instrument that will also allay the falsely perceived conflict between MGNREGA and agriculture—for MGNREGA is the foundation for solving the problems of the poorest farmers of our country.

Relationship with Agriculture and Rural Livelihoods

17.10. Ever since work on MGNREGA was launched in 2006 there have been two divergent perceptions about its relationship with agriculture—one, as a relationship of positive synergy and the other, of a potential source of conflict. The sources of synergy are many:

17.11. The MGNREGA has led to major increases in wages of rural workers and when we recognise the fact (attested by NSSO data on ‘landed labourers’) that the majority of MGNREGA workers are impoverished small and marginal farmers, especially in our tribal areas, we can see the direct impact MGNREGA has made on raising incomes of our small and marginal farmers.

17.12. A comprehensive time series of rural wage data—both agricultural and non-agricultural—put together by the Ministry of Statistics and Programme Implementation indicates that the advent of MGNREGA has resulted in a significant structural break in rural wage increases.¹ Between 1999 and 2005, pre-MGNREGA, nominal wages in the rural economy grew at an average annual rate of 2.7 per cent (year on year average). Post-MGNREGA, the rate of average wage increases almost quadrupled to 9.7 per cent between 2006 and 2009. And between January 2010 and May 2011 (the last date for which this data is available), annual nominal wage growth averaged almost 18.8 per cent. Since January 2010, agricultural wages rose 20.2 per cent over year ago while non-agricultural rural wages increased 16.7 per cent over year ago. Wage growth for men in the agricultural sector averaged 19.7 per cent over year ago while that for women 20.8 per cent over year ago. The average daily wage rates for male agricultural labour are given in Table 17.2 (A).

17.13. State-wise trends in the wages of casual workers in rural areas compiled by the Labour Bureau, Shimla indicate that agricultural wages are booming at the fastest rate ever. The Labour Bureau’s data, compiled on a monthly basis, are based on primary information collected from 600 sample villages over

20 States. They cover wage payments both in cash as well as kind, with the latter valued at the prevailing local retail prices.

17.14. The tightening of the labour market post-MGNREGA is a positive indicator of poverty alleviation and also signals a pressure for technological advances that raise farm productivity in areas of relative labour shortage. This is the process of agrarian transformation the world over.

17.15. What is more, since a very large proportion (80 per cent) of the works under MGNREGA are also focused on soil and water conservation on the lands of the small and marginal farmers, it is clear that MGNREGA is making a potential contribution to raising their incomes through improved agricultural productivity, and also reducing the need for small and marginal farmers to continue to work on MGNREGA sites. Studies conducted by Indian Institute of Science (IISc), Bangalore; Indian Institute of Forest Management, Bhopal; Administrative Staff College of India, Hyderabad and University of Agricultural Sciences, Bangalore have all concluded that MGNREGA works have had a positive impact on agricultural productivity. In one of the studies conducted in Chitradurga district of Karnataka, IISc found that MGNREGA works, besides enhancing agricultural productivity, successfully reduced water, soil and agricultural vulnerability.

17.16. As far as the perception of conflict between MGNREGA and agriculture is concerned, this is based on a number of misconceptions and exaggerations.

17.17. Let us first remember that the average annual person-days of work generated under MGNREGA since inception has never exceeded 54 days. Surely this in itself indicates the critical but still small and supplementary nature of this employment for our self-selecting poorest people. And if we closely examine the question of seasonality of this work, an analysis of the quantum of MGNREGA works provided across the year indicates a powerful seasonal fluctuation, with a disproportionately higher share of works

TABLE 17.2 (A)
Average Daily Wage Rates for Agricultural Labour: Male

(in ₹)

State	December			% Increase	
	2008	2009	2010	Dec 09/Dec 08	Dec 10/ Dec 09
Andhra Pradesh	98.31	137.95	176.29	40.32	27.79
Assam	81.19	96.40	114.10	18.73	18.36
Bihar	71.42	86.55	101.85	21.18	17.68
Gujarat	78.72	82.76	91.36	5.13	10.39
Haryana	132.64	168.22	195.02	26.82	15.93
Himachal Pradesh	164.72	180.42	195.22	9.53	8.20
Karnataka	72.90	87.54	111.76	20.08	27.67
Kerala	220.27	250.79	319.13	13.86	27.25
Madhya Pradesh	61.33	69.79	84.43	13.79	20.98
Maharashtra	82.61	95.10	119.36	15.12	25.51
Orissa	68.05	86.70	123.96	27.41	42.98
Punjab	130.63	133.49	176.21	2.19	32.00
Rajasthan	109.84	113.65	145.69	3.47	28.19
Tamil Nadu	113.28	137.98	174.08	21.80	26.16
Uttar Pradesh	81.14	94.89	116.53	16.95	22.81
West Bengal	87.40	99.94	118.47	14.35	18.54

Note: Average rate for five operations (ploughing, sowing, weeding, transplanting and harvesting) has been considered.

being done during the off-season in agriculture. The month-wise employment data under MGNREGA during FY 2010–11 (Table 17.2 B) indicates that it is in the lean agricultural season (January–June), that around 70 per cent of person-days of work were generated. And if we were to correct for the fact that in major MGNREGA States like Tamil Nadu this is actually not the lean season, the proportion of MGNREGA work provided in the off-season in agriculture would be even higher.

Expanded List of Works

17.18. During the Twelfth Plan we propose to allow the largest possible number of works which help strengthen the synergy between MGNREGA and agriculture without compromising on the fundamental features of the Act or its architecture, which have been celebrated across the globe. The more rural people feel a sense of resultant ownership and a stake in the programme, the more efficiency and transparency we will be able to achieve. The list of works

has also been expanded in response to demands of the States for greater location-specific flexibility in permissible works, as also to help improve the ecological balance in rural India and provide a cleaner, healthier environment to its people (Table 17.3). In response to each of these demands, Schedule I of the Act has been modified to provide an additional list of permissible works under MGNREGA. Some of these works are new but many of them come within the category of works already permitted under MGNREGA. This is being provided in response to demands from States for more elaborate, specific and unambiguous list of works that could be taken up under the categories currently permissible.

17.19. Each work indicates the unit cost as also the labour–material ratio. These unit cost estimates are indicative and provide a broad order of magnitude. They may vary depending on local conditions and more updated SoRs. However, the labour–material ratio specified for each work must be strictly adhered

TABLE 17.2 (B)
Seasonality of MGNREGA Employment Provided during 2010-11

State	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Total
	%	%	%	%	%	%	%	%	%	%	%	%	%
Andhra Pradesh	23.5	33.3	22.5	6.9	2.5	1.1	1.0	0.7	0.7	0.8	1.8	5.2	100.0
Assam	9.8	6.6	4.2	3.3	4.9	6.5	6.7	9.6	13.7	11.8	11.1	11.7	100.0
Bihar	11.2	13.7	11.4	6.2	5.6	6.8	5.4	5.7	8.9	9.5	9.3	6.3	100.0
Chhattisgarh	19.6	27.1	14.2	1.3	0.7	1.0	2.0	1.8	3.2	9.7	10.8	8.7	100.0
Goa	6.9	7.7	7.3	6.8	7.4	4.8	6.5	5.8	10.1	14.5	12.8	9.4	100.0
Gujarat	18.1	26.8	10.7	4.0	2.8	2.3	3.1	4.3	6.3	8.4	7.2	5.9	100.0
Haryana	3.8	3.5	3.1	3.4	5.1	6.0	8.1	10.3	13.5	16.3	13.8	13.2	100.0
Himachal Pradesh	9.7	12.9	12.0	10.1	9.5	9.4	7.2	8.2	5.4	1.9	4.2	9.4	100.0
Jammu And Kashmir	3.7	3.3	3.0	5.6	7.0	8.8	11.2	12.7	14.9	12.4	9.3	8.0	100.0
Jharkhand	11.9	13.2	11.3	7.6	6.8	8.6	6.2	4.8	5.9	7.7	8.6	7.5	100.0
Karnataka	0.5	0.6	1.3	1.6	2.2	3.2	4.7	5.4	7.5	13.3	26.9	32.8	100.0
Kerala	3.0	6.0	7.6	9.8	8.0	10.1	7.1	7.2	8.8	11.3	11.2	9.9	100.0
Madhya Pradesh	15.7	18.0	16.6	7.5	3.8	3.2	3.4	3.8	6.7	8.1	7.6	5.4	100.0
Maharashtra	28.8	25.1	12.9	3.4	1.7	1.3	1.5	1.3	3.4	4.7	7.3	8.6	100.0
Manipur	3.3	11.8	4.7	11.5	13.0	10.9	10.2	5.0	4.3	12.7	8.8	3.9	100.0
Meghalaya	8.7	7.2	8.7	9.1	10.4	11.6	10.2	9.2	6.8	6.6	6.1	5.5	100.0
Mizoram	6.7	6.4	9.8	7.0	7.1	8.9	8.1	8.2	6.3	7.2	14.0	10.4	100.0
Nagaland	14.0	11.6	8.9	7.1	8.6	5.9	7.0	11.1	7.8	7.0	5.5	5.6	100.0
Odisha	16.8	24.6	12.7	3.1	2.8	3.3	4.0	4.7	5.9	6.8	8.2	7.2	100.0
Punjab	7.8	9.6	10.4	6.8	7.4	7.9	7.5	5.7	5.7	5.5	8.2	17.5	100.0
Rajasthan	12.4	22.9	26.5	9.4	2.7	1.5	1.1	1.2	2.9	6.0	7.2	6.1	100.0
Sikkim	6.5	9.0	9.5	8.9	5.0	6.6	3.3	5.9	11.1	15.6	11.5	7.0	100.0
Tamil Nadu	12.4	12.6	12.1	15.9	10.7	7.6	7.7	3.2	3.8	3.6	5.2	5.2	100.0
Tripura	3.7	7.7	9.4	9.5	11.9	13.2	7.2	5.7	5.2	8.6	8.0	9.9	100.0
Uttar Pradesh	8.8	9.8	10.5	9.6	5.9	2.9	1.9	4.5	11.1	13.5	12.2	9.3	100.0
Uttarakhand	8.2	6.0	6.3	6.8	7.7	6.1	6.2	7.6	11.3	14.5	11.3	7.8	100.0
West Bengal	17.0	16.3	14.6	7.4	4.1	4.0	3.2	2.9	4.8	8.3	9.9	7.4	100.0
Andaman and Nicobar	23.7	9.7	11.7	3.7	1.5	0.0	0.8	1.3	1.3	25.3	16.8	4.0	100.0
Lakshadweep	4.5	1.9	11.1	24.0	11.2	10.7	4.8	11.7	9.1	6.5	4.3	0.3	100.0
Puducherry	4.1	12.0	19.6	24.0	16.7	13.6	9.9	0.0	0.0	0.0	0.1	0.0	100.0
All India	13.5	17.3	14.4	8.0	5.0	4.1	3.7	3.7	5.7	7.6	8.7	8.3	100.0

to. Many of these activities entail a higher material component but it must be ensured that in the final mix of activities chosen by the Gram Panchayat, the overall labour-material ratio in each Gram Panchayat is maintained at 60:40. The selection of more material-intensive works and their number must be done within this overall constraint. While

taking up works under MGNREGA, the following conditions will need to be followed:

- Only those works to be taken up that result in creation of durable assets
- The order of priority of works will be determined within the GP

TABLE 17.3
Additional List of Permissible Works Under MGNREGA

No	Work	Standard Dimensions	Unit Cost	Wage: Material Cost Ratio
A. WATERSHED RELATED WORKS				
1.	Contour Trenches	Cross section 0.5m*0.5m	₹11,300 per hectare	100:0
2.	Contour Bunds	height 0.6m, base width 2.0m and cross-sectional area of 0.66 sq.m	₹13,637 per hectare	100:0
3.	Boulder Checks	7m length, maximum height 1m, upstream and downstream slopes 1:1 and 3:1, top width of 0.5m	₹1,600	100:0
4.	Farm Bunding	height 0.6m, base width 1.7m and cross-section area 0.57 sq.m	₹7,729 per hectare	100:0
5.	Gabion Structures	2m height, 1m top width and 12m length	₹45,000	30:70
6.	Underground Dykes	12m length, 6m maximum depth and 2m top width	₹43,000	70:30
7.	Earthen Dams	65m length, maximum height 4.65m, upstream and downstream slopes 2:1 and 2.5:1, top width 2m	₹2.63 lakhs	95:5
8.	Dugout Farm Ponds	25m*20m*2m	₹98,470	100:0
9.	Stop Dams	length 20m, maximum height 2.7m, top width 1.5m and side slopes 1:1	₹5.32 lakhs	25:75
B. WATERSHED RELATED WORKS IN MOUNTAIN REGIONS				
10.	Springshed Development	Various watershed interventions	₹18,000–₹38,000 per hectare	90:10–60:40
C. AGRICULTURE RELATED WORKS				
11.	NADEP Composting	3.6m*1.5m*0.9m	₹8,000	25:75
12.	Vermi-Composting	3.6m*1m*0.75m	₹9,000	25:75
13.	BioLiquid Manure	Sanjeevak Pit 1m*1m*1m	₹2,000	30:70
D. LIVESTOCK RELATED WORKS				
14.	Poultry Shelter	7.5 sq m for 100 birds	₹40,000	20:80
15.	Goat Shelter	7.5 sq m for 10 animals	₹35,000	25:75
16.	Pucca Floor, Urine Tank and Fodder Trough for Cattle	Cattle shed floor 26.95 sq.m, 1 cu.m fodder trough and cattle urine collection tank 250 litres	₹35,000	30:70
17.	Azolla Cattle-Feed	Azolla pit 2m x 2m x 0.2 m	₹2,000	15:85
E. FISHERIES RELATED WORKS				
18.	Fisheries in Water Bodies on Public Land	500 cu.m fish nursery pond, excavation of 15000 cu.m in tank bed, fish drying platform 30 sq.m	₹11 lakhs (₹75 per cubic metre)	80:20
F. WORKS IN COASTAL AREAS				
19.	Fish Drying Yards	10m*10m, 15 cm thick plain cement concrete, brick protection work 20 cm thickness	₹75,000	15:85
20.	Belt Vegetation	Plant	₹20	80:20
21.	Storm Water Drains	100 m long storm water drain	₹2.3 lakhs	15:85
G. RURAL DRINKING WATER RELATED WORKS				
22.	Soak Pits	NRDWP specifications	₹2,000	50:50
23.	Recharge Pits	NRDWP specifications	₹5,000	50:50

(Contd.)

(Table 17.3 Contd.)

No	Work	Standard Dimensions	Unit Cost	Wage: Material Cost Ratio
H. RURAL SANITATION RELATED WORKS				
24.	Household Toilets	TSC specifications	₹4,500	60:40
25.	School Toilets	TSC specifications	₹35,000	25:75
26.	Anganwadi Toilets	TSC specifications	₹8,000	25:75
27.	Solid Liquid Waste Management	TSC specifications for 1000 people	₹5 lakhs	35:65
I. FLOOD RELATED WORKS				
28.	Deepening and Repair of Flood Channels		main channels: ₹180/ metre field channels: ₹30/ metre	100:0 100:0
29.	Chaur Renovation		₹4,76,000 per hectare	100:0
J. IRRIGATION COMMAND RELATED WORKS				
30	Rehabilitation of Minors, Sub-Minors and Field Channels		₹3,000 per hectare	60:40

Source: Mihir Shah Committee (2012): MGNREGA Operational Guidelines, MoRD, GoI.

- 60:40 ratio for labour:material costs should be maintained at the GP level
- No contractors/labour-displacing machinery to be used

Strengthening the Demand-driven Character of MGNREGA

17.20. The single most important distinguishing feature of MGNREGA from employment programmes of the past is that provision of work is triggered by the demand for work by wage-seekers and provided as their legal right. All previous employment programmes provided work when governments decided to provide work, not when people demanded work. MGNREGA is to change that. The old practice of *jab kaam khulega, tab kaam milega* has to be changed to *jab kaam maangege, tab kaam khulega*. This requires that we pay very close attention to generating awareness among potential wage-seekers and set up systems that facilitate and rigorously record registration for work, issuance of job cards and application for work.

17.21. The major weakness so far has been that States have not set up effective systems of recording demand. The new MGNREGA Guidelines in operation from the Twelfth Plan (Box 17.1) take major steps to overcome this weakness.

Labour Budget

17.22. A unique feature of Mahatma Gandhi NREGA is its demand-driven character. But before we begin to record demand we need to make a prior assessment of the quantum of work likely to be demanded as also ascertain the timing of this demand. Concomitantly, we need to prepare a shelf of projects that would allow us to meet this demand. This matching of demand and supply of work is the process of planning under MGNREGA and this is to be achieved through the preparation of a Labour Budget, which has two sides—one, assessment of quantum and timing of demand for work and two, preparing a shelf of projects to meet this demand in a timely manner.

17.23. A Labour Budget must, therefore, reflect

1. Anticipated quantum of demand for work
2. Precise timing of the demand for work, and also
3. A plan that outlines the quantum and schedule of work to be provided to those who demand work

17.24. This is the only way work-providers can open work in a manner that is synchronised with the pattern of migration in that area so as to preempt distress migration. It must also be incumbent upon work-providers to proactively inform

Box 17.1
New Guidelines to Strengthen Demand-driven Character of MGNREGA

1. The Gram Panchayat or Programme Officer, as the case may be, shall be bound to accept valid applications and to issue a dated receipt to the applicant.
2. Refusal to accept applications and provide dated receipts will be treated as a contravention under Section 25 of MGNREGA.
3. The provision for submitting applications for work must be kept available on a continuous basis through multiple channels so designated by Gram Panchayats who may empower ward members, anganwadi workers, school teachers, self-help groups, village-level revenue functionaries, common service centres and Mahatma Gandhi NREGA Labour Groups to receive applications for work and issue dated receipts on their behalf.
4. Provision must also be made (wherever feasible) for workers to register applications for work through mobile telephones in addition to the MGNREGA website and this should feed in directly into the MIS. In case of mobile telephones, the system must be made convenient to illiterate workers and may include Interactive Voice Response System (IVRS) and voice-enabled interactions. This option must automatically issue dated receipts.
5. State Governments will ensure that the MGNREGA MIS will record the demand for work. It will track (for each GP) the gap between date of application for work and date of opening of work.
6. MGNREGA software will automatically generate the pay order for payment of unemployment allowance to such wage seekers whose demand for work is not met within 15 days of demand. Reports prepared on this will have to be part of the essential set of reports to be tracked at the State level.

Source: Mihir Shah Committee (2012): MGNREGA Operational Guidelines, MoRD, GoI.

work-demanders well in advance about the schedule of work to be provided so that they do not need to migrate in distress.

17.25. These plans are currently supposed to be presented for approval only at the Gram Sabha on 2nd October each year. This is far too late to prevent distress migration of households because decisions on migration are normally taken in the monsoon season. In the absence of a timely work guarantee, many are likely to migrate after the harvest of the kharif crop. It is important, therefore, for the GP to inform potential workers of available employment and the timing of this employment well in advance of the kharif harvest. With effect from the Twelfth Plan, annual plans will be presented by the Gram Panchayat at a Gram Sabha meeting to be held on the 15 August.

Planning for an Adequate Shelf of Projects

17.26. As demand gets better recorded, there needs to be a corresponding increase in supply of work. This requires strengthening of capacities at the cutting-edge level of implementation. Unfortunately, the main implementing agency under MGNREGA, the Gram Panchayat, is badly lacking in capacities to plan and implement high quality works under MGNREGA. This is also the missing 'F' (functionaries) which

could galvanise PRIs, especially Gram Panchayats, as the bedrock of Indian democracy.

17.27. Beginning with the Twelfth Plan, each Block will appoint a full-time Programme Officer for Mahatma Gandhi NREGA. It will not be good enough for BDOs or other block officers to be given 'additional charge' for the programme. It has also been decided that blocks, where either scheduled castes plus scheduled tribes form greater than or equal to 30 per cent of the population or the annual MGNREGA expenditure was more than ₹12 crores in any year since the programme started, will mandatorily have at least three Cluster Facilitation Teams (CFT), each of which will service a Cluster of Gram Panchayats (CGP), being accountable to each GP within their Cluster. Each CGP will cover around 15,000 job cards or an area of about 15,000 ha, broadly corresponding to the boundaries of a milli-watershed and local aquifer. The CFT will comprise a fully dedicated, three-member professional support team for MGNREGA. The CFT will be a multidisciplinary team led by an Assistant Programme Officer (APO) and will comprise specialists in earthen engineering, community mobilisation, hydrogeology, agriculture/allied livelihoods. This will enable more professional planning based on the watershed approach aimed at improved land and water productivity.

TABLE 17.5
Accountability Matrix for Delays in Wage Payments under MGNREGA

Reasons for Delay in Wages	Enter the Designation of Personnel/Officer Responsible for Delay in Wage Payments and Number of Days of Delay					
	Centre	State	District	Block	GP	Paying Agency
Delay in making available the MGNREGA funds						
Delay in closing of muster rolls						
Delay in measurement						
Delay in data-entry, generation of pay order						
Delay in issuing cheque for wage-payments						
Delay in transfer of cash to sub-agency						
Delay in end-point wage disbursement						

MGNREGA staff/agency responsible for meeting the timelines. Non-adherence to stipulated timelines should be penalised and the states should levy penalties on MGNREGA staff or agency responsible for any delay in wage payments. An accountability matrix (Table 17.5) will be used to track the inefficiencies in delay in wage payments and disciplinary/punitive actions shall be initiated accordingly.

17.31. An important cause for delay of wage payments is also non-availability of sufficient funds at district/block/GP level. In some districts/blocks/GPs there is shortage of MGNREGA funds, while in others there is a surplus. Once the MGNREGA fund is allotted to a district/block/GP, it is very difficult to perform transfers of the fund across district/block/GP. Fund allocation hence becomes an arduous task in implementation of MGNREGA. To tackle this problem, MGNREGA 2.0 proposes an integrated fund management system called e-FMS (Electronic Fund Management System) which ensures that the MGNREGA fund is not excess or deficient at any level. Under e-FMS, the MGNREGA fund is a centrally pooled fund managed at state level. The users, that is, GP at village level or Programme Officer at Block level or DPC at district level, all across the State, are the users of this centralised fund and will have access to this pooled fund (with certain restrictions). The users can now undertake only electronic transactions through the centralised fund, for the purpose of wage/material/administrative payments as per the actuals (with certain ceilings). All electronic transfers

are realised in a span of 24 hours. Based on this principle of centralised fund and decentralised utility, the e-FMS ensures timely availability of funds at all levels and transparent usage of MGNREGA funds. This improves efficiency of the programme on the whole and also has a multiplier effect on timely delivery of wage payments.

Strengthening Banks and Post Offices

17.32. Another inadvertent source of delays has been the decision by Government for MGNREGA payments to be made through banks and post offices. While this has led to a palpable reduction in leakages, the lack of sufficient density of banks/POs and lack of adequate personnel manning them, has emerged as a major bottleneck, especially in remote, tribal areas, contributing to delays in wage payments. The Business Correspondent (BC) model is one way to overcome these problems. In order to strengthen the viability of the BC model, the Ministry of Rural Development (MoRD) has written to all States asking them to appoint BCs through a transparent process of selection with ₹80 per active account per year to be absorbed under the 6 per cent administrative expenditure head of MGNREGA. This is an interim measure that will help BCs overcome teething problems before they mature to self-sustaining viability as their business expands. A major point of delay has been the crediting of workers' bank accounts as this involves physical movement of cheques and wage lists from the GP to the bank after which banks are required to feed in details of the bank

accounts of wage earners once again. To make this transaction seamless, MoRD has worked with five banks in four States (Orissa, Gujarat, Rajasthan and Karnataka) to successfully develop electronic transfer of data files to banks. This solution is now being taken up in other States also and should be in place by the second year of the Twelfth Plan in all States. This will reduce the time taken in crediting accounts of workers.

17.33. A similar solution is being developed for transmitting data to Head Post Offices (HPOs) which will cut down the time required for documents to travel from Branch Post Offices (BPOs) to HPOs via Sub-Post Offices. This is being already tried out in Rajasthan. A major problem faced by BPOs is that their cash and line limit is very low. States need to raise the cash and line limit for their BPOs so that they are not strapped for funds while making payments to MGNREGA workers. A provision is being made that, in consultation with the Chief Post Master General for the circle, an amount equal to one month's wages will be mandatorily required to be kept with the HPO to avoid delays on account of clearance of cheques and so on.

Better Social Audits, Vigilance and Grievance Redressal

17.34. Given the large number of complaints of corruption, MGNREGA 2.0 pays great attention to strengthening both preventive and ameliorative measures to address the issue. Whereas in Andhra Pradesh, social audits have been institutionalised by State Governments, they have worked very well. They have proved a great check on corruption and large recoveries have also been made. Under MGNREGA 2.0, the MoRD has notified Social Audit Rules that mandate the establishment of a Social Audit Unit (SAU) to facilitate conduct of social audit by Gram Sabhas. This Social Audit Unit can be either a Society or a Directorate, in each case independent of the implementing departments/agencies. The Social Audit Unit shall be responsible for building capacities of Gram Sabhas for conducting social audit by identifying, training and deploying suitable resource persons at village, block, district and State-level drawing from primary stakeholders and other civil society

organisations having knowledge and experience of working for the rights of the people. The SAU will create awareness amongst the labourers about their rights and entitlements under the Act and facilitate verification of records with primary stakeholders and work sites. All States have agreed that they will immediately initiate this process and social audit will first be completed in all Gram Panchayats in one selected block in every State.

17.35. States are now required to upload photographs of works at different stages of execution through the Ministry's software NREGASoft. A pilot has been launched in the Ramgarh district in Jharkhand for use of the Aadhaar number for biometric based authentication of payments to MGNREGA workers. The Aadhaar number along with the job card number will be now part of the MIS to help eliminate non-genuine and duplicate job cards.

17.36. Complementing social audit will be audit by the Comptroller and Auditor General (CAG). All expenditure on all schemes of the Ministries of Rural Development and Drinking Water Supply and Sanitation have now been opened up to audit by the C&AG both at the Centre and in the States. This will be irrespective of the implementing agency and will include not only financial audit and compliance audit but also performance audits with regard to these schemes. To begin with performance audits of MGNREGA will be taken up in 12 States—Assam, Andhra Pradesh, Bihar, Chhattisgarh, West Bengal, Jharkhand, Madhya Pradesh, Rajasthan, Gujarat, Maharashtra, Orissa and Uttar Pradesh.

17.37. All States will also make an arrangement for a three-tier vigilance mechanism to proactively detect irregularities in the implementation of the Act and to follow up detected irregularities and malfeasance, including those identified during social audit, and ensure that the guilty are punished and recoveries of misspent funds duly made. At the State level there will be a Vigilance Cell consisting of a Chief Vigilance Officer who could be either a senior Government officer or a retired officer supported by at least two senior officials (serving or retired), one engineer and an auditor.

17.38. Elaborate steps to institute transparency, proactive disclosure and grievance redressal have also been put into place under MGNREGA 2.0. It has also been decided that the following will be considered offences punishable under Section 25 of the Act:

- Job cards found in the possession of any Panchayat or MGNREGA functionary
- Missing entries or delay in entries in the Job Card
- Refusal to accept applications and provide dated receipts
- Unreasonable delays in measurement of works
- Unreasonable delays in payment of wages
- Failure to dispose of complaints within seven days

17.39. Limitations have also been imposed on administrative expenses, which form a maximum of 6 per cent of expenses under MGNREGA. At least two-thirds of the expenses admissible under this head will be spent at the block level and below. The following items shall under no condition be booked under the administrative costs of MGNREGA:

- New vehicles
- New buildings
- Air-conditioners
- Salaries/remuneration/honoraria of functionaries who are not exclusively or wholly dedicated to MGNREGA work

NATIONAL RURAL LIVELIHOODS MISSION (NRLM-AAJEEVIKA)

17.40. Even as a reformed MGNREGA 2.0 gets underway, during the Twelfth Plan it is the NRLM that will emerge as the centrepiece of India's battle against rural poverty. NRLM has been designed to overcome the limitations of SGSY (Box 17.2). The foundation of water infrastructure and agrarian stability provided by MGNREGA will be harnessed to generate sustainable livelihoods for the poor through the NRLM, which will work simultaneously on five critical dimensions of rural livelihoods and human development:

- Strengthening the package of credit-cum-technology support to strengthen rural livelihoods

- Empowering institutions of the poor that will fundamentally alter the balance of power in rural India
- Facilitating the poor to compete on more equal terms in the market so that they can derive real benefits from the new opportunities opening up in rural India (rather than being at their receiving end)
- Improving the quality of human development programmes such as drinking water, sanitation and housing by making higher private investments possible through a credit component being added to the subsidies being currently provided
- Imparting the much needed skills to the rural population to meet the demands of both the growing rural and urban economies and ensuring placement of skilled workers in appropriate jobs

NRLM: New Directions

17.41. Phased Implementation: The SGSY experience is yet another instance of the 'universalisation without quality' syndrome that has plagued many rural development initiatives in the recent past. The NRLM has been designed to be implemented in a phased manner (Table 17.6) specifically keeping this experience in mind to ensure quality of outcomes and to avoid spreading resources too thin, too quickly.

17.42. In each phase, select districts and blocks will be identified by each state for intensive implementation of NRLM activities. The 'intensive blocks' that are taken up for NRLM implementation would be provided a full complement of trained professional staff to undertake a whole range of activities under the key components of the Mission:

- Building institutions of the poor
- Promotion of financial inclusion
- Diversification and strengthening of the livelihoods of the poor
- Promotion of convergence and partnerships between institutions of the poor and the government and non-government agencies
- Promotion of skills and placement support
- Support for livelihoods and social innovations

Box 17.2 Limitations of SGSY

The SGSY was launched in 1999 by restructuring the Integrated Rural Development Program (IRDP). The cornerstone of the SGSY strategy was that the poor need to be organised and their capacities built up systematically so that they can access self-employment opportunities. In the 10 years of implementing SGSY, there is a widespread acceptance in the country of the need for poor to be organised into SHGs and SHG federations as a prerequisite for their poverty reduction.

A major problem identified by the Radhakrishna Committee on Credit Related Issues under SGSY (2009) is that most of the SHGs remain crowded in low productivity, primary sector activities. The success of the programme depended on raising their abilities to diversify into other high productive activities. Even in the better performing state of Andhra Pradesh, the income gain to a swarozgari from enterprise activities under SGSY was a mere ₹1,228 per month. The small income gain was due to low productive, traditional activities in which they were engaged and due to low absorption of technology.

The Committee argued that nearly two thirds of the total funds were given out as subsidy, thus making the whole programme subsidy-driven. The subsidy disbursed under SGSY was ₹12,900 crore, while credit mobilised was ₹27,800 crore, that is a credit-subsidy ratio of only 2.15:1, much below the target ratio of 3:1. This was partly due to the failure to strengthen the demand side by improving the capacity of the poor to absorb credit for income generating activities. But it was also due to supply side failures. Financial services did not have the systems and procedures suited to the poor.

Only 6 per cent of the total SGSY funds were utilised for training and capacity building during the past decade. Ill-trained groups under SGSY were a severe handicap in moving towards the Eleventh Plan goal of inclusive growth. Training is of vital importance in the management aspects of running both SHGs and their federations, as well as in improving existing livelihood options and also adopting new ones. It is very important to recognise as argued by the Radhakrishna Committee 'that prior to SHG-Bank Linkage, substantial preparatory work needs to be done for bringing the poor together through a process of social mobilisation, formation of sustainable SHGs and training them to pool their individual savings into a common pool for lending it among the needy. It also includes equipping them with skills to manage corpus fund created with their own savings, interest earned from lending and revolving fund contributed by the government'.

Another defining feature of SGSY was the very uneven distribution of SHGs across regions, with the southern states, which account for 11 per cent of the rural poor having 33 per cent of the SHGs, while the northern and north-eastern States, which account for more than 60 per cent of the rural poor having only about 39 per cent SHGs.

It was in the backdrop of these limitations of the SGSY that the Government of India approved restructuring of SGSY as the National Rural Livelihoods Mission (NRLM) and launched the same in June 2011.

17.43. The rationale behind adopting a phased, intensive approach is as follows:

- Building sustainable institutions of the poor, promotion of financial literacy and inclusion through bank linkage and provision of livelihood support services, skill development and placement, involves intensive social mobilisation effort and capacity building.
- All these activities also require a good deal of professional support. While the NRLM envisages hiring of services of competent professionals, most of the States do not have the required capacity, which can only be built in a phased manner.
- In the long run, institutions of the poor can be sustained only if leaders from the poor communities are identified, trained and prepared for undertaking larger leadership roles. The process of building local community leaders and resource persons is by its very nature time-consuming.
- Promotion of livelihoods of the rural poor does not afford a simple linear solution which all States and districts can equally adopt. What works in one state/district may not work equally effectively in another. It is only from learning by doing and innovating that appropriate solutions can emerge, as amply demonstrated by the successful phased expansion adopted in the states of Andhra Pradesh, Kerala and Tamil Nadu.
- The phased expansion approach will also facilitate early piloting of key strategies in certain 'resource blocks' which can then provide the 'proof of concept' required on the ground for others to adopt and replicate.

TABLE 17.6
Phasing of the National Rural Livelihoods Mission

	2012–13	2013–14	2014–15	2015–16	2016–17	Total Twelfth Plan	Total 13th Plan	Total
Intensive Districts	150	0	150	0	300	600	0	600
Cumulative Intensive Districts	150	150	300	300	600	600	600	600
Intensive Blocks	600	0	1,500	0	2,100	4,200	1,800	6,000
Cumulative Intensive Blocks	600	600	2100	2,100	4,200	4,200	6,000	6,000
Households Covered in Lakh	45	23	60	75	128	330	570	900
Cumulative Households Covered in Lakh	45	68	128	203	330	330	900	900
SHGs in '000	360	180	480	600	1,020	2,640	4,560	7,200
Cumulative SHGs in '000	360	540	1,020	1,620	2,640	2,640	7,200	7,200
Youth Skilled for and Placed in Jobs in Lakh	5	10	25	30	30	100	150	250
Cumulative Youth Skilled for and Placed in Jobs in Lakh	5	15	40	70	100	100	250	250
Self-employed in Lakh	2	4	6	8	10	30	60	90
Cumulative Self-employed in Lakh	2	6	12	20	30	30	90	90

Note: The figures for 2012–13 include figures of already existing SHGs.

- The community-based institutions also require certain amount of time to internalise new learning, practices and innovative experiments, before expanding and scaling up.
- Simultaneous implementation of the intensive strategy in all blocks and districts would imply a thin distribution of available resources leading to sub-optimal and non-sustainable outcomes. The phased approach will enable States to apply scarce resources to their priority districts and blocks, where strong civil society support may also be available.

Block Level Professional Support

17.44. The lack of quality in SGSY outcomes had a great deal to do with absence of high quality professional support at the block and sub-block level for undertaking intensive social mobilisation, institution building, capacity building, financial inclusion and promotion of multiple livelihoods of the poor. Under NRLM a special provision will be made for this and the professional support costs incurred at the block/sub-block levels will be treated as costs of institution and capacity building and not as administrative

costs. In the phased approach adopted under NRLM, the block-level professionals will move from one block to another after promoting and nurturing community institutions of the poor for a certain period. Gradually, the trained community resource persons (CRPs) would take over the responsibility of the institutions from the professional staff, whose costs would be progressively absorbed by the institutions as they grow financially stronger. The professional support costs of NRLM will progressively diminish with the increase in the use of CRPs.

Skill Development and Placement in Jobs

17.45. A major focus of the NRLM is skilling rural poor youth. This is both for self-employment in microenterprises and job placement given emerging widespread employment opportunities at the entry level in high growth sectors like textiles, construction, hospitality, retail, security, automobile, health, services and so on. The services provided by NRLM in the 'jobs' sub-component will include:

- Mapping the demand for jobs;
- Skill development/training;

- Counselling youth by matching their aspirations and existing skill set with demand;
- Placement and post-placement support.

17.46. NRLM will aim at supporting 1 crore youth in the Twelfth Plan in this manner. The focus will be on youth from IAP districts, J&K, North Eastern States, districts/blocks with high SC population and minority concentrated districts. The initiative will also aim at enrolling as many girls as possible.

17.47. The self-employment and microenterprises sub-component would pursue multiple streams:

- Micro-entrepreneurs and enterprises directly nurtured by Rural Development and Self-Employment Training Institutes (RUDSETIs)
- Micro-entrepreneurs through apprenticeship and nurturing by practicing micro-entrepreneurs (as under Kudumbasree in Kerala)
- Working with other training partners, including CBOs, CSOs and so on

17.48. These models envisage transforming unemployed youth into confident self-employed entrepreneurs through a short duration experiential learning program followed by systematic long duration hand holding support/ apprenticeship. In the Twelfth Plan it is proposed to nurture 30 lakh entrepreneurs from among the poor to set up micro-enterprises.

RURAL DRINKING WATER AND SANITATION

Review of National Rural Drinking Water Programme (NRDWP)

17.49. As against the target of 7,98,967 habitations for coverage under NRDWP during the Eleventh Plan, the coverage up to 31 March 2012 was 6,65,034 (83 per cent). States of Jharkhand, Chhattisgarh, Nagaland, Madhya Pradesh, Odisha, Himachal Pradesh and Tamil Nadu have exceeded their targets, whereas Sikkim, Punjab, Assam, Arunachal Pradesh and Jammu & Kashmir have reported low (less than 50 per cent) achievement against targets. As against the planned Central outlay of ₹39,300 crore in the Eleventh Plan the anticipated expenditure is ₹39,211 crore. In addition, the States are expected to spend

₹49,000 crore. The investments in rural drinking water (1951–2012) are given in Table 17.7.

TABLE 17.7
Investments in Rural Drinking Water, 1951–2012

Plan Period	Investment made (₹crore)	
	Centre	State
First (1951–56)	0	3
Second (1956–61)	0	30
Third (1961–66)	0	48
Fourth (1969–74)	34	208
Fifth (1974–79)	157	348
Sixth (1980–85)	895	1,530
Seventh (1985–90)	1,906	2,471
Eighth (1992–97)	4,140	5,084
Ninth (1997–2002)	8,455	10,773
Tenth (2002–07)	16,254	15,102
Eleventh (2007–12)	39,211	49,000

17.50. The difficulty has been that even as coverage becomes universal, there is a growing problem of 'slipback', with habitations suffering a fall in the water table and water quality, especially given the growing dependence on groundwater. Water quality has emerged as a growing concern, chemically due to geogenic leaching (arsenic and fluoride) and biologically due to bacteriological contamination. The fact that the same aquifer is being tapped for both irrigation and drinking water, without any coordinated management of the resource, has greatly aggravated availability of drinking water. Lack of convergence with sanitation, on the other hand, compromises water quality, even as it makes provision of improved sanitation difficult.

17.51. Poor operation and maintenance has resulted in high rates of attrition and dilapidated facilities. This has happened mainly because primary stakeholders do not feel a sense of ownership over the facility created and in the absence of sufficient support structures and professional capacities, upkeep suffers. On the other hand, where people have been centrally involved, they have both paid for the service provided and felt a stake in maintaining the assets, garnering adequate support for the same

through the revenues generated. There are also disturbing reports about social exclusion, with SCs, STs and minorities being discriminated against. Keeping this in mind, from 2011–12, earmarking of funds for expenditure under the SCSP (22 per cent) and the TSP (10 per cent) has been made mandatory under NRDWP. Appropriate use of IMIS and GIS maps in the planning process is being promoted to prevent social exclusion. Provision of drinking water in minority concentrated districts is one of the activities monitored under the Prime Minister's New 15 Point Programme. Implementation of rural water supply schemes is being closely monitored in the 90 minority concentrated districts.

NRDWP in the Twelfth Plan

17.52. Based on this analysis of what is going wrong with NRDWP and drawing upon some successes, the Twelfth Plan envisages a major change in the way NRDWP projects are to be run:

- While the ultimate goal is to provide households with safe piped drinking water supply at the rate of 70 lpcd, considering that 40 lpcd has been the norm over the last 40 years and there is still a large population uncovered with this level, as an interim measure the goal has been kept at 55 lpcd for the Twelfth Plan.
- By 2017, it is targeted that at least 50 per cent of rural population in the country (as against 35 per cent today) will have access to 40 lpcd piped water supply within their household premises or within 100 metres radius (and within 10 metres elevation in hilly areas) from their households without barriers of social or financial discrimination. Individual States can adopt higher quantity norms.
- By 2017, it is targeted that at least 35 per cent of rural population have individual household connections (as against 13 per cent today).
- Convergence between drinking water supply and sanitation will be strengthened taking up villages covered with piped water supply to get open defecation free (ODF) status on priority and vice versa.
- A part of NRDWP outlay will be set apart for integrated Habitat Improvement Projects to provide housing, water and sanitation facilities in rural areas at par with urban areas.
- Participation of the beneficiaries, especially women, in water supply schemes will be ensured right from the conceptualisation and planning stage, spanning construction and post-scheme completion management stages. Capacity building of members of the Village Water and Sanitation Committees is of critical importance here.
- The subsidiarity principle will be followed and decisions made at the lowest level possible especially on issues like location, implementation, sustainability, O&M and management of water supply schemes, while retaining an umbrella role for the Gram Panchayats for effective implementation.
- The Ministry of Drinking Water and Sanitation has devised a Management Devolution Index (MDI) to track and incentivise more substantive devolution of functions, funds and functionaries to the Gram Panchayats. While allocating resources across States, 10 per cent weight is given to the population of GPs to whom drinking water supply schemes have been devolved weighted by the MDI for the State.
- The weakest aspect of rural water supply is Operation and Maintenance. Allocation for O&M has been increased from 10 per cent of NRDWP allocation at present to 15 per cent in the Twelfth Plan.
- All new drinking water supply schemes will be designed, estimated and implemented to take into account life cycle costs and not just per capita capital costs.
- All Government schools and anganwadis (in Government or community buildings) will be provided with water supply for drinking and for toilets as per relevant quantity norms by convergence of NRDWP for existing schools and SSA for new schools set up under SSA. For private schools, supply of water will be ensured by enforcement of the provisions of the Right to Education Act by the Education Department.
- All community toilets built with public funds and maintained for public use will be provided with running water supply under NRDWP.
- Solar powered pumps will be provided for implementation in remote, small habitations and those with irregular power supply, especially in IAP

districts, by converging subsidy available under Ministry of New and Renewable Energy.

- Waste water treatment and recycling will be an integral part of every water supply plan or project. Management of liquid and solid waste will be promoted together with recycling and reuse of grey water for agriculture and groundwater recharge and pollution control. This will be done on priority in NGP villages.
- A holistic aquifer and surface water management approach with active community and PRI participation will converge in a District Water Vision that includes monitoring and recording of groundwater levels and rainfall at sub-block level and Aquifer Management Plans to protect and recharge drinking water sources.
- Care will be taken to ensure that minimum distance is maintained between the toilet systems and water sources, to alleviate the problem of nitrate contamination.
- Mining activity should only be carried out at a safe distance from major drinking water sources to protect the quality and sustainability of the source.
- A progressive tariff with different pricing tiers for different uses and different classes of consumers can be considered at various administrative levels, that is, the Gram Panchayat, district and State as appropriate. Incentives may be provided to the GPs for collecting user charges from the beneficiaries. A minimum collection of 50 per cent of O&M cost (including electricity charges) through user charges will be the target.
- Given the growing importance of water quality issues, dedicated funding will be provided to States with quality affected habitations, over and above the normal NRDWP allocation to the State. Within this dedicated funding highest priority will be given to arsenic and fluoride affected habitations. Part of the funding would also be made available to tackle bacteriological contamination in the priority districts with high incidence of JE/AES cases as identified by the Ministry of Health and Family Welfare.

REVIEW OF TOTAL SANITATION CAMPAIGN (TSC)

17.53. The TSC was launched in 1999 as a demand-driven, community-led programme with major IEC

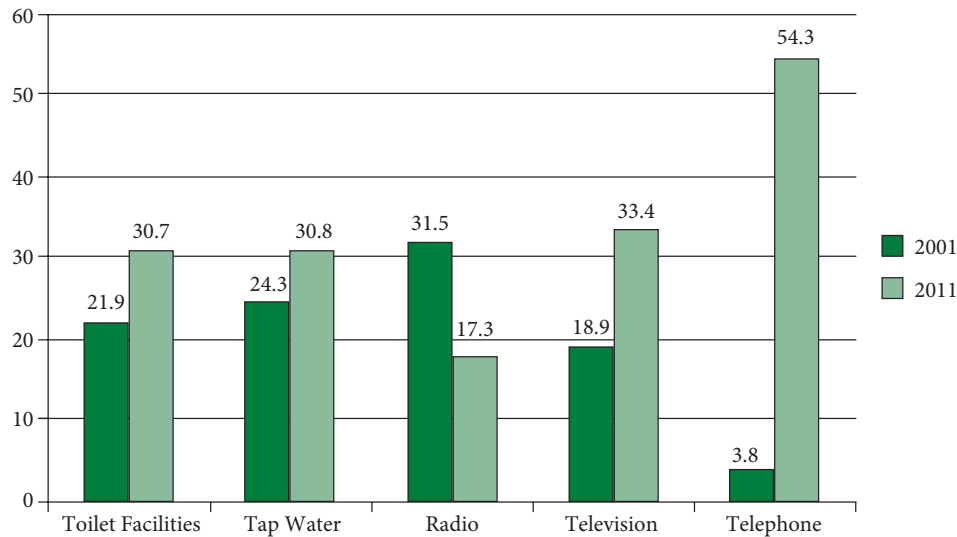
inputs to make sanitation a felt need of the people. The TSC has been able to accelerate sanitation coverage from 22 per cent as per the 2001 Census to 31 per cent in 2011, with over 28,000 PRIs becoming 'Open Defecation Free' (ODF). TSC received a major boost during the later half of the decade, with the introduction of the Nirmal Gram Puraskar (NGP) in 2005, an innovative incentive scheme for Gram Panchayats, blocks and districts, that have attained 100 per cent sanitation coverage.

17.54. However, progress remains far from satisfactory. Open defecation by around 600 million people is our biggest national shame. Since drinking water and sanitation continue to be treated in separate silos, both the quality of drinking water and that of sanitation gets compromised. Latest Census data reveals that the percentage of households having access to television and telephones in rural India in 2011 exceeds the percentage of households having access to toilet facilities and tap water (Figure 17.1).

17.55. Access to household amenities in ten worst performing States in terms of toilet facilities in rural India in the year 2011 (percentage of rural households) is given in Table 17.8.

17.56. The households by type of latrine facility in rural India as per Census 2001 and Census 2011 are given in Figures 17.2 and 17.3, respectively. The percentage of households with no latrine facilities in rural India in 2011; physical progress and financial progress during the Eleventh Plan of Total Sanitation Campaign are given in Table 17.9, Table 17.10 and Table 17.11, respectively.

17.57. Several independent assessments signal the need for a radical change in approach. The WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation estimates that in 2008 around 638 million people in India still defecated in the open and the reported usage of sanitation facilities at 30.7 per cent against the TSC sanitation coverage figure of 57 per cent for the same year. The JMP also revealed that 58 per cent of the world's population defecating in the open in 2008 was in India. A recent impact study by the World Bank's Water



Source: Census of India, 2001 and 2011.

FIGURE 17.1: Access to Household Amenities in Rural India (2001 to 2011)

TABLE 17.8
Access to Household Amenities in Worst Performing States in Terms of Toilet Facilities in Rural India, 2011
(Percentage of Rural Households)

Rank (worst as 1)	State	Toilet Facilities	Tap Water	Radio	Television	Telephone
1	Jharkhand	7.6	3.7	17.3	13.7	38.7
2	Madhya Pradesh	13.1	9.9	13	18.6	36.4
3	Odisha	14.1	7.5	10.6	19.4	33.6
4	Chhattisgarh	14.5	8.8	9.5	21.1	21.2
5	Bihar	17.6	2.6	25.8	10.2	53.5
6	Rajasthan	19.6	26.9	13.9	25.6	66.2
7	Uttar Pradesh	21.8	20.2	25	23.5	63.6
8	Tamil Nadu	23.2	79.3	18.7	85.3	66.3
9	Karnataka	28.4	56.4	17.6	46.3	62.6
10	Andhra Pradesh	32.2	63.4	6.1	49.3	54.8

Source: Census of India, 2011.

and Sanitation Programme in five States reveals that only 67 per cent of the toilets even in NGP villages were being used, while this percentage fell to just 46 per cent in non-NGP villages. A study, supported by UNICEF in 2008 revealed that in 56 per cent of NGP Gram Panchayats 70 per cent families were still defecating in the open and only 6 of the 162 NGPs had been able to sustain the NGP status. In a study for the Ministry of Drinking Water and Sanitation, the Centre for Media Studies (2010) found that the key factors explaining the gap between access to and

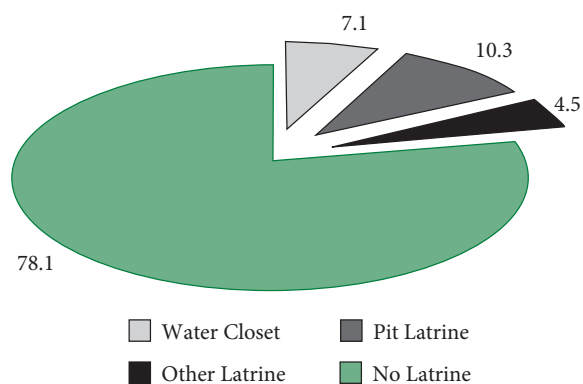
usage of sanitation facilities were poor quality of construction and unfinished toilets, a major reason for which was the very low incentive provided under the TSC.

17.58. The Twelfth Plan Working Group is of the clear view that the APL–BPL distinction and the very low incentive under the TSC have played havoc with the programme. Many slip-backs in the NGP villages have been attributed to non-availability of water, clearly indicating need to synergise the drinking

TABLE 17.9
Percentage of Households with No Latrine Facilities in Rural India, 2011

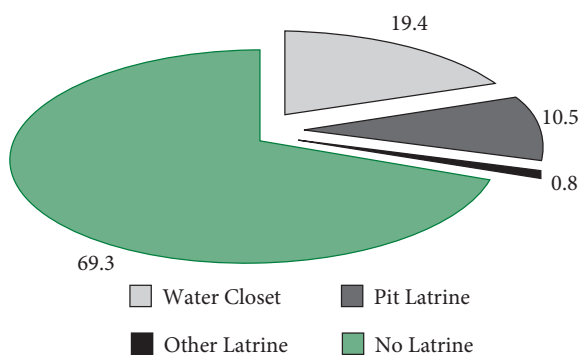
State	2011	2001
Jharkhand	92.4	93.4
Madhya Pradesh	86.9	91.1
Odisha	85.9	92.3
Chhattisgarh	85.5	94.8
Bihar	82.4	86.1
Rajasthan	80.4	85.4
UP	78.2	80.8
Tamil Nadu	76.8	85.6
D&N Haveli	73.5	82.7
Karnataka	71.6	82.6
Andhra Pradesh	67.8	81.9
Gujarat	67	78.3
Maharashtra	62	81.8
J&K	61.4	58.2
Puducherry	61	78.6
West Bengal	53.3	73.1
Daman & Diu	48.6	68
Arunachal Pradesh	47.3	52.7
Meghalaya	46.2	59.9
Uttarakhand	45.9	68.4
Haryana	43.9	71.3
Assam	40.5	40.4
A&N Islands	39.8	57.7
HP	33.4	72.3
Nagaland	30.8	35.4
Punjab	29.6	59.1
Goa	29.1	51.8
NCT of Delhi	23.7	37.1
Tripura	18.5	22.1
Sikkim	15.9	40.6
Mizoram	15.4	20.3
Manipur	14	22.5
Chandigarh	12	31.5
Kerala	6.8	18.7
Lakshadweep	2	6.9
India	69.2	78.1

Source: Census of India, 2011.



Source: Census of India, 2001.

FIGURE 17.2: Households by Type of Latrine Facility in Rural India in 2001



Source: Census of India, 2011.

FIGURE 17.3: Households by Type of Latrine Facility in Rural India in 2011

water and sanitation programmes. One of the limitations of the TSC is the narrow range of technology options offered in a country with such immensely diverse geographic, hydrologic, climatic and socio-economic conditions (high water table, flood prone, rocky ground, desert/water scarce areas and extreme low temperatures). This has led to many problems, including non-acceptance by local communities, water pollution especially in shallow water table regions, and waste of public funds. There is need to broaden the ranges of models permissible under TSC. Finally, the absence of a dedicated implementation agency at either the State/district or GP level, to implement TSC has emerged as a major bottleneck affecting quality of outcomes.

TABLE 17.10
Total Sanitation Campaign, Physical Progress, Eleventh Plan

Financial Year	IHHL BPL	IHHL APL	Total IHHL	School Toilets	Sanitary Complexes	Anganwadi Toilets
2007–2008	57,63,430	57,64,460	1,15,27,890	2,36,259	3,006	86,489
2008–2009	55,70,899	56,94,983	1,12,65,882	2,53,004	3,245	68,995
2009–2010	58,69,608	65,38,170	1,24,07,778	1,44,480	2,230	66,227
2010–2011	61,55,933	60,87,798	1,22,43,731	1,05,509	3,377	50,823
2011–2012	47,34,816	40,64,048	87,98,864	1,22,471	2,547	28,409

TABLE 17.11
Total Sanitation Campaign, Financial Progress, Eleventh Plan

Financial year	Total outlay (₹ in crore)	Total expenditure (₹ in crore)
2007–08	1,060	996
2008–09	1,200	1,193
2009–10	1,200	1,200
2010–11	1,580	1,580
2011–12	1,500	1,500
Total (in crore)	6,540	6,469

Total Sanitation Campaign in the Twelfth Plan

17.59. The Twelfth Plan visualises a major break from the past under TSC:

- The goal of the Twelfth Plan will be that 50 per cent of the Gram Panchayats attain Nirmal Gram status by the year 2017.
- The APL–BPL distinction and the focus on individual toilets are to be replaced by a habitation saturation approach. Rechristened the Nirmal Bharat Abhiyan (NBA), the programme will cover SC, ST, physically handicapped, small and

marginal farmers and woman-headed households in each habitation.

- The idea is not to sacrifice quality and sustainability of outcomes in the mad rush to attain targets, even if this means moving somewhat slower in reaching universal coverage.
- Through a convergence with MGNREGA, the unit cost of individual household latrines will rise to ₹10,000 as described in Table 17.12.
- Toilet designs will be fine-tuned in accordance with local social and ecological considerations.
- There will be a specific provision for capacity building at a rate not exceeding 2 per cent of district project outlay.
- In order to focus more centrally on sustainability of outcomes, the programme shall be taken up in a phased manner wherein GPs shall be identified, based on defined criteria of conjoint approach to sanitation and water supply, for achievement of NGP status. This would progressively lead to Nirmal blocks, Nirmal districts and eventually Nirmal States. The pattern of fund release will be tweaked with flexibility to the districts to prioritise funding to GPs identified for Nirmal Grams. Thus, Nirmal Grams with full access and usage of toilets, water availability and systems of

TABLE 17.12
Major Increase in Unit Cost Support for IHHLs during the Twelfth Plan

IHHL	Centre	State	Beneficiary	Total TSC	MGNREGA	Total
Total Cost (₹)	3,200	1,400	900	5,500	4,500	10,000
Labour Cost (₹)				0	2,700	2,700
Material Cost (₹)				5,500	1,800	7,300
Labour: Material Cost				0:100	60:40	27:73

waste disposal and drainage, shall be the outcome of NBA.

- A new strategy will be devised to facilitate convergence between drinking water and sanitation projects. NBA will give priority to coverage of areas with functional piped water supply systems (PWSS), followed by areas with ongoing PWSS that are nearest to completion. Next, new PWSS will be taken up in GPs of districts where IHHL coverage has reached higher milestones of coverage in a descending order. In all such new and ongoing PWSS, NBA should be implemented simultaneously with the planning and execution of PWSS to ensure that behavioural change for usage of toilets is generated. Care will be taken that PWSS are planned and executed covering entire habitations on a saturation basis, so that health and other impacts of safe water and sanitation are clearly discernable.
- Running water availability must also be ensured in all Government school toilets, anganwadi toilets and Community Sanitary Complexes under NRDWP.
- Child-friendly toilets will be developed in anganwadis and schools. This will be accompanied by capacity building of school teachers, ASHA and anganwadi workers and ANMs among others on hygiene and sanitation. Sanitation will be made a part of the school curriculum so that safe sanitation practices are ingrained in the minds of children who would be the torch bearers of sanitation in their households and the community.
- In order to ensure smooth O&M of toilets, a massive training campaign will be launched in convergence with the National Rural Livelihoods Mission in skills such as masonry work, brick-making, toilet pan making and plumbing. 'Nirmiti Kendras' will be set up for development and manufacture of cost-effective construction materials. The existing Production Centres and Rural Sanitary Marts will also be revitalised and appropriate SHGs entrusted with this task.
- Effective hand-holding with adequate IEC must continue for a period of time even after construction to ensure sustainability of outcomes. Comprehensive region-specific communication and information strategy will be deployed for

demand generation and sustainability. Office-bearers and members of GPs, VWSCs, BRCs, SHGs, Swachhata doots, women and youth groups, school committees, and so on will be involved in dissemination of information and effective communication. NGOs and CBOs of repute may be engaged for maximum results for individual contact, motivation and implementation. Key Resource Centres must also be identified within State/district for training of State/district level functionaries in IEC.

- NBA will be implemented at the GP level through VWSCs who could receive technical support from NGOs/CBOs identified by the District authorities. The VWSC must be mandatorily made a Standing Committee of the GP to ensure community participation in planning, construction, operation and management with the GP providing overall guidance to the VWSCs. A sense of ownership will be created through owner-driven construction through self labour and hiring of skilled labour.
- Solid and liquid waste management will be taken up in Nirmal Grams on a priority basis for which an assistance of ₹5,00,000 will be additionally available per 1,000 people from the redesigned MGNREGA 2.0.

17.60. Justification for the huge jump in outlays for sanitation and drinking water is provided by recent scholarly work on the relationship between sanitation and health. A recent article in *Lancet*² suggests that the impact of sanitation and hygiene interventions on child under-nutrition has been seriously undervalued in the existing research as this effect has been modelled entirely through diarrhoea. The study argues that a key cause of child under-nutrition is a subclinical disorder of the small intestine known as tropical enteropathy. This is caused by faecal bacteria ingested in large quantities by young children living in conditions of poor sanitation and hygiene. The study finds that provision of toilets and promotion of hand-washing after faecal contact could reduce or prevent tropical enteropathy and its adverse effects on growth; and that the primary causal pathway from poor sanitation and hygiene to under-nutrition is tropical enteropathy and not diarrhoea. Though based on field studies conducted

in Africa, This study has important policy implications for India. Accelerating provision of toilets and improved drinking water quality will prevent tropical enteropathy, which in turn will yield improvements in child growth, health and survival.

17.61. A study of the TSC completed in July 2012,³ finds that at mean program intensity, infant mortality decreased by four per thousand and children's height increased by 0.2 standard deviations. Relative to other children born in the same districts or in the same years, rural children exposed to better sanitation in their first year of life were more likely to survive infancy. Districts in which more latrines were constructed over this period saw a greater decline in rural infant mortality rates, controlling for other changes. Rural children born in years and districts with more TSC latrines available in the first year of their lives are taller than children born in other years or districts.

RURAL HOUSING

17.62. Allied to these initiatives on rural livelihoods, are significant steps towards improving basic amenities in rural India, the most important of which is housing. Under the Indira Awaas Yojana (IAY), since 1985, nearly 285 lakh houses have been constructed with an expenditure of about ₹84,234 crore.

IAY during the Eleventh Plan Period

17.63. The summary of the financial and physical progress of IAY during the Eleventh Plan period is given in Tables 17.13 and 17.14.

TABLE 17.13
IAY-Financial Performance during Eleventh Plan
(2007-08 to 2011-12)

Year	Total Available Fund* (₹crore)	Utilisation (₹crore)
2007-2008	6,527.17	5,464.54 (83.72)
2008-2009	14,460.35	8,348.34 (57.73)
2009-2010	15,852.35	13,292.46 (83.85)
2010-2011	17,956.54	13,465.73 (74.99)
2011-2012	18,982.69	12,451.12 (65.59)

Notes: (i) *Includes Opening Balance and Centre and State Releases.

(ii) Figures in the parentheses are per cent utilisation to total available fund.

TABLE 17.14
Physical Performance of IAY During Eleventh Plan
(2007-08 to 2011-12)

Year	IAY Houses (in lakh)	
	Target	Constructed
2007-2008	21.27	19.92 (93.66)
2008-2009	21.27	21.34 (100.32)
2009-2010	40.52	33.85 (83.55)
2010-2011	29.09	27.15 (93.36)
2011-2012	27.27	22.30 (81.80)

Note: Figures in the parentheses are per cent achievement of total target.

17.64. Over the years, there have been important revisions in the scheme and related institutional processes for making IAY accessible to the poorest in rural India:

1. IAY waitlists have been prepared Gram Panchayat-wise by the States/UTs on the basis of their housing and poverty status as per the BPL list. In order to introduce transparency in the selection of beneficiaries, permanent waitlists are supposed to be displayed in all Gram Panchayats.
2. IAY houses are allotted (in this order of preference) in the name of the woman or jointly between the husband and the wife.
3. Financial assistance provided under IAY was raised twice during the Eleventh Plan, on 1 April 2008 from ₹25,000 in plain areas and ₹27,500 for hilly/difficult areas to ₹35,000 and ₹37,500 respectively and to ₹45,000 in plain areas and ₹48,500 in hilly/difficult areas on 1 April 2010. The higher assistance is also provided to districts under the Integrated Action Plan (IAP) for select backward and tribal districts. IAY beneficiaries are also covered under the Differential Rate of Interest (DRI) scheme for lending up to ₹20,000 per housing unit at 4 per cent interest.
4. Sanitary latrine and smokeless chullah are required to be constructed along with each IAY house. For construction of the sanitary latrine, financial assistance is made available from the Total Sanitation Campaign (TSC) funds in addition to IAY assistance.
5. There is a provision for making available home-stead sites to those rural BPL households whose

names are included in the permanent IAY wait-lists but do not have a house site. ₹10,000 per homestead site is currently provided, this funding being equally shared by the Centre and the States. States are also incentivised by allocating additional IAY houses equal to the number of homestead sites provided through any of the stipulated means—regularisation of existing occupied land, allotment of government land or purchase/acquisition of land. If the amount per beneficiary falls short, the balance amount is contributed by the State Government. BPL families allotted land through purchase are, to

the extent feasible, provided assistance for house construction in the same year.

17.65. Progress on some of these innovative features has been slow. For instance, Table 17.15 shows that the drive towards convergence with other rural infrastructure schemes has not been up to the mark.

17.66. Again, only a few States such as Bihar, Karnataka, Kerala, Rajasthan, Andhra Pradesh, Maharashtra, UP and Sikkim have so far requested for funds for purchase of homestead land under this scheme. Progress is summarised in Table 17.16.

TABLE 17.15
Convergence of IAY with other Rural Infrastructure

S. No.	Convergence (per cent of IAY houses)							
	Period	TSC	Smokeless Chullahs	Bio-Gas Plant	RGGVY	Kitchen Garden	Life Insurance Scheme	Health Insurance Scheme
1	2008–09	5.91	5.17	0.00	0.11	0.29	0.74	0.29
2	2009–10	26.50	22.70	0.12	0.65	0.64	4.21	1.00
3	2010–11	26.85	24.05	0.07	1.10	0.95	6.18	2.07

TABLE 17.16
Scheme for Purchase of Home Site and Incentive for Additional Target under IAY

S. No.	State/UT	2009–10			2010–11		
		Purchase of Homesite		Incentive	Purchase of Homesite		Incentive
		Amount Released (₹ Lakh)	No. of Sites to be Purchased	Additional Houses Sanctioned	Amount Released (₹ Lakh)	No. of Sites to be Purchased	Additional Houses Sanctioned
1	Andhra Pradesh				10,228	2,04,568	
2	Bihar	5,334	1,06,674				
3	Gujarat			33,154			18,342
4	Karnataka	5,400	1,08,000		6,082	1,21,634	31,806
5	Kerala	3,209	64,189				
6	Madhya Pradesh						1,05,200
7	Maharashtra				2,500	50,000	
8	Rajasthan	1,721	34,412				95,702
9	Sikkim	83	1,666				
10	Tripura						15,050
11	Uttar Pradesh				190	3,790	
	Total	15,747	3,14,941	33,154	19,000	3,79,992	2,66,100

Rural Housing through other Sources

17.67. During the Eleventh Plan period, rural housing was also facilitated by assistance from State Governments and financial institutions/banks. This has been through both supplementing IAY grant assistance as well as via State-level schemes for rural housing. For instance, Government of Kerala provides additional resources to enhance the unit cost to ₹75,000 for general category households, ₹1,00,000 for SC households as well physically and mentally handicapped persons and ₹1,25,000 for ST households and destitute families. Government of Andhra Pradesh provides additional ₹20,000 to SC/ST beneficiaries of IAY. Around 15 States/UTs have their own schemes. During the Eleventh Plan, about 30 lakh houses were constructed under various rural housing schemes of State Governments.

17.68. National Housing Bank (NHB), National Bank for Agriculture and Rural Development (NABARD) and Housing and Urban Development Corporation (HUDCO) also provide support for rural housing. The NHB is the apex financial institution for housing in the country. It runs schemes such as the Rural Housing Fund (RHF), Golden Jubilee Rural Housing Refinance Scheme (GJRHFS) and Productive Housing in Rural Areas (PHIRA). NABARD made refinancing for rural housing as an eligible activity in the year 2001–02. Under the Rural Housing Scheme, NABARD extends refinance to banks for provision of loans to individuals/cooperative housing societies. HUDCO has been supporting Housing Boards, Panchayati Raj Institutions (PRIs), Development Authorities and other para-statal by extending loan assistance for weaker sections at 8 per cent to 8.5 per cent against its borrowing rate of 10.25 per cent. Of the total 1.5 crore housing units supported by HUDCO till date, over 89 lakh units (60 per cent) have been constructed in rural areas.

Rural Housing in the Twelfth Plan

Need for Greater Financial Support

17.69. One of the major reasons for continued shelterlessness in rural India is shortage of financial resources. According to the NSSO, about 66 per cent financing of new construction in rural areas

in 2010–11 was done by rural families with their own resources; about 27 per cent construction had some amount financed from non-institutional agencies such as moneylenders, family and friends while only 9 per cent of new construction was financed by institutional channels such as Government schemes, banks and so on. A Committee constituted by the Ministry of Rural Development for formulation of Concrete Bankable Schemes for Rural Housing (2011) found that although credit flow to the housing sector witnessed a growth of about 30 per cent over the last five years, lending to rural areas grew only about 10 per cent.

17.70. Quality of housing has also suffered due to inadequate financial support. It is, therefore, proposed to increase the unit assistance for house construction under IAY to ₹65,000 in plain areas and to ₹70,000 in hilly/difficult areas during the Twelfth Plan, with an increase each year to absorb rising cost of material and labour'. Given the overall financial constraint this may lead to a slowing down of achievement of targets but a conscious decision is being taken to ensure that good quality housing becomes possible through an increase in unit cost assistance provided. At the same time, DRI loans for IAY families will be enhanced up to ₹50,000 at 4 per cent rate of interest, along with extended repayment tenure up to 15 years. Provision of DRI loans for IAY beneficiaries will be made obligatory on the part of the banks given the investment that the government commits when sanctioning an IAY house. Approval of DRI loans will be included as an indicator of financial inclusion by the banks. Banks will develop standard processes that are simple and hassle-free to enable easier access to DRI loans by beneficiaries.

Smoother Transfer of Funds

17.71. The process of fund transfer from the Centre to the States is being simplified to facilitate convergence as well as enhance effectiveness and efficiency in the implementation of various rural habitat schemes. Funds will now be released to the States through a fund to be created by the State on the lines of MGNREGA or TSC. Central releases as well as State contribution will be credited to the State

Fund and the States are expected to release funds to DRDAs on the basis of predetermined criteria as defined in the guidelines. It is expected that these modifications in the administration of the scheme would help in reaching out to the targeted population effectively and in a manner that facilitates smooth functioning across departments.

Abolition of the APL–BPL Distinction

17.72. The Socio-economic and Caste Census (SECC) will be complete in time for the Twelfth Plan implementation. This Census will provide lists of households that are homeless as well as those who live in poor quality houses. There will be no reference made to any BPL list. Assistance under IAY will be provided to these households in order of priority to be determined on the basis of the other indicators of deprivation thrown up by the SECC.

Enhancing Access of the Poor to Land

17.73. The unit cost for purchase of homestead plots under IAY will be increased to ₹20,000 on IAY assistance pattern, that is, 75:25 contributions by the Centre and the State, respectively. A dedicated officer at the district level will be designated by the state government to address various bottlenecks faced by the beneficiaries in accessing homestead sites. A cluster approach will be adopted for developing homestead lands for groups of homeless families.

Improving Quality of IAY Houses

17.74. The most important change the Twelfth Plan seeks to bring is an improvement in quality of housing. Raising the financial assistance is certainly a necessary condition for improved quality but it is not sufficient in itself. IAY guidelines recommend that State Government and implementing agencies should facilitate access to information on innovative technologies, materials, designs and methods, but most States do not have any mechanism to do so. There is a clear need for developing and popularising appropriate technology through a network of institutions, which could result in low-cost, environment-friendly and disaster-resistant houses as per local cultural preferences. Developing a menu of specific designs and technology options for each region reflecting variations in environmental and cultural conditions would be the way to go forward.

Rural Building Centres (RBCs)

17.75. RBCs at the district level could play an important role as a single window solution for guidance on quality construction, supply of alternative materials, skill building of artisans and development and dissemination of innovative, location-appropriate technologies that minimise the use of high-energy construction materials. They could also carry out special skill upgradation programmes intended to impart both skills and organisational abilities, effective monitoring of housing construction, knowledge building and awareness creation on quality and safety features

17.76. The RBCs would provide a platform for developing comprehensive knowledge and experience of application of common alternative technologies for various geo-climatic zones of India needs to be developed. A network of RBCs would serve to link research institutions with rural habitat practitioners for dissemination of technical know-how. It would also facilitate further development of knowledge on alternate materials and technologies for different geo-climatic zones.

17.77. Proven alternative technologies that are cost-effective and environment-friendly need to be included in the State Schedule of Rates. Towards this end, partnerships need to be forged by the States with specialised research and development institutions, academic institutions and NGOs that have worked on alternate technologies. For instance, the National Mission on Bamboo Applications can provide advice on treatment, use and costing of bamboo based building elements for use in areas that have bamboo in abundance and have used the material traditionally due to its appropriateness in the specific geo-climatic context.

Emphasis on Disaster Risk Reduction

17.78. Along with concerted efforts to demystify and enable access to technical knowledge and skills for good quality construction, it is important that disaster risk in various locations be considered and analysed. Technical guidelines for house construction need to be modified suitably. Under the GoI–UNDP Disaster Risk Management Programme, the Ministry of Home Affairs has developed ‘Guidelines

for Development and Building Construction including Safety Provisions for Natural Hazards in Rural Areas'. The guidelines provide detailed understanding of the role and responsibility of various institutions including PRIs for addressing disaster risk of buildings in rural areas. In addition, there is detailed guidance on construction details that can make a difference to the safety of a building. There is a need to include such considerations for reducing disaster risk of housing stock in rural India irrespective of the source of funding. There is a need to pay special attention to 'multi-hazard'-prone areas spelt out in the Vulnerability Atlas of India through incorporation of disaster resistant designs in house construction. These areas will be designated as 'difficult areas' and provided higher unit assistance under IAY. In addition, all new houses will be insured through group insurance to spread the risk of losses due to natural disasters and other calamities such as fires.

Training of Masons, Artisans and Others

17.79. A large pool of skilled workers like masons, bar benders, plumbers, carpenters and other construction-related artisans trained in safe and sustainable construction practices needs to be developed for all construction activity in the future. Five per cent of the IAY budget in the Twelfth Plan is being dedicated to capacity building of these personnel

Partnerships with Civil Society and PRIs

17.80. Given the scale of shelterlessness and the need for improving quality, it is important that local stakeholders are able to effectively participate in housing delivery. PRIs are central to effective habitat development in rural areas. They need to take a lead in micro-planning and prioritising habitat development needs. Services of trained local groups and enterprises to take up innovative implementation of housing and habitat schemes should be made available to PRIs by the State Governments. SHGs could be an important vehicle for production of building materials and provision of construction services. NGOs have been playing an important role in facilitating rural housing through promotion of innovations in architectural design, housing finance, alternative technology, supervision of construction and promotion of an eco-habitat

approach. NGOs could be professionally engaged to support PRIs to facilitate safe and sustainable habitat development.

PROVISION OF URBAN AMENITIES IN RURAL AREAS (PURA)

17.81. PURA aims to provide urban amenities and livelihood opportunities in rural areas to bridge the rural-urban divide in the Indian society. The pilot phase of PURA was implemented from 2004-05 to 2006-07, with a total budget of ₹30 crores. There were seven clusters selected in seven States, with budgets of ₹4-5 crores per cluster. The implementation of the pilot phase did not yield the desired results as it faced the following issues:

- The pilot projects lacked a detailed business plan and there was limited participation by the private sector.
- The pilot projects were predominantly infrastructure-oriented projects, with limited attention being given to the implementation of economic activities.
- The criteria for selection of the clusters did not factor the growth potential for that area.
- There was no ownership at the State Government level and the entire implementation lacked an appropriate institutional structure with dedicated professional support.
- There was no convergence with other schemes of rural development or other departments.

17.82. Given the experience of the pilot projects, a restructured PURA was launched in the Eleventh Plan as a demand-driven programme through Public-Private Partnership (PPP) between Gram Panchayats and private sector partners. Core funding is sourced from the convergence of Central Government schemes and complemented by additional support through the PURA Scheme. The private sector brings on board its share of investment besides operational expertise. The PURA Scheme is implemented and managed by the private sector on considerations of economic viability but designed in a manner whereby it is fully aligned with the overall objective of rural development. To attract the private sector, the Scheme has a 'project based' design

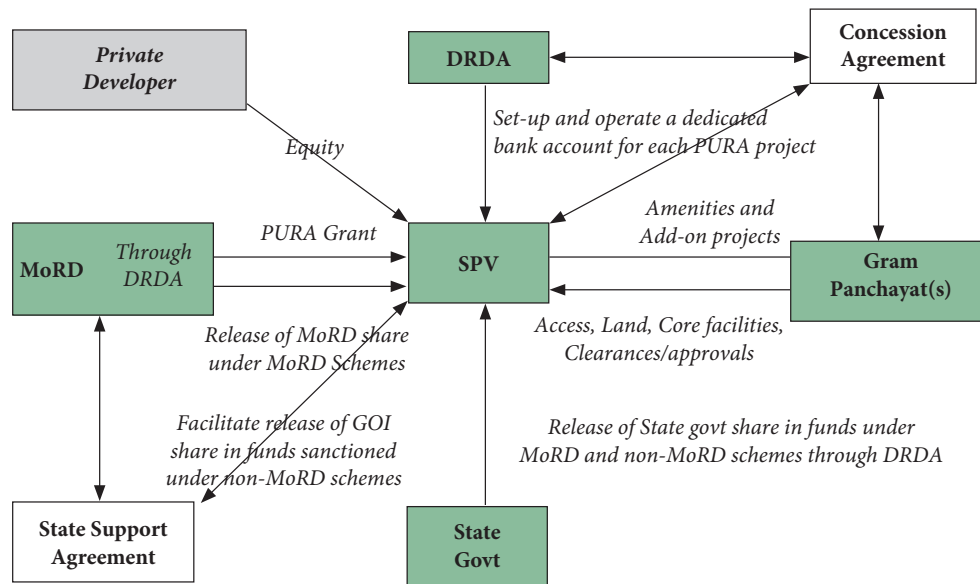


FIGURE 17.4: PURA Transaction Structure

with well-defined risks, identified measures for risk mitigation and risks sharing among the sponsoring authority (Gram Panchayat), Central Government, State Government and the selected bidder.

17.83. The transaction structure conceived to implement the project is shown in Figure 17.4.

17.84. MoRD issues Letters of Award to only those projects whose DPRs have been approved by an Inter-Ministerial Empowered Committee (EC) constituted for PURA. Post the issue of the Letter of Award, the concession and State support agreements are executed. Based on an understanding of challenges that have emerged through the brief experience of these pilot projects, the following improvements will be made in PURA going into the Twelfth Plan:

- There will be a better coordination procedure for granting the approvals to projects under non-MoRD schemes to ensure a single window clearance for the bidders. Guidelines will be issued to future bidders regarding the potential non-MoRD schemes that could be integrated within PURA projects, which could act as a useful databank for bidders.
- In many PURA projects it became evident that bidders had not adopted a consensus-building process and hence failed to incorporate many of the demands of the villagers. A proactive consensus building approach will be a basic guideline to the bidders with each step being documented. Each demand should be documented and if the same is not accommodated by the bidder, then this should be transparently shared with the primary stakeholders.
- Due to the multiple activities involved in a PURA project, the selected concessionaire is required to approach various departments within the State Government. This process can be time-consuming. Hence a project-level coordination committee must be constituted at the State Government level to grant various approvals or take decisions on the implementation challenges associated with PURA projects. An example is the committee constituted by the Government of Kerala to address issues relating to PURA projects.
- A Project Implementation Unit also needs to be established at MoRD to undertake the monitoring role for all PURA projects within the country.
- There is an imperative need for undertaking capacity-building activities for officials of Gram Panchayats and the District Administration. This

capacity-building would be aimed at providing officials with necessary skill sets to meet their obligations under the Concession Agreement and State Support Agreement. Handholding by the MoRD in the pilot phase would be required to achieve smooth implementation of the projects.

- An accurate baseline survey is crucial in determining the PURA grant for the project. The broad contents of the baseline survey needs to be provided to bidders as a standard document.
- Given the diverse backgrounds of the bidders, standard technical solutions (like sample designs of various structures) may be provided as a manual to the bidders. Such a reference document would enable standardisation of the DPRs and enable a smoother approval process for MoRD.
- A manual of various innovative cost-effective technologies may also be provided that could be adopted by the bidders in their projects.

17.85. Table 17.17 shows the infrastructure and amenities to be provided, operated and maintained under a PURA project by the private developer during the Twelfth Plan.

17.86. In order to ensure scaling of the PURA Scheme, it would necessary for State Governments to lead the entire process of managing PURA projects. The key activities would involve undertaking the procurement process for selection of private developers, facilitating/interacting with the private players in the course of preparation of Concept Plans and DPRs and undertaking its obligations under the Concession and State Support

Agreements. Further the State Governments would need to identify their nodal departments and build capacities of these nodal departments to handle PURA Projects. In addition, a funding pattern for PURA Grant in the ratio of 80:20, with 80 per cent of the funding for PURA Grant coming from MoRD and 20 per cent from the concerned State Government will be adopted. The role of MoRD will be that of a facilitator and the final approving and monitoring authority of the PURA Projects. An institutional structure on the lines of the PMGSY Scheme of the MoRD is suggested for upscaling PURA (Figure 17.5).

NATIONAL SOCIAL ASSISTANCE PROGRAMME (NSAP)

17.87. An integral element of India's battle with poverty and distress is to provide succour to senior citizens, differently abled people and others who have suffered due to mishaps in life through unconditional cash transfers. The NSAP refers to a basket of welfare schemes that provide social assistance to a wide range of people in need in both rural and urban India. At the beginning of the Eleventh Plan, the NSAP comprised the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the Annapurna Scheme and National Family Benefit Scheme (NFBS). In February 2009, two more schemes were added under NSAP—the Indira Gandhi National Widow Pension Scheme (IGNWPS) and the Indira Gandhi National Disability Pension Scheme (IGNDPS). Although they are small, these pensions have been described as a veritable lifeline for the millions of widows,

TABLE 17.17

Infrastructure and Amenities to be Provided, Operated and Maintained under PURA Project by Private Developer in the Twelfth Plan

Mandatory-under MoRD schemes	Under non-MoRD schemes as local conditions permit (Illustrative list)	Add-on projects to generate economic and livelihood opportunities* (Illustrative list)
<ul style="list-style-type: none"> • Water and sewerage • Village streets • Drainage • Solid waste management • Skill development • Development of economic activities 	<ul style="list-style-type: none"> • Village street lighting • Telecom • Electricity generation, and so on 	<ul style="list-style-type: none"> • Village linked tourism • Integrated rural hub, Rural market • Agri—common service centre and warehousing • Any other rural economy based project

*At least one such activity would be included in the project.

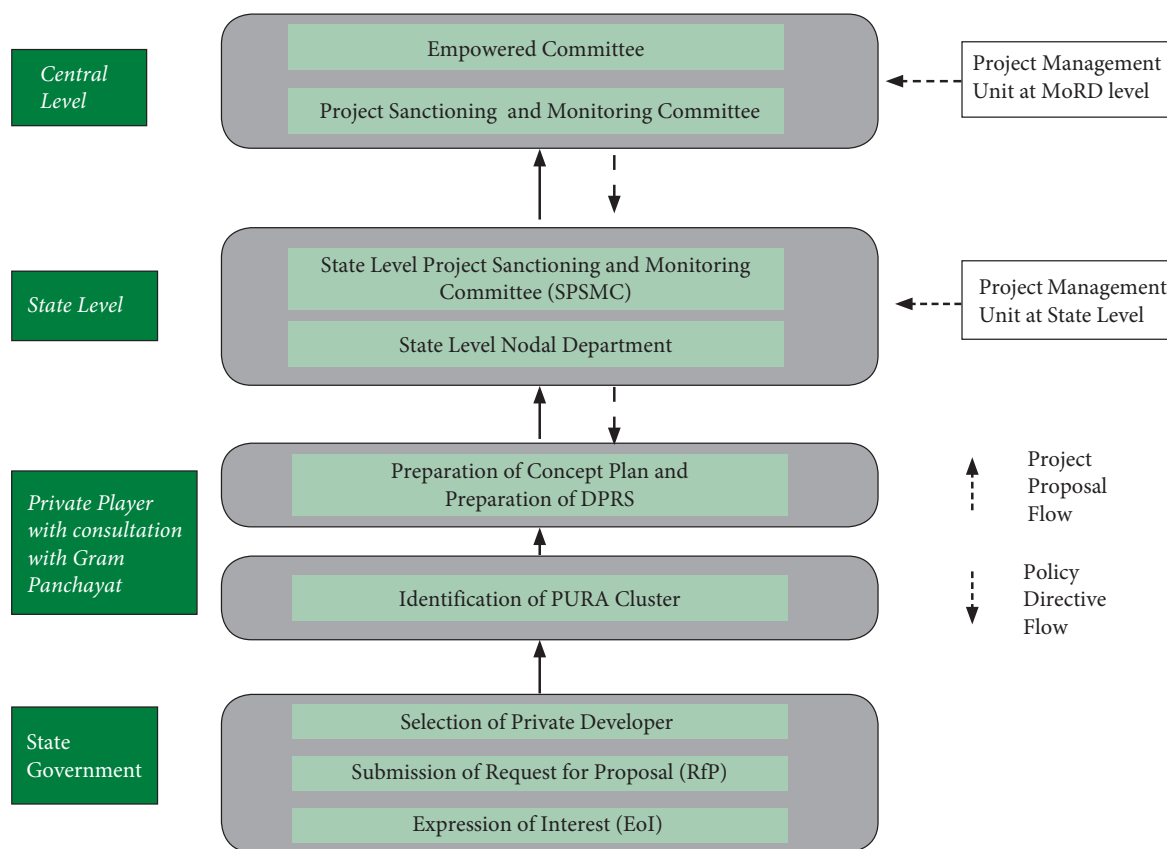


FIGURE 17.5: Institutional Structure for PURA

elderly and disabled people who receive them.⁴ NSAP allocation has increased eight-fold since 2002–03. IGNOAPS is the largest scheme within NSAP. In 2011–12, 82 per cent of the total NSAP expenditure was on IGNOAPS followed by the IGNOAPS at 9.7 per cent. The physical and financial progress of NSAP during the Eleventh Plan is given in Table 17.18.

TABLE 17.18
NSAP Progress in the Eleventh Plan

Year	Expenditure Reported (₹ crore)	Beneficiaries (in lakh)
2007–08	3,110.99	128.89
2008–09	3,875.31	167.63
2009–10	4,718.83	216.06
2010–11	5,480.60	231.12
2011–12	5,121.95	253.64

17.88. While NSAP started as a Centrally Sponsored Scheme (CSS) in 1995, it was transferred to State Plans in 2002–03 and funds are now released as Additional Central Assistance to the States. Guidelines are issued by the MoRD at the Centre and the MoRD monitors expenditures under the ACA, but it is the responsibility of State Governments to identify beneficiaries, sanction benefits and disburse payments.

17.89. Under IGNOAPS, since 2006–07, old age pension of ₹200 per month was being provided to persons of 65 years and above who are destitute (BPL with effect from 19 November 2007). With effect from 1 April 2011, the age limit has been lowered to 60 years and for persons above 80 years, the pension has been enhanced to ₹500 per month. It is estimated that this change will benefit an additional 7.2 million persons in the age group of 60–64 years and 2.6 million persons above the age of 80 years.

Currently, 19 States/UTs are providing an additionality of ₹200 to ₹800 per month. Another 11 States/UTs are providing additional pension of between ₹50 to ₹200.

17.90. The NFBS provides a lump sum family benefit of ₹10,000 to the bereaved household in case of the death (natural or accidental) of the primary breadwinner (male or female) whose earnings contribute substantially to the total household income. This scheme is applicable to all the eligible persons in the age group 18 to 64. The bereaved household should belong to BPL families to qualify for this benefit. This sum has been raised to ₹20,000 with effect from 18 October 2012 with eligibility criteria of age group 18 to 59 years.

17.91. In February 2009, the IGNWPS was started to provide pension to BPL widows in the age group 40–64 years at the rate of ₹200 pm per beneficiary. The estimated number of beneficiaries under Indira Gandhi National Widow Pension Scheme (IGNWPS) is 45 lakhs. IGNDPS was also started in the same month for BPL persons with severe or multiple disabilities⁵ (in the age group of 18–64 years) at the rate of ₹200 per month per beneficiary. It is estimated that 15 lakh beneficiaries will be covered under IGNDPS. As a result of change in the eligibility criteria for receiving old age pension in April 2011, eligibility criteria for widow pension under IGNWPS and disability pension under IGNDPS got revised from 40–64 years to 40–59 years and from 18–64 years to 18–59 years, respectively. 36.05 lakh beneficiaries have been covered so far under IGNWPS and 7.69 lakh under IGNDPS. With effect from 1 October 2012, the widow and disability pensions have been raised to ₹300 per month and eligibility criteria to age

group 40–79 years for IGNWPS and 18–79 years for IGNDPS. The component-wise physical and financial progress of NSAP during the Eleventh Plan is given in Table 17.19.

17.92. NSAP faces several types of implementation challenges: logistical (application and sanctioning process, funds flow management), bureaucratic (low incentives, weak capacity), and management (MIS, reporting systems, verification). In the execution of NSAP, greater professional support is needed for ensuring quality, delivery and for suitable monitoring and evaluation, both at the Centre and State levels. Technical support groups comprising professionals and voluntary organisations will be set up at Central, State and district levels for continuous review of policy and performance of NSAP during the Twelfth Plan. Documentary requirements for proving eligibility and identity have proved extremely onerous for the beneficiaries who are among the most vulnerable. It is hoped that the use of UID (once available) will ease some of these pressures. Many States have devised somewhat arbitrary and harsh exclusion criteria which have been applied in a mechanical manner that discriminate against some of the most vulnerable. Even having a living adult son has meant exclusion in some cases. Such practices must be stopped. Shifting to payment through post offices or banks is a significant step in ensuring transparency. But as under MGNREGA, where density of banks/POs is low or because of lack of adequate staff, people have had to suffer great hardships in the transition period. Aged and disabled people may not be able to reach the POs or banks. The banking correspondent model with UID biometrics could be a way out as it would provide payments at the doorstep in a transparent manner.

TABLE 17.19
Physical and Financial Progress of NSAP Components, Eleventh Plan

Year	IGNOAPS		IGNWPS		IGNDPS		NFBS		Annapurna	
	₹Crore	Lakh	₹Crore	Lakh	₹Crore	Lakh	₹Crore	Lakh	₹Crore	Lakh
2007–08	2,896	115.14					176	3.34	40	10.76
2008–09	3,422	150.21					329	4.23	47	10.41
2009–10	4,354	163.34	152	32.13	29	7.00	154	3.44	30	10.16
2010–11	3,528	170.60	524	34.25	134	7.28	324	3.35	45	9.58
2011–12	4,214	199.55	496	36.55	105	7.77	282	2.48	25	7.28

17.93. IT solutions need to be seen as central to scheme implementation and not just as a peripheral MIS system. Use of IT can help reduce discretion, stem leakages through duplication, enhance efficiency by reducing time taken between steps, reduce the need for reporting at multiple levels, and facilitate accounting, particularly in States with lower human resources capacity. To be most effective, IT needs to be an end-to-end solution. This means not only that the solution encompasses the entire process cycle—from application to pension payment—but that it links each of the functional processes to each other. The solution needs to be transaction-based in the sense that it must involve no or extremely limited opportunity for original transaction data entry. An electronic registry of beneficiaries will require digitisation of legacy data and continuous entry of new beneficiaries. Digitisation will need a robust data migration process (for example, minimise duplicates, reduce risk of missing records) to ensure accuracy. Mechanisms should be built in to cross-check the registry with other databases such as the SECC, UID or ration cards for verification. A robust electronic registry is the base on which application management can be built to record, acknowledge and check compliance with eligibility norms while minimising the burden of proof of documentation that is presently placed on the applicant.

17.94. In order to streamline the processes of communication of information of actual transfers to programme managers at the State level, an electronic fund management system (as described for MGNREGA above) could make a big difference. The NSAP guidelines do not require any formal fiduciary assurance from the States in terms of end-use of funds other than the annual utilisation certificate (UC). The basis for recognition of programme expenditure for the purpose of the UC is not clear, which may result in States adopting varying yardsticks for what is expenditure. Third party review of the payment processes and enforcement of ploughback of unspent balances with pension distribution agencies (PDAs) must be introduced so that the possibility of ‘ghost beneficiaries’ and unspent balances lying with PDAs is reduced.

17.95. At present, there is no mechanism for systematic revision of pension payments in line with inflation. A case can be made during the Twelfth Plan to adopt an approach similar to that adopted for MGNREGA wages, whereby an index such as the CPIAL or CPIIW could be adopted to tie pension payments to inflation, allowing for cost of living differences across States. The periodicity of revision could be aligned with preparation of annual budget estimates.

17.96. The use of BPL lists has led to large errors of inclusion and exclusion. Eligibility and coverage rates will need to be reassessed after the SECC process is completed.

FLEXI-FUND FOR RURAL DEVELOPMENT

17.97. There is an increasing demand to give States much greater flexibility in spending decisions with respect to Government schemes. The demand is justified on the basis that States have differing needs, priorities and levels of development and the ‘one size fits all’ model of Centrally Sponsored Schemes (CSS) does not allow these interstate variations to be adequately reflected. The BK Chaturvedi Committee has addressed this issue and proposed a new framework for introducing much greater flexibility as described in Chapter 10 of Volume 1 on Governance.

17.98. The Ministry of Rural Development has proposed going even further by setting up a Rural Development Flexi-fund (RDF) of ₹40,000 crores (of which 70 per cent would be the Central share of ₹28,000 crore) with the intent to devolve a significant share of Central funds related to Rural Development to the States over the Twelfth Plan period directly through this Fund. This would ensure better targeting and focused projects on state-specific priorities. It would also send a powerful signal about the Central Government’s deep commitment to cooperative federalism.

17.99. The RDF will be a separate line item in the Budget of the Ministry of Rural Development (MoRD). It would be available as an additional amount that can be spent either on existing Centrally Sponsored Schemes of the MoRD and Ministry of

Drinking Water and Sanitation, or on new projects proposed by the respective States. Thus the RDF would provide inter-scheme flexibility to States among the Centrally Sponsored Schemes of the Ministry of Rural Development and Ministry of Drinking Water and Sanitation.⁶ This will be in addition to the *intra-scheme flexibility* made possible by the BK Chaturvedi Committee for all Centrally Sponsored Schemes. The MoRD will lay out broad guidelines on what the RDF can be used for. In order to avoid inter-district distortions, the flexi-fund will be essentially a fund to incentivise: (i) innovation in service delivery, (ii) building sustainable rural infrastructure (iii) 'Greening' of rural development and (iv) devolution to and empowerment of PRIs.

17.100. With these provisos the RDF will be available for use under any CSS and even for work not currently covered under any of the CSS. In order to be eligible to use the fund, States will have to propose projects that merit support based on the above four criteria. The project reports (DPRs) prepared by the States will be discussed and approved by a Central Committee under the Chairmanship of Member (RD) Planning Commission, and comprising Secretary (RD), GoI and 2–3 eminent Rural Development experts.

PLAN OUTLAY

17.101. The tentative Gross Budgetary Support (GBS) for the Ministry of Rural Development for the Twelfth Five Year Plan (2012–17) is ₹4,43,261 crore. Out of this, about 85 per cent is for the flagship programmes implemented by the Department of Rural Development, that is, Mahatma Gandhi National Rural Employment Guarantee Act (₹1,65,500 crore), Indira Awas Yojana (₹59,585 crore), Pradhan Mantri

Gram Sadak Yojana (₹1,24,013 crore) and National Rural Livelihood Mission (₹29,006 crore).

17.102. The Twelfth Plan Central Sector Tentative Gross Budgetary Support for Rural Drinking Water Supply and Sanitation is ₹98,015 crore. 100 per cent of this outlay is for flagship programmes, namely National Rural Drinking Water Programme and Nirmal Bharat Abhiyan, administered by Ministry of Drinking Water and Sanitation. This provision will draw matching provisions from the States to the tune of ₹1,32,393 crore. Thus, the total outlays in the Twelfth Five Year Plan for Rural Drinking Water Supply and Sanitation sector would be about ₹2,30,408 crore.

NOTES

1. JP Morgan (2011): *India: Rural Wages Surge*, India Equity Research Reports.
2. Jean H Humphrey (2009): 'Child Undernutrition, Tropical Enteropathy, Toilets and Hand Washing', *Lancet*, 374: 1032–35.
3. Dean Spears (2012): *Effects of Rural Sanitation on Infant Mortality and Human Capital: Evidence from India's Total Sanitation Campaign*. This study uses administrative records on implementation of TSC and data from the third round of the District Level Household Survey (DLHS-3) and bulletins of the 2010–11 Annual Household Survey.
4. Dutta, P., S. Howes, and R. Murgai (2010): 'Small but Effective: India's Targeted Unconditional Cash Transfers.' *Economic and Political Weekly*, XLV(52) pp. 63–70.
5. Disability is legally defined as (i) blindness, (ii) low vision, (iii) leprosy cured, (iv) hearing impaired, (v) loco motor disability, (vi) mental retardation and (vii) mental illness. Persons with disability are persons suffering from not less than 40 per cent of any of the above disabilities as certified by a medical authority. Persons with severe disability are persons with 80 per cent or more of one or more disabilities. Multiple disabilities are combination of two or more disabilities.
6. Mahatma Gandhi NREGA is excluded from this list as it a special demand driven scheme based on a legal entitlement under the MGNREGA Act, 2005.