CHAPTER - 4

POVERTY ALLEVIATION PROGRAMMES

4.1 POVERTY ALLEVIATION IN RURAL INDIA – PROGRAMMES AND STRATEGIES

The planning process accords utmost priority to alleviation of poverty. While poverty has declined from 37.27% in 1993-94 to 27.09% in 1999-2000 in the rural areas, the number of rural poor at 193.24 million in 1999-2000 remains an issue of concern. Economic growth with a focus on employment generating sectors has been a key element of the strategy for poverty reduction along with emphasis laid on provision of basic minimum services like health, education, water supply, sanitation, etc. This strategy has been combined with a third element of directly targeting the poor through anti poverty programmes. This Chapter discusses the anti poverty programmes being implemented in the rural areas of the country along with the delivery mechanisms.

Swaranjayanti Gram Swarozgar Yojana (SGSY)

2. The Swaranjayanti Gram Swarozgar Yojana (SGSY) was launched in April, 1999 following the restructuring of the erstwhile Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Toolkits to Rural Artisans (SITRA) Ganga Kalyan Yojana (GKY) and Million Wells Scheme (MWS). The objective of the SGSY is to bring the assisted poor families (Swarozgaris) above the poverty line by organizing them into Self Help Groups (SHGs) through the process of social mobilization, their training and capacity building and provision of income generating assets through a mix of Bank credit and Government subsidy.

3. The SGSY is implemented with emphasis on social mobilization and formation of SHGs. While a SHG usually consists of 10-20 persons, in difficult areas like desert, hill and regions having scattered and sparse population, and in the case of minor irrigation and disabled persons, this number ranges from 5-20. Members of the group, generally, belong to families living below poverty line(BPL) but a maximum of 20% (in exceptional cases upto 30%) of members in a group can be from families marginally above the poverty line (APL) living contiguously with BPL families, if it is acceptable to BPL members of the group. However, the APL members of the group are not eligible for subsidy under the scheme and cannot become office bearers of the group. The BPL families are required to actively participate in management and decision making. The list of BPL households identified through BPL Census, duly approved by the Gram Sabha forms the basis for assistance of families under SGSY. Within the target group, special safeguards have been provided to vulnerable sections by way of reserving 50% benefits for SCs/STs, 40% for women and 3% for disabled persons. It is envisaged that 50% of the groups formed in each Block should be exclusively for women.

4. The SGSY programme is conceived as a process oriented programme for the poor. It is recognized that SHGs move through various stages – social mobilization and formation of groups (first stage - group formation), generation of savings and internal lending amongst the members of the group on their own and building up of the Group corpus (second stage - group stabilization), supplementing the Group corpus by revolving fund sanctioned as cash credit limit by the banks, (third stage - micro credit) and taking up of economic activities by the group (fourth stage – micro enterprises). This is a long drawn process and it is recognized that all groups particularly with members who lack skills and assets and comprising of destitute / those living in abject poverty may not graduate to the last stage in a fixed time frame. As such the programme envisages that a grading exercise should be undertaken at the end of each stage wherein independent agencies could also be involved. It has been envisaged under the programme that for the task of SHG development, the DRDAs may seek the support of facilitators like NGOs, Community Based Organisations, etc. for initiating and sustaining the group development process. Suitable organizations/societies/individuals could be engaged based on their past experience in SHG formation, community organization involving participatory approach, communication skills, ability to stay with the population in the rural areas etc. Upto Rs.10,000/- can be provided to them for formation, training and capacity building of SHGs. Assistance from such organizations/societies/individuals also can be taken for training and capacity building of other facilitators.

5. Further in order to give an impetus to the groups, at the third stage, a revolving fund of Rs.25,000/- is provided from the bank, of which a sum of Rs.10,000/- is given to the bank by the DRDA as subsidy. Once the SHG has demonstrated that it has successfully passed through the third stage, it is eligible to receive assistance for economic activities in the form of loan and subsidy. Loan and subsidy is provided either to individuals in the group taking up the income generation activity or to the group where all/some members take up a group activity. Under the scheme progressively majority of the funding would be for the SHGs as group activities stand a better chance of success. Subsidy under the SGSY is uniform at 30% of the project cost subject to a maximum of Rs.7500/-. In respect of SCs/STs and disabled persons subsidy is 50% of the project cost subject to a maximum of Rs.10000/-. For groups of Swarozgaris the subsidy is 50% of the cost of the scheme subject to per capita subsidy of Rs.10000/- or Rs.1.25 lakh whichever is less. There is no monetary limit on subsidy for irrigation projects. Subsidy is back ended.

6. As the scheme is process oriented in nature it is recognized that the States/UTs may be in different stages of implementation of the scheme. As such, flexibility has been woven into schemes so that DRDAs can prioritise the expenditure on different components like training and capacity building, infrastructure revolving funds and subsidy for economic activities based on the local requirements and different stages of group formation. However, the expenditure on infrastructure is limited to a ceiling 20% of total allocation (25% in the case of North Eastern States). Expenditure incurred in organizing fairs, exhibitions and participation of swarozgaris in fairs & exhibitions and commissioning of studies for projects (upto Rs. 50,000/-) are admissible under Infrastructure Programme. In addition, a sum of Rs.5 lakh per annum could be spent on marketing research, value addition or product diversification or to facilitate marketing of the produce. The programme

also lays emphasis on the training of Swarozgaris and towards this end, the DRDAs can seek the assistance of training institutions for providing both basic orientation and skill development training and the total expenditure for this purpose is limited to ceiling of Rs.5,000/- per trainee.

7. For setting up micro enterprises, it is envisaged that the number of key activities selected in a block should not exceed 10. However, focus is laid on 4-5 key activities identified on the basis of resources, occupational skills of the people and availability of markets so that the beneficiaries can draw sustainable incomes. The banks and other financial institutions are closely associated in preparing the project reports for the key activities to avoid delays in sanctioning of loans and to ensure adequate and timely provision of credit. The approval of the Panchayat Samitis at the Block level and DRDAs/ Zilla Parishads at the district level is necessary. It has been stipulated that the key activities should preferably be taken up in clusters so that the backward and forward linkages can be effectively established.

8. The SGSY is financed on 75:25 cost sharing basis between the Centre and the States. In the case of UTs, the scheme is fully funded by the Centre. The SGSY is being implemented by the DRDAs with the active involvement of PRIs, the banks, the line departments and the NGOs.

9. Fifteen percent of the funds under the SGSY are set apart at the national level for Special Projects. The objective of each Special Project is to ensure a time bound programme for bringing a specific number of BPL families above the poverty line through self employment. The project may involve different strategies to provide long term sustainable self employment opportunities either in terms of organization of rural poor, provision of support infrastructure, technology, marketing, training etc. or a combination of these.

10. As expected, the overall progress of the programme during the first two years of implementation has been rather slow, as the scheme is process oriented in nature. In spite of the shift in the emphasis from individual oriented assistance to assistance on group basis, individual assistance continued to be a dominating feature under the programme. The level of utilization of funds, credit disbursement, per family investment and credit subsidy ratio were also low. The start of the programme was delayed during 1999-2000 and initial preparatory works, such as sensitization of the functionaries at various levels and bankers before the effective grounding of the programme, formation of the SHGs, their training and capacity building, gradation of the groups, are all time consuming activities. As such, the DRDAs, in order to avoid parking of funds at their level and to ensure continuity of the scheme continued to assist individual Swarozgaris more than the SHGs.

11. Similarly, the credit flow under the programme has not been smooth during 1999-2000 and 2000-01 particularly for group activities. With emphasis on group approach the requirement of the group loan/investment has increased. However, there was inadequate appreciation of the objective of the SGSY and advantages of group finance by the field level bankers and incomplete delegation of power to the Bank Branches to sanction full loans. Some banks also insisted on collateral security for loan beyond Rs.50,000/-. Besides these, other reasons for poor credit, disbursement include delay in sanction and

disbursement of loan, under financing, paucity of staff in Bank branches after introduction of Voluntary Retirement Scheme etc. Inadequate availability of credit has adversely affected average per family investment and credit subsidy ratio during first two years of the programme.

12. The total allocation (Centre + State) under the programme to the States/UTs during 2001-02 was Rs.774.50 crore. The total available fund including opening balances, miscellaneous receipts, the Central and the State releases was Rs.1298.75 crore against which the utilization was Rs.967.00 crore, which was 74.46% of the available fund. The credit disbursed during the year was Rs.1331.77 crore against the target of Rs.3195.03 crore. The achievement was 41.68% of the target. The average per family investment was Rs.21,082/- and the subsidy credit ratio was 1:2.01. The number of total Swarozgaris assisted during the year, comprised 3.70 lakh as members of the SHGs and 5.77 lakh individual Swarozgaris adding to a total of 9.47 lakh. A central outlay of Rs. 710 crores has been provided for the scheme in the budget for 2002-03. Details are given in Annexure 4.1.1.

Sampoorna Grameen Rozgar Yojana (SGRY)

13. The Sampoorna Grameen Rozgar Yojana (SGRY) announced by the Prime Minister on 15.8.2001 was launched in September 2001. The schemes of Jawahar Gram Samridhi Yojana(JGSY). Employment Assurance Scheme (EAS) have been merged under this programme w.e.f. 1.4.2002. The primary objective of the scheme is to provide additional wage employment in all rural areas and thereby provide food security and improve nutritional levels. The secondary objective is the creation of durable community, social and economic assets and infrastructural development in rural areas. The SGRY is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work in and around the village/habitat. The programme is self-targeting in nature. While providing wage employment, preference is given to agricultural wage earners, non agricultural unskilled wage earners, marginal farmers, women, members of Scheduled Castes/Scheduled Tribes, parents of child labour withdrawn from hazardous occupations, parents of handicapped children or adults with handicapped parents. The programme is implemented through the Panchayati Raj Institutions(PRIs).

14. The programme is implemented as a Centrally Sponsored Scheme on cost sharing basis between the Centre and the States in the ratio of 75:25 of the cash component of the programme. In the case of UTs the Centre provides the entire(100%) funds for the scheme. Foodgrains under the programme are provided to the States/UTs free of cost.

15. Five percent of the funds and foodgrains under SGRY are retained in the Ministry of Rural Development for utilization in areas of acute distress arising out of natural calamities or for taking up preventive measures in the chronically drought or flood affected areas. In addition a certain percentage of the allotted foodgrains under the SGRY is reserved for the Special Component to be used in any Central or State Government scheme with wage employment potential to meet exigencies arising out of any natural calamity. The remaining funds and foodgrains under SGRY are disbursed equally in two streams. First Stream funds & foodgrains are distributed between the Zilla Parishad and the Intermediate Panchayats in

the ratio of 40:60. Second Stream is implemented at the Village Panchayat level. The entire resources for this stream are distributed to the Gram Panchayats directly by DRDA/Zilla Parishads.

16. Under the Ist stream 22.5% of the annual allocation (inclusive of foodgrains) is earmarked for individual beneficiary schemes of SC/ST families living below the poverty line. Under the second stream, a minimum of 50% of the allocation to the Village Panchayat (inclusive of foodgrains) is earmarked for the creation of need based village infrastructure in SC/ST habitations/wards. Thirty percent of employment opportunities are reserved for women under the programme.

17. Wages under the programme are paid partly in form of foodgrains and partly in cash. Minimum wages fixed by the States are paid under the scheme. Foodgrains are given as part of wages under the SGRY to the rural poor @ of 5 kg. per manday. State Governments can give more than 5 kg. of foodgrains per manday within the existing State allocation (subject to a minimum of 25% of the wages being paid in cash). The States and UTs are free to calculate the cost of foodgrains paid as part of wages, at a uniform rate which may be either BPL rate or APL rate or anywhere between the two rates. The workers are paid the balance of wages in cash so that they are assured of the notified minimum wages. Contractors/middlemen or any other intermediate agency is not permitted to be engaged for the execution of any of the work under the programme.

18. Distribution of foodgrains to the workers under the programme is either through PDS or by the Gram Panchayat or any other agency appointed by the State Government. The DRDAs/ZPs make necessary arrangements for distribution of foodgrains among the concerned agencies. The States/UTs bear the cost of transportation, local taxes from their own resources and the cash component under the programme is not used for such purpose.

19. Each Zilla Parishad/DRDA, Intermediate level & Village Panchayat prepares Annual Action Plan to include the wages to be undertaken under the scheme. Completion of incomplete works is given priority and emphasis is laid on labour intensive works. Under the first stream priority is given to soil and moisture conservation, minor irrigation, rejuvenation of drinking water sources, augmentation of ground water, traditional water harvesting structures, desiltation of village tanks/ponds etc. and such other schemes necessary for watershed development. Other priority works include construction of rural link roads, farm roads linking agricultural fields, drainage works, afforestation and those that result in creation of durable socio economic assets such as schools, kitchen sheds for schools, dispensaries, community centers, panchayatghars, development of haats (markets), etc. However, the nature of works is required to be such that they could be completed in one or two years. Upto a maximum of 15% of the funds can be spend on maintenance of assets created under the programme by the Zilla Parishads/DRDAs/ Intermediate Panchayats/Village Panchayats.

20. All works that result in the creation of durable productive community assets can be taken up under the second stream of SGRY as per the felt needs of the area/people by the village panchayat with emphasis laid on: (a) infrastructure support for SGSY, (b) infrastructure required for supporting agricultural activities in the village panchayat, (c)

community infrastructure for education (including kitchen sheds), health as well as link roads (roads linking the village to the main road, even if it falls outside the panchayat area is allowed to be constructed), (d) other socio economic community assets, and (e) desiltation, renovation of traditional village tanks/ponds.

21. A central outlay of Rs. 5040 crores has been provided for the scheme (including Food for Work Programme) in the budget of 2002-03. The details of JGSY and EAS are also given in the succeeding paragraphs.

Jawahar Gram Samridhi Yojana (JGSY)

22. The JGSY was in operation from 1st April, 1999 to 31st March, 2002. The programme was launched with primary objective of creation of demand driven community village infrastructure including durable assets at the village level to enable the rural poor to increase the opportunities for sustained employment. The secondary objective was generation of supplementary employment for the unemployed poor in the rural areas. The wage employment under the programme was given to Below Poverty Line (BPL) families. The programme was implemented as a CSS on a cost sharing ratio of 75:25 between the Centre and States.

23. While there was no sectoral earmarking of resources under JGSY it was envisaged that, 22.5% of the annual allocation must be spent on individual beneficiary schemes for SCs/STs and 3% should be utilized for creation of barrier free infrastructure for the disabled. All works that resulted in the creation of durable productive community assets could be taken up under the programme as per the felt needs of the area/people by the village panchayat. These included creation of infrastructure for SCs/STs habitations, infrastructure support for SGSY, infrastructure required for supporting agricultural activities in the village, community infrastructure for education and health, roads and other social, economic and physical infrastructure.

24. Under the programme, Villages Panchayats had the sole authority for the preparation of the Annual Action Plan and its implementation, which had to be accepted by the Gram Sabha. At the village level, the entire work relating to coordination, review, supervision and monitoring of the programme was the responsibility of the village panchayat. The village panchayats had the power to execute works/schemes upto Rs.50,000 with the approval of the Gram Sabha. In addition Gram Sabha also undertook Social Audit. At the village level monitoring and vigilance committees were also set up to oversee and supervise the works/ schemes undertaken. At the district level, the DRDAs/Zilla Parishads and at the intermediate level the Panchayat Samitis had the overall responsibility for guidance, coordination, supervision, periodical reporting and monitoring the implementation of the programme.

Employment Assurance Scheme (EAS)

25. The Employment Assurance Scheme (EAS) (2nd October, 1993 to 31.3.2002) was initially launched in 1772 identified backward blocks of 257 districts situated in drought

prone, desert, tribal and hill areas where the Revamped Public Distribution System (RPDS) was in operation. The programme was subsequently extended to more blocks and thereafter universalized. The EAS was restructured w.e.f. 1999-2000 to make it the single wage employment programme and the scheme became an allocative scheme instead of demand driven with a fixed annual outlay provided to the States. The programme was implemented as a CSS on a cost sharing ratio of 75:25 between the Centre and States.

26. The primary objective of the EAS was creation of additional wage employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line. The secondary objective was the creation of durable community, social and economic assets for sustained employment and development. The EAS was open to all the needy rural poor living below the poverty line. A maximum of two adults per family were provided wage employment. While providing employment, preference was given to SCs/STs and parents of child labour withdrawn from hazardous occupations who are below the poverty line. The programme was implemented through the Zilla Parishads, (DRDAs in those States where Zilla Parishads did not exist).

National Social Assistance Programme (NSAP) and Annapurna

27. The NSAP was launched as a 100% Centrally Sponsored Scheme on 15.8.1995 with the aim to provide social assistance benefit to poor households in the case of old age, death of primary breadwinner and maternity. This programme was a significant step towards the fulfillment of the Directive Principles in Articles 41 & 42 of the Constitution. as it supplements the efforts of the State Governments with the objective of ensuring minimum national levels of well being and the Central assistance is an addition to the benefit that the States are already providing on Social Protection Schemes or may provide in future. The provision of Central assistance seeks to ensure that social protection to beneficiaries is uniformly available.

28. The Maternity Benefit Component of the NSAP has been transferred to the Department of Family Welfare, Ministry of Health & Family Welfare w.e.f. 2001-02 with a view to ensure better linkage with nutrition and national population control programmes and w.e.f. 2002-03, the following two components of NSAP i.e. National Old Age Pension Scheme (NOAPS) and National Family Benefit Scheme (NFBS) along with Annapurna have been transferred to the States.

National Old Age Pension Scheme (NOAPS)

29. Old age pension is provided to person of 65 years and above who are destitutes in the sense of having little or no regular means of subsistence from their own sources of income or through support from family members or other sources.

National Family Benefit Scheme (NFBS)

30. A Group amount is provided in the case death of primary breadwinner of a BPL family due to natural or accidental causes. The family benefit is paid to such surviving member of the household of deceased who, after local enquiry, is determined to be the Head of the household.

31. The Annapurna Scheme was launched on 1.4.2000 as a 100 per cent Centrally Sponsored Scheme aiming at providing food security to meet the requirement of those destitute senior citizens who though eligible have remained uncovered under the National Old Age Pension Scheme(NOAPS). Free foodgrains are provided under this Scheme.

32. The transfer of these schemes was carried out with a view that it would provide the requisite flexibility to the States/UTs in the choice and the implementation of the schemes. The funds for the operation of the schemes are released as Additional Central Assistance (ACA) to the States/UTs. The ACA could be utilized by the States/UTs on Welfare Schemes of Old Age Pension, Family Benefit or free foodgrains to the aged by taking up one or two or all of the three or in any other combination in accordance with their own priorities and needs. The States/UTs are required to provide a Minimum Mandatory Provision (MMP) for these schemes under their own budget. This MMP would be calculated as equivalent to the State's Budget Provision or actual expenditure, whichever is higher, for these schemes during the year 2000-01, plus the ACA allocation for the year concerned.

33. An ACA of Rs.680.00 crore has been provided to the States for NSAP and Annapurna during 2002-03.

DRDA Administration

34. Keeping in view the need for an effective agency at the district level to co-ordinate the anti poverty efforts, a new CSS for 'Strengthening of DRDA Administration' was launched with effect from April 1, 1999 with funding on a 75:25 basis between the Centre and States. While the District Rural Development Agency (DRDA) since its inception in 1980 has been the principal organ at the district level to oversee the implementation of different anti poverty programmes they were funded by setting apart a share of the allocation under each programme. As a result, there was no uniformity amongst the programmes with reference to administrative costs and the need for a separate scheme was felt.

35. The programme recognizes that the salary structure in different States is varied as such the States can follow their own salary structure, but the ceiling of administrative cost per district applicable from 1999-2000 has been fixed as given below. However, the ceiling can be raised every year up to 5 per cent to meet cost increases due to inflation etc.

Category A District (less than 6 blocks)	Rs.46.00 lakhs
Category B District (6-10 blocks)	Rs.57.00 lakhs
Category C District (11-15 blocks)	Rs.65.00 lakhs
Category D District (more than 15 blocks)	Rs.67.00 lakhs

36. The DRDA is visualized as a specialized and a professional agency capable of managing the anti poverty programmes of the Ministry of Rural Development (MORD) on the one hand and to effectively relate these to the overall effort of poverty eradication in the district. While the DRDAs are not the implementing agencies, they are effective in enhancing the quality of implementation through overseeing the implementation of different programmes and ensuring that necessary linkages are provided. To this extent, the DRDA is a supporting and a facilitating organization and plays a very effective role as a catalyst in development process.

37. The role of the DRDA is in terms of planning for effective implementation of anti poverty programmes; coordinating with other agencies – Governmental, non-Governmental, technical and financial for successful programme implementation, enabling the community and the rural poor to participate in the decision making process, overseeing the implementation to ensure adherence to guidelines, quality, equity and efficiency; reporting to the prescribed authorities on the implementation; and promoting transparency in decision making and implementation. The DRDAs coordinate with the line departments, the Panchayati Raj Institutions (PRIs), the banks and other financial institutions, the NGOs as well as technical institutions with a view to bring about convergence of approach among different agencies for poverty alleviation.

38. The DRDAs while maintaining their separate identity function under the Chairmanship of the Chairman of the Zilla Parishad. They are facilitating and supporting organization to the Zilla Parishad, providing necessary executive and technical support in respect of poverty reduction efforts. Wherever the Zilla Parishads are not in existence or are not functional, the DRDAs function under the Collector / District Magistrate / Deputy Commissioner, as the case may be.

39. An amount of Rs.198.00 crore has been released as Central share under the programme during 2001-02. The Budget Estimates for the scheme for 2002-03 is Rs.220.00 crore.

Rural Housing – Indira Awaas Yojana (IAY)

40. Housing is one of the components considered to be vital for human survival and, therefore, essential for socio-economic development. As part of the efforts to meet the housing needs of the rural poor, Government of India, is implementing Indira Awaas Yojana (IAY) since 1985. Earlier, it was a sub scheme of Jawahar Rozgar Yojana (JRY), however, from April 1996, IAY is being implemented as an independent Centrally Sponsored Scheme (CSS).

41. In the Ninth Five Year Plan, under the 'Special Action Plan for Social Infrastructure' Housing was identified as one of the priority areas which aimed at removing shelterlessness in the rural areas. To achieve this, Special Action Plan for Rural Housing was prepared under which a composite multi pronged housing strategy was adopted, details of which are given below:

Indira Awaas Yojana (IAY)

42. The IAY continues to be the most important centrally sponsored housing scheme for providing dwelling units free of cost to the rural poor living below the poverty line at the unit cost of Rs.20,000/- in plain areas and Rs.22,000/- in the hilly/difficult areas. It is funded on cost sharing ratio of 75:25 between Central Government and States.

43. The objective of IAY is to provide dwelling units free of cost to the Scheduled Castes (SCs) and Scheduled Tribes (STs) and freed bonded labourers and non - SCs/STs living below poverty line in rural areas. From 1995-96, the IAY benefits have been extended to the widows or next of kin of defence personnel killed in action. Benefits have also been extended to ex-servicemen and retired members of para military forces as long as they

fulfill the normal eligibility condition of IAY. 3 per cent of funds are reserved for benefit of disabled below the poverty line in rural areas. However, the benefit to non - SCs and STs shall not be more than 40% of IAY allocation.

44. From the year 1999-2000, 20% of the total funds allocated under IAY are being utilized for the conversion of unserviceable kutcha houses into pucca / semi-pucca houses of the BPL rural households. A maximum assistance of Rs.10,000/- per unit is being provided under the upgradation component. The provision of a sanitary latrines and a smokeless chulha is mandatory.

45. The criteria for allocation of funds to States/UTs under IAY has been changed from poverty ratio to 50 per cent poverty ratio and 50 per cent housing shortage in the State since 1999-2000. Similarly, the criteria for allocation of funds to a district in a State has been changed to the SC/ST population and housing shortage, with equal weightage to each of them.

Credit-cum-Subsidy Scheme

46. The Credit-cum-Subsidy Scheme for Rural Housing was launched with effect from 1.4.1999. The scheme targets rural families having annual income up to Rs.32,000/-. However, preference should be given to rural households belonging to Below Poverty Line category. While subsidy is restricted to Rs.10,000/-, the maximum loan amount that can be availed is Rs.40,000/- The subsidy portion is shared by the Centre and the States in ratio of 75:25. The loan portion is to be disbursed by the commercial banks, housing finance institutions etc. The scheme is being implemented through State Housing Boards, State Housing Corporations, Specified Scheduled Commercial Banks, Housing Finance institutions or the District Rural Development Agencies (DRDAs) / Zilla Parishads (ZPs).

Innovative Stream for Rural Housing and Habitat Development

47. This scheme has been launched with effect from 1.4.1999 as project based demand driven scheme to encourage innovative, cost effective and environment friendly solutions in building / housing sectors in rural areas. The objective is to promote/propagate innovative housing technologies, designs and materials in the rural areas. All recognized Government organizations / institutions and reputed NGOs well experienced in the technology promotion and propagation of cost effective and environmental friendly housing technologies, designs and material may apply for funding to the Ministry of Rural Development. The maximum permissible assistance in case of an NGO / autonomous society is Rs.20.00 lakh and for Government agencies is Rs.50.00 lakh.

Rural Building Centres (RBCs)

48. The primary objectives of this scheme are (a) Technology transfer and information dissemination (b) Skill up-gradation through training and (c) Production of cost effective and environment friendly materials / components. For setting up of each Building Centre, a one-time grant of Rs.15 lakh is provided in three instalments. It is a project based demand driven scheme being implemented and monitored by Ministry of Rural Development with the assistance of HUDCO.

Equity Support to Housing and Urban Development Corporation (HUDCO)

49. To meet the housing requirement of Economically Weaker Sections and Low Income Groups in rural areas and to improve the outreach of housing finance in rural areas, the equity support by Ministry of Rural Development (MORD) to HUDCO has been increased from Rs.5.00 crore in Eighth Plan Period to Rs.350.00 crore during Ninth Five Year Plan period. It facilitates HUDCO to leverage the amount provided by MORD as equity from the market for construction of additional houses in the rural areas.

National Mission for Rural Housing and Habitat

50. A National Mission for Rural Housing and Habitat has been set up by the MORD to facilitate the induction of science and technology inputs on a continuous basis into the sector and to provide convergence of technology, habitat and energy related issues in order to provide affordable shelter for all in the rural areas, within a specified time frame and through community participation. Towards this end, an Executive Council under the Chairmanship of Minister of Rural Development, an Empowered Committee under the Chairmanship of Secretary (Rural Development) and a Working Group have been constituted to specify the aims and objectives of the Mission, firm up specific time framework to achieve these aims and objectives, formulate a road map to facilitate the entry of private capital in housing development in the rural areas, shortlist the agencies which could undertake the task of preparing a techno-legal regime for rural planning.

Samagra Awaas Yojana (SAY)

51. It is a project based scheme whose basic objective is to improve the quality of life of the people as well as overall habitat. The scheme attempts to breach the limited shelter concern of ‘four walls and a roof’ by providing convergence of housing, sanitation and drinking water schemes and ensure their effective implementation by suitable and sustainable induction of technology, Information, Education and Communication (IEC) and innovative ideas. The scheme was launched in 1999-2000 on pilot basis in one block each of 25 districts of 24 States and one Union Territory, which have been identified for implementing a participatory approach under the Accelerated Rural Water Supply Programme (ARWSP). A special Central assistance of Rs.25 lakh is being provided for each block for undertaking overall habitat development and IEC work with 10% contribution coming from the people.

52. All evaluation reports suggest that IAY under which free houses are given to the poor is one of the successful programmes being implemented. However, it has certain weaknesses. The provision of free houses has meant that other loan based schemes have not been able to taken off. It must also be recognized that this process is divisive in nature as not all the poor can get a house at the same time, leading to exercise of power and use corrupt practices. Hence, during the Tenth Plan, free houses under IAY would be provided largely to the SC / ST BPL families. For other BPL families, there would be a gradual shift to a credit linked housing programme.

53. From the year 2002-03, it has been decided to integrate all the existing Rural Housing Schemes (except Samagra Awaas Yojana) being implemented by the Ministry of Rural Development into one called the Kendriya Gramin Awaas Yojana / Integrated Rural Housing Scheme. The guidelines of scheme are under finalisation. An allocation of Rs.1725.00 crore has been made available during 2002-03 for implementation of Integrated Rural Housing Scheme.

Land Reforms

54. Land reforms have been viewed as an instrument to enable landless to have access to land and for attaining higher levels of agricultural production and income in the rural areas. Therefore, the issue of agrarian and land reforms continues to remain on national agenda. Land is still a major source of employment and income in rural areas. The major objectives of these reforms were achieving agrarian reforms, reconstruction of rural economy, ensuring social justice to 'actual tillers' as well as landless rural poor.

55. Three main programmes / schemes for Land Reforms viz; 'Strengthening of Revenue Administration and Updating of Land Records' (SRA & ULR), 'Computerisation of Land Records' (CLR) and Consolidation of Land Holdings (CLH) are being implemented by the Ministry of Rural Development. During the Zero Based Budget exercise carried out in 2001-02, it was decided to discontinue the scheme for 'Consolidation of Land Holdings' and to merge other two schemes viz; CLR and SRA & ULR into one with new nomenclature as 'Modernisation of Revenue and Land Administration' with two streams of CLR and SRA & ULR. The two streams of the scheme are described in the following paragraphs.

Computerisation of Land Records (CLR)

56. It is one of the two streams of 'Modernisation of Revenue and Land Administration' Scheme. Earlier, it was an independent scheme of CLR, which was started in 1988-89 as a 100 per cent grant-in-aid scheme executed by the State Governments. The main objectives of CLR are (i) Computerisation of ownership details for issue of timely and accurate copy of the Record of Rights to the landowners at a reasonable price. (ii) To achieve long term, low cost, easily reproducible storage. (iii) To provide fast and efficient retrieval of information both graphical and textual, and (iv) Creation of a Land Information System and database. The ultimate objective of the scheme is 'on line management' of land records in the country. So far, 582 districts have been brought under the scheme. States like Karnataka, Goa, West Bengal, Madhya Pradesh, Tamil Nadu, Gujarat, Rajasthan, Maharashtra, Uttar Pradesh, Sikkim, Haryana and Orissa have done good work under the scheme. In the States of Assam, Bihar, Punjab, Jharkhand, Uttranchal and Chhattisgarh, the progress is not satisfactory because of the lack of infrastructure facilities available at district and tehsil level, lack of motivation and clear cut direction from the State Administration, delay in transfer of funds by the State Governments to District Authorities and non-availability of data entry agencies for undertaking data entry job.

57. During 1998-99, a very important component of 'Digitization of Cadastral Maps' has been added to the scheme. The objective of Cadastral Survey Map is the determination of village and field boundaries, preparation of village map showing such boundaries and area

lists and preparation of field registers. This has been taken up as pilot projects. So far, 33 pilot projects in 22 States / UTs have been sanctioned by the Government of India.

58. Since inception of CLR scheme, a total financial assistance to the tune of Rs.233.57 crore has been provided to the States / UTs upto 31.3.2002 but the utilization of funds reported by States / UTs is Rs 148.42 crore which is 62% of the total funds released.

Strengthening of Revenue Administration and Updating of Land Records (SRA & ULR)

59. This is the second stream of the 'Modernisation of Revenue and Land Administrative' scheme. Originally, it was an independent scheme which was started during 1987-88 with 50:50 sharing basis between the Centre and the States. The main objectives of the sub scheme are (a) Strengthening of Survey and Settlement organization for early completion and preparation of land records in areas where this work is yet to be completed, (b) Setting up of survey and settlement organizations especially in the North Eastern Region, where no land records exist, (c) Pre-service and In-service training of revenue, survey and settlement staff and strengthening of training infrastructure for this purpose, (d) Facilities for modernization of survey and settlement operations, printing of survey maps, reports / documents and for storage, copying and updating of land and crop records using, among other things, science and technology inputs, and (e) Strengthening of revenue machinery at village and immediate supervisory levels on a selective basis to make the workload of these functionaries manageable.

60. Since inception, Government of India has released Rs.221.04 crore upto 31.3.2002 to the States / UTs as Central share for Strengthening of Revenue Administration and Updation of Land Records.

61. One of the main reasons for the concealment of land, which has hampered the land reforms programme, has been the lack of a comprehensive land rights database. In the Tenth Plan, the CLR and SRA & ULR schemes which have placed emphasis on modernization of cadastral survey and settlement staff and provision of computers and other infrastructure will be implemented more vigorously not only to detect concealment of land but also to reduce scope for litigation in rural areas.

62. Access to land in improving socio-economic conditions of the rural poor has been well documented. Hence States have to concentrate on the detection of concealed land and strive for speedy disposal of cases so that the land acquired under ceiling laws becomes available for distribution to the poor.

63. Further, tenancy reforms, records of rights of land owners and tenants, prevention and restoration of alienated tribal lands and inheritance rights to women in agricultural land will be major tenets of land reforms agenda in the Tenth Plan.

Panchayati Raj

64. The Panchayati Raj Institutions (PRIs) have emerged as the third tier of governance in the country after the 73rd Constitutional Amendment Act, 1992. The 73rd Constitutional Amendment Act did not aim at only democratic decentralization by conferring statutory status on PRIs but also envisages these local institutions as a vehicle for harnessing and

channelising the people's innate abilities to bring about rural transformation in a way that every individual acquired his / her rightful place in the social, economic and political arena. Consequent upon the enactment of the Act, almost all the States / UTs barring Jammu & Kashmir, Uttaranchal and NCT of Delhi have enacted appropriate legislation in conformity with the 73rd Constitutional Amendment Act for setting up of strong, viable and responsible Panchayats at different levels. More over, all States / UTs except Arunachal Pradesh, NCT of Delhi and Pondicherry have held elections. In States like Himachal Pradesh, Kerala, Madhya Pradesh, Rajasthan, Uttar Pradesh second round of Panchayat elections have also been held.

65. Under the Act, PRIs are envisaged as instruments for establishment of a democratic decentralised development process through peoples' participation in decision-making, in implementation and delivery of services central to the living conditions of the people. In order to achieve this objective, under Article 243 (G) States are required to devolve adequate powers and responsibilities on the PRIs to enable them to act as effective institution of local self-government. It also enjoins on them the responsibility for preparation of plans for economic development and social justice and its implementation in respect of 29 Subjects listed in the Eleventh Schedule of the Constitution. Pursuant to this, the States are required to devolve administrative and financial powers alongwith functionaries in respect of 29 Subjects listed in the Eleventh Schedule of the Constitution to the PRIs. There has been mixed progress on this front. In States like Kerala, Madhya Pradesh, Uttar Pradesh, Tamil Nadu, the process of devolution has been carried out effectively with transfer of three Fs i.e. Functions, Functionaries and Funds to PRIs in respect of selected items. However, States which have lagged behind in devolving functions and finances to panchayats would have to be encouraged to empower the panchayats.

66. Article 243 I of the Constitution provides for the constitution of State Finance Commissions (SFC) to review the financial position of Panchayats and to make recommendations regarding principles governing distribution of net taxes between State Governments and the Panchayats, assignment of taxes and grant-in-aid to Panchayats. All the States / UTs barring Arunachal Pradesh have set up their SFCs and the SFCs except Bihar have submitted their reports to the respective State Governments. The recommendations of the SFCs have been accepted in toto by some States, while in others, it has either been partially accepted or are under scrutiny. In few States like Kerala, Madhya Pradesh, the second SFC has also been constituted.

67. The onus for devolving functions, functionaries and financial resources to the PRIs rests with the State Governments. Though, the States have, slowly, transferred functions and finances to the PRIs, these institutions are hampered by lack of administrative support. PRIs have to be adequately staffed and the functionaries must be trained in planning, budgeting and accounting tasks. An elaborate system for auditing of panchayat finances has to be put in place. At present, adequate safeguards against the misuse of resources by elected functionaries do not exist in many States. These issues need to be tackled on a priority basis in the Tenth Plan.

68. Article 243 (ZD) of 74th Constitutional Amendment Act facilitates the process of decentralized planning. It envisages that there shall be constituted in every State at the district level, a District Planning Committee (DPC) to consolidate the Plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development Plan

for the district as a whole. Hence, State Governments are required to set up DPCs in each district to prepare composite Plans covering both urban and rural areas. The formation of DPCs must receive top priority by the State Governments, as it is only then that planning would genuinely begin from the grassroots. The functionaries of the DPCs must be trained on the basics of planning. The village development plans prepared by gram sabha / gram panchayat as per their felt needs should be integrated with the panchayat samiti and district level plans to make the grassroot planning process a reality in the Tenth Plan.

69. The Provisions of the Panchayats (Extension to the Scheduled Areas) Act 1996 have come into force with effect from 24th December,1996. The Act extends Panchayats to the tribal areas of nine States viz; Andhra Pradesh, Chattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Maharashtra, Madhya Pradesh, Orissa and Rajasthan. It strives to enable tribal society to assume control over their own destiny to preserve and conserve their traditional rights over natural resources.

70. Gram Sabha is now recognized as the most important institution in the system of participatory democracy and decentralization. This view found its expression in the declaration of the Year 1999-2000 as the "Year of Gram Sabha". To ensure greater transparency and accountability, attention of State Governments has been drawn to the importance of Gram Sabhas in the proper implementation of development programmes through a system of social audit. Several States have taken steps to strengthen the Gram Sabhas and to ensure their timely meetings. The powers entrusted to a Gram Sabha in Scheduled V area could be extended to Gram Sabha in non-scheduled areas as well.

71. In the light of 73rd Constitutional Amendment Act, the District Rural Development Agencies (DRDAs) are also being restructured to work under the overall control and supervision of the Zilla Parishads.

72. The Government recognizes the necessity to build capabilities at the local level for planning, implementation and monitoring of development programmes. Therefore, a time bound training programme for capacity building for the elected panchayat representatives especially new entrants, SCs / STs / Women and Government functionaries so as to make them familiar with the planning process and implementation of various programmes, technologies and other requisite information available is considered as the most important pre-requisite for the success of the PRIs. The Ministry of Rural Development extends limited financial support to the States / UTs for this purpose. The Ministry also provides funds to the research organisations and institutions to conduct action research and to study the impact of Panchayati Raj system in States.

Pradhan Mantri Gramodaya Yojana (PMGY)

73. Pradhan Mantri Gramodaya Yojana (PMGY) was launched in the Annual Plan 2000-2001 in all the States and the UTs in order to achieve the objective of sustainable human development at the village level. With its launching, the earlier Basic Minimum Services (BMS) Programme was replaced by PMGY.

74. PMGY envisages allocation of Additional Central Assistance (ACA) to the States and UTs for selected basic minimum services in order to focus on certain priority areas of the Government. The PMGY Programme builds on the BMS Programme as well as strives to

mobilise efforts and resources only for selected basic services. PMGY initially had five components viz., Primary Health, Primary Education, Rural Shelter, Rural Drinking Water and Nutrition. Rural Electrification has been added as an additional component (sixth) from the Annual Plan 2001-02.

75. The allocation for PMGY in the Annual Plan 2000-01 was Rs. 2500 crore. This has been enhanced to Rs. 2800 crore for 2001-02. For the year 2002-03, the allocation for PMGY is kept at the same level i. e Rs. 2800 crore. State-wise allocations of ACA for PMGY for the current year is shown in Annexure 4.1.2.

76. During the last two annual plans, the six sectoral programmes of PMGY were managed by the concerned Central Administrative Departments of Elementary Education and Literacy, Family Welfare, Drinking Water Supply, Rural Development , Women and Child Development and Power which had brought out guidelines for their implementation by the State Governments and UTs. The progress of implementation of the schemes were also monitored by the Administrative Departments. Instalments of ACA funds were approved and recommended for release to the Ministry of Finance by the concerned Central Ministries. However, the implementation of the programme with the involvement of Central Ministries became cumbersome and resulted in delay. Keeping in view the feedback received from the States, Planning Commission, decided to directly manage this programme. New guidelines on the implementation of the PMGY during the annual plan 2002-03 have been issued to the State Governments and UTs by the Planning Commission.

77. With the new guidelines issued by the Planning Commission, PMGY has substantially reverted back to the earlier BMS pattern of implementation. The interse earmarking of the allocation to a State/UT for various components of the PMGY has been discontinued. The States and the UTs now have flexibility to allocate their ACA to any of the six component of PMGY with a minimum 15 percent to nutrition. A minimum level of allocation called the MInimum Mandatory Provision (MMP)will be ensured and earmarked for PMGY in the Annual Plan. MMP will be calculated as the addition of the allocation (RE) for PMGY in 2000-01 and the ACA allocated to the State for the Programme in 2002-03. Planning Commission has devised a half yearly monitoring system for PMGY from the annual plan 2002-03. The ACA instalments will henceforth be released in two equal instalments. The release of second instalment is conditional upon ensuring expenditure of at least 60 percent of the available funds with state government. Both physical and financial monitoring are envisaged for PMGY.

Annexure 4.1.1

Scheme wise Actual Expenditure for 2000-01, Budget Estimates and Revised Estimates for 2001-02 and Budget Estimates for 2002-03 for Department of Rural Development and Department of Land Resources

(Rs. In Crores)

Sl. No.	Name of the scheme	2000-01 Actuals	2001-02 BE	2001-02 RE	2002-03 BE
1	**2**	**3**	**4**	**5**	**6**
	(A) Department of Rural Development				
1	Sampoorna Grameen Rozgar Yojana (SGRY) *	2804.39	3250.00	3750.00	4440.00
2	Food for work programme	-	0.00	800.00	600.00
3	Swarnjayanti Gram Swarozgar Yojana(SGSY)	544.94	500.00	550.00	710.00
4	DRDA Administration	165.97	220.00	200.00	220.00
5	Rural Housing(Indira Awaas Yojana)	1664.17	1527.00	1991.00	1725.00
6	Training				
	(a) Grants to National Institute of Rural Development	5.00	5.00	5.00	5.00
	(b) Strengthening of State Training Centre	10.39	8.75	8.75	8.75
	(c) Organisation of Training Courses, Seminars	1.41	1.25	1.25	1.25
	(d) Strengthening of Extension Training Centres	3.00	3.00	3.00	3.00
	(e) Panchayat Development & Training	3.00	5.00	10.50	5.00
	(f) International Cooperation	-	0.00	1.00	1.00
7	Communication Cell	10.00	10.00	10.00	10.00
8	Assistance to CAPART	28.00	30.00	30.00	30.00
9	Monitoring Mechanism	4.50	10.00	10.00	10.00
10	Information Technology	-	0.00	1.00	1.00
11	National Social Assistance Programme	700.55	835.00	635.00	0.00
12	Annapoorna	99.80	300.00	100.00	0.00
	Sub Total (A)	**6045.12**	**6705.00**	**8106.50**	**7770.00**
	(B) Department of Land Resources				
1	Integrated Wasteland Development Programme	387.00	430.00	405.00	450.00
2	Drought Prone Areas Programmes (DPAP)	190.00	210.00	210.00	250.00
3	Desert Development Programme (DDP)	135.00	160.00	150.00	185.00
4	Computerisation of Land Records	-	45.00	45.00	55.00
5	Strengthening of Revenue Admn. & Updating of				
	Land Records	73.00	30.00	25.00	35.00
6	Technology Development & Training	15.00	15.00	12.00	17.00
7	Others	-	10.00	3.00	8.00
	Sub Total (B)	**800.00**	**900.00**	**850.00**	**1000.00**

* JGSY and EAS have been merged into SGRY w.e.f. 2002-03

Source: Ministry of Rural Development

Annexure 4.1.2

Allocation of ACA for PMGY- 2002-03

Rs.in Lakh

Sr. No.	Name of State/Uts Non Special Category States	ACA 2002-03
1	**2**	**3**
1	Andhra Pradesh	15644.00
2	Bihar	24173.00
3	Chattisgarh	3435.00
4	Goa	72.00
5	Gujarat	7122.00
6	Haryana	1834.00
7	Jharkhand	7446.00
8	Karnataka	8273.00
9	Kerala	7608.00
10	Madhya Pradesh	8500.00
11	Maharashtra	10917.00
12	Orissa	10863.00
13	Punjab	4442.00
14	Rajasthan	10611.00
15	Tamil Nadu	11547.00
16	Uttar Pradesh	37087.00
17	West Bengal	18490.00
	Sub total	188064.00
	Spl. Category State	
1	Arunachal Pradesh	6500.00
2	Assam	19000.00
3	Himachal Pradesh	7000.00
4	Jammu & Kashmir	18000.00
5	Manipur	4800.00
6	Meghalaya	4112.00
7	Mizoram	4300.00
8	Nagaland	4526.00
9	Sikkim	3000.00
10	Tripura	5000.00
11	Uttranchal	7000.00
	Sub total	83238.00
	Union Territories	

Rs.in Lakh

Sr. No.	Name of State/Uts Non Special Category States	ACA 2002-03
1	**2**	**3**
1	NCT of Delhi	1078.00
2	Pondicherry	465.00
3	A & N Islands	1002.00
4	Chandigarh	442.00
5	D & N Havelli	128.00
6	Lakshadweep	172.00
7	Daman & Diu	111.00
	Sub total	3398.00
	Grant total	**274700.00**

4.2 DEVELOPMENT OF WASTELANDS AND DEGRADED LANDS

1. Land, a non-renewable resource is subjected to degradation from both biotic and abiotic pressure. Increasing population places enormous pressure on land resources. India occupies 2.4% of the world's geographical area but supports over 16% of the world's population. It has only 0.5% of the world's grazing area to feed 18% of the world's cattle population. Besides human and livestock population pressure, intensive agricultural activities / practices, urbanization and industrial development have resulted in land degradation. Land degradation has direct impact on the soil productivity, rainfall variation, availability of water, fuel and fodder, which have direct bearing on the livelihoods of rural people.

2. The extent of land degradation is yet to be estimated precisely in the country. The National Remote Sensing Agency (NRSA) in March, 2000 estimated 63.85 million hectare as wasteland in the country. The Working Group on Watershed Development, Rainfed Farming and Natural Resource Management for the Tenth Five Year Plan was of the view that 88.5 million hectares of degraded land would have to be treated under watershed programmes in the Tenth and subsequent Plans.

3. The Government attaches highest priority to development of degraded and wastelands in the country as the incidence of poverty correlates very strongly with drought prone, desert prone and areas dependent on rainfall for agricultural activities. Further the most vulnerable section of the society viz Scheduled tribes reside in some of these areas. The prevention of land degradation and the augmentation of the carrying capacity of land to provide food, fuel and fodder requirements of the inhabitants has, therefore, been a primary concern of the Government.

4. Special Area Development Programmes have been funded by the State to mitigate the harsh living conditions of people by adopting better land management, water harvesting and conservation practices on a watershed basis. The programmes / schemes taken up for controlling and development of degraded, wasteland and forest land on watershed basis by Department of Land Resources, Department of Agriculture & Cooperation and Ministry of Environment & Forests have been discussed ahead.

Area Development Programmes of Department of Land Resources (DOLR)

5. A Technical Committee under the Chairmanship of Dr. C.H. Hanumantha Rao was constituted in 1994 by the Ministry of Rural Development, which recommended a common set of operational guidelines, objectives, strategies and expenditure norms for implementation of area development programmes viz; Drought Prone Area Programme (DPAP), Desert Development Programme (DDP) and Integrated Wastelands Development Programme (IWDP) being implemented by the Ministry of Rural Development on watershed basis. Common guidelines have also been adopted for other area development programmes such as National Watershed Development Project for Rainfed Areas (NWDPRA), Development of Catchment Area of River Valley Projects and Flood Prone Areas, being operated by the Ministry of Agriculture.

6. The common guidelines for Watershed Development provide for a uniform strategy in the implementation of all area development programmes. The main features of this strategy are:

- Area development programmes to be implemented exclusively on watershed basis.
- Programmes activities to be confined to the identified watershed of about 500 hectares and are to be executed on a project basis spanning over a period of four to five years.
- Watershed project to cover a village, as far as possible.
- Elaborate institutional mechanism at various levels clearly defined for effective participation of the local people and the PRIs in all stages of project management.
- District Rural Development Agency (DRDA) / Zilla Parishad to be the nodal Government agency at the district level to act as a facilitator and provider of finances and technical assistance to the people's organisations executing the watershed projects.

Drought Prone Area Programme (DPAP)

7. DPAP aims to minimize the adverse effects of drought on production of crops and livestock and productivity of land, water and human resources ultimately leading to the drought proofing of the affected areas. It also aims at promoting overall economic development and improving the socio-economic conditions of the resource poor and disadvantaged sections. Presently, 972 blocks of 183 districts in 16 States namely Andhra Pradesh, Bihar, Chattisgarh, Gujarat, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttranchal and West Bengal are covered by the programme. A total of 16,268 projects covering an area of 81.34 lakh hectare have been sanctioned under DPAP since 1995-96 upto 31.10.2002. Out of these, 3386 projects have already been completed covering an area of 16.93 lakh hectares and others are at various stages of implementation.

8. In the Ninth Plan period, an area of 44.93 lakh hectare has been covered with Central release of Rs. 657.84 crore to the States. During 2002-03, an outlay of Rs.250.00 crore for 2478 projects has been provided to cover an area of 12.39 lakh hectare under DPAP.

Desert Development Programme (DDP)

9. DDP has been conceived as a long term measure for restoration of ecological balance by conserving, developing and harnessing land, water, livestock and human resources. The main objectives of this programme are: - (i) combating drought and desertification; (ii) encouraging restoration of ecological balance; (iii) mitigating the adverse effects of drought and adverse edapho-climatic conditions on crops and livestock and productivity of land, water and human resources; (iv) promoting economic development of village community; and (v) improving socio economic conditions of the resource poor and disadvantaged sections of village community viz; assetless and women.

10. Presently, 235 blocks of 40 districts in seven States viz; Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka and Rajasthan are covered under the programme. A total of 8314 projects (including 1171 special projects for Rajasthan) have been sanctioned under DDP covering an area of 41.57 lakh hectare since

1.4.1995 till the end of October, 2002. Out of these, 1634 projects covering an area of 8.17 lakh hectares have already been completed and others are at various stages of implementation. During Ninth Plan, 24.77 lakh hectare was covered with Central release of Rs. 519.82 crore.

11. During 2002-03, an outlay of Rs.185.00 crore has been provided to cover an area of 8 lakh hectares and for meeting the fund requirements of ongoing projects.

12. Under DPAP and DDP, funds are directly released to DRDAs/Zilla Parishads for implementation of the programme. From 1999-2000, the funding pattern under these programmes have been changed to 75:25 cost sharing basis between the Centre and the States for the projects sanctioned after 1.4.1999. The project cost is Rs. 30.00 lakh per project consisting of 500 hectares at the rate of Rs.6,000/- per hectare.

Integrated Wastelands Development Programme (IWDP)

13. IWDP was started in 1988-89 by Ministry of Environment & Forests with an objective of development of wasteland based on village / micro watershed plans. However, the scheme was transferred to the Department of Wastelands Development (now called Department of Land Resources) during 1992-93. From April 1995, the scheme is being implemented on a watershed basis in accordance with the guidelines for Watershed Development.

14. IWDP is a Centrally Sponsored Scheme and the cost norm of Rs.4000 per hectare has been revised to Rs.6000 per hectare with effect from 1.4.2000. The increase of Rs.2000 is to be shared between the Central and State Governments in the ratio of 75:25. Thus, the funding pattern of the scheme has been revised from 100% Central grant to sharing in the ratio of 11:1 between the Central Government and the State Governments. The projects under IWDP are generally sanctioned in areas not covered by DDP and DPAP. The programme is being implemented in 297 districts of the country.

15. The basic objective of this scheme is to take up integrated wastelands development based on village/micro watershed plans. The stakeholders prepare these plans after taking into consideration land capability, site conditions and local needs. The scheme also helps in generation of employment in rural areas besides enhancing people's participation in the wastelands development programmes at all stages. This leads to equitable sharing of benefits and sustainable development.

16. The major activities taken up under the scheme are: - (i) soil and moisture conservation measures like terracing, bunding, trenching, vegetative barriers etc; (ii) planting and sowing of multi purpose trees, shrubs, grasses, legumes and pasture land development; (iii) encouraging natural regeneration; (iv) promotion of agro-forestry and horticulture; (v) wood substitution and fuel wood conservation measures; (vi) measures needed to disseminate technology; training, extension and creation of greater degree of awareness among the participants; and (vii) encouraging people's participation.

17. A total of 436 projects covering 38.02 lakh hectares have been sanctioned since 1.4.1995 till October, 2002. Out of these, 21 projects covering an area of 1.42 lakh hectare have already been completed and others are at various stages of implementation. During Ninth Plan, 35.65 lakh hectare was covered with total Central Release of Rs.448.47 crore.

18. In the Annual Plan 2002-03, an outlay of Rs 450.00 crore has been provided for IWDP, out of which Rs 150.00 crore has been earmarked for meeting the past liability on account of watershed component under Employment Assurance Scheme and Rs 63.00 crore for Externally Aided Projects. Thus, the net amount of Rs 237.00 crore will be available to cover 10 lakh hectares under IWDP in 2002-03 and to meet the fund requirements of ongoing projects.

Other Programmes including Technology Development, Extension & Training (TDET) and Investment Promotional Scheme (IPS)

19. TDET scheme was launched during 1993-94 with a view to promoting the development and dissemination of suitable technologies for the reclamation of wastelands in order to secure sustained production of food, fuelwood, fodder etc. 100% Central grant is admissible to implement projects on wastelands owned by Government, Public Sector Undertakings, Universities, Panchayats, etc. IPS was launched in 1994-95 as Central Sector Scheme in order to stimulate involvement of the corporate sector / financial institutions etc. to pool in resources for development of non forest wastelands. However the performance under TDET and IPS during the Ninth Plan period was unsatisfactory as only a small area was treated under the schemes during Ninth Plan.

Externally Aided Projects (EAPs)

20. In addition to the above-mentioned programmes, two EAPs funded by DFID are being implemented in the States of Andhra Pradesh and Orissa for which funds are routed through DOLR and projects are implemented as per the watershed development guidelines issued by the DOLR. Andhra Pradesh Rural Livelihoods Project (APRLP) aims at implementation of pro-poor watershed based sustainable rural livelihood programmes in five districts of the State viz; Anantpur, Kurnool, Mehboobnagar, Nalgonda and Praksham. Western Orissa Rural Livelihoods Project (WORLP) is being implemented for development in the four districts viz; Bolangir, Nuapada, Kalahandi and Bargarh. The DFID projects have three components viz, promoting livelihood improvements, capacity building for primary and secondary stakeholders and encouraging an enabling environment.

DEPARTMENT OF AGRICULTURE & COOPERATION (DAC)

National Watershed Development Project for Rainfed Areas (NWDPRA)

21. This programe was launched in the VII Plan (1985-86). The programme is implemented with the twin objectives of improving production and productivity in the rainfed areas and to restore ecological balance. NWDPRA has since been restructured and the Common Approach for Watershed Development and New Operational Guidelines for

NWDPRA have been put into operation from November 2000 onwards. The restructured NWDPRA allows a greater degree of flexibility in choice of technology, decentralization of procedures, provision for sustainability and re-emphasizes active participation of the Watershed Community in the planning and execution of their watershed development projects.

Shifting Cultivation

22. The Watershed Development Project in Shifting Cultivation Area (WDPSCA) was first launched during the Fifth Plan as a pilot project with 100% financial assistance from the Central Government covering the whole of North Eastern Region along with Andhra Pradesh and Orissa and later on was transferred to the State Plan Sector. But due to various reasons, the State Governments discontinued the scheme with effect from 1991-92. However the scheme was revived in 1994-95 in North Eastern States including Sikkim.

Soil Conservation for Enhancing Productivity of Degraded Lands in the Catchments of River Valley Projects and Flood Prone Rivers (RVP & FPR)

23. In the Ninth Plan two erstwhile centrally sponsored schemes of Soil Conservation in the Catchments of River Valley Projects (RVP) and Integrated Watershed Management in the Catchment of Flood Prone Rivers (FPR) which aimed at to enhance the productivity of degraded lands, minimize siltation of reservoirs and moderation of the flood menace in flood prone rivers were merged into a new scheme namely "Soil Conservation for Enhancing Productivity of Degraded Lands in the Catchments of River Valley Projects and Flood Prone Rivers (RVP & FPR)". The scheme is being implemented in 45 catchments spread over 20 States namely Assam, Andhra Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Mizoram, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal. The total catchment area of 45 catchments covered under RVP & FPR Scheme is 96.1 million ha out of which 25.62 million ha requires treatment.

Reclamation of Alkali Soils

24. This scheme was launched in 1974-75 in the States of Punjab, Haryana and Uttar Pradesh. Presently, the scheme has been extended to all the States where soil alkalinity exists. The main objective of the scheme is to reclaim land affected by alkalinity and improve land and crop productivity including development of horticulture, fuelwood and fodder species. The scheme also endeavors to enhance the capacity of extension personnel and farmers in respect of alkali soil reclamation technology.

Watershed Development Fund

25. Watershed Development Fund was established in 1999-2000 at National Bank for Agriculture and Rural Development (NABARD) with the objective of integrated watershed development in 100 priority districts through participatory approach. The total corpus of the fund is Rs 200 crore which includes Rs100 crore by NABARD and a matching contribution of Rs.100 crore by the DAC. The fund is to be utilized to create framework conditions to

replicate and consolidate the isolated successful initiatives under different watershed development programmes in the Government, semi-Government and NGO sectors. 14 States are to be covered in two phases. 6 States viz Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh, Orissa and Uttar Pradesh in phase I and 8 States of Bihar, Karnataka, Rajasthan, Tamil Nadu, Jammu & Kashmir, West Bengal, Himachal Pradesh and Haryana are to be covered in phase II.

Externally Aided Projects (EAPs)

26. In addition to above mentioned programmes, there are 17 EAPs on Watershed and Land Reclamation & Development in operation in 15 major States covering about 1.50 million hectare with an estimated cost of Rs 2021.00 crore under the aegis of Ministry of Agriculture.

27. The Department of Agriculture and Cooperation (DAC) has devised a new scheme called 'Macro Management Approach' by integrating 27 identified Centrally Sponsored Schemes (CSSs) including the above mentioned watershed development schemes. Under Macro Management the fund provided under individual schemes are pooled together and the State Governments are expected to prepare a detailed works plan to accelerate agricultural growth rate by deploying both the funds provided as part of the State Plan Scheme and the Central assistance being provided as allocations from the Macro Management Approach adopted in respect of identified CSSs. Integration of CSSs under Macro Management Approach will enhance the productivity support programmes and accord greater flexibility to State Government to develop and pursue activities on the basis of regional priority. It is, thus, a major step towards achieving decentralization in pursuance of restoring primacy of States in agriculture development planning.

Ministry of Environment & Forests (MOEF)

28. The schemes implemented by the Ministry of Environment & Forests have relevance to sustainable eco-system development in rainfed / degraded areas in the country. The scheme implemented on watershed basis is 'Integrated Afforestation and Eco-development Projects Scheme (IAEPS)' since 1989-90 with intention to promote afforestation and development of degraded forests by adopting an integrated watershed approach through the micro planning process. The revised Ninth Plan allocation for the scheme is Rs 273.87 crore (proposed physical target is 1.88 lakh ha).

29. Ministry of Environment & Forests has evolved by merging the ongoing schemes i.e. Integrated Afforestation and Eco-development Projects Scheme, Area Oriented Fuelwood and Fodder Projects Scheme, Conservation and Development of Non Timber Forest Produce (NTFP) including Medicinal Plants Scheme and Association of Scheduled Tribe and Rural Poor in Regeneration of Degraded Forests into a single Scheme called National Afforestation Programme (NAP). The programme would be operated through Forest Development Agencies. The new scheme was implemented in the first phase as pilot basis for the years 2000-01 and 2001-02 in some States. Based on the experience and wide acclamation of the projects, it has been now decided to universalize the new scheme including all the above four schemes from the Tenth Plan. An outlay of Rs 175.25 crore has been provided for the scheme in the Annual Plan 2002-03.

30. Programmes relating to conservation, development and management of land resources are scattered in different Central Ministries and Departments. In order to bring about an effective administrative mechanism to manage land resources in the country, all the land programmes / schemes would be brought under the umbrella of one coordinating agency.

31. A National Policy on Land Resources Management for optimum management of land resources to meet socio-economic demands, creation of land database for effective planning and identification of hot spots of land degradation would need priority attention. Further existing village ponds, tanks and other water harvesting structure would be restored in a campaign mode by involving PRIs, NGOs and SHGs. Capacity building is needed for wasteland regeneration in Government and in user communities through training programmes and awareness campaigns.

4.3 URBAN POVERTY ALLEVIATION

1. Despite some improvement in statistics of urban poverty, the urban poor still face age-old problems at the ground level. Besides, there are wide regional variations as well as differences among different size-class towns with regard to the extent and nature of urban poverty.

2. According to 55th Round of the NSSO using a 30-day recall period, 67.1 million or 23.62 percent of India's urban population were below the poverty line in 1999-2000 against 32.4 per cent in 1993-94. The absolute number of persons below the poverty line, which had all along been rising touching 76.3 million in 1993-94, has also shown a reduction to 67.1 million.

3. Though, at the national level, the percentage of the poor in rural areas is significantly higher than in urban areas, only a few of the larger States conform to this pattern. States such as Andhra Pradesh, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Delhi and the Union Territory of Pondicherry have reported levels of urban poverty that are higher than rural poverty. Even where income levels are rising to meet the basic nutritional needs, other equally important needs of shelter, civic amenities, health care, educational and social needs, etc. are not being met in an adequate fashion. Urban poverty, thus, emerges as a more complex phenomenon than rural poverty.

4. The implementation of programmes for the urban poor is beset with enormous problems. The problem of inadequate funding has been compounded by under-utilisation of Central funds, diversion of funds released for specific programmes, and infructuous expenditure. There has been too much emphasis on engineering or the 'works' aspects of programmes without adequate understanding of the social, psychological and other dynamics of poverty. The beneficiaries have not been consulted nor given a voice in the implementation of programmes.

Slums

5. According to the 2001 Census, there are 40.6 million persons living in slums in 607 towns/cities, and they account for 22.8 per cent of the population of these cities. There

appears to be no change in the basic level or improvement in the features of slum settlements despite several decades of programmes for the environmental improvement and upgradation of slums. Absence of reliable basic survey data, information of status of services, inadequate normative service objectives, absence of master plans and definite objectives of upgradation in schemes such as NSDP, multiplicity of agencies working without coordination, insufficient availability of land for housing needs of the urban poor, failure to provide facilities for street vendors and hawkers, etc., are some of the reasons for the persistence of features of urban poverty.

6. This method of slum improvement called 'in situ upgradation', needs to be practised on a much wider scale. The VAMBAY project permits in situ upgradation, and it is necessary that an early decision is taken regarding land on which slums are situated in order to facilitate upgradation.

7. Various Central Government schemes – National Slum Development Programme (NSDP), Swarna Jayanti Shahri Rozgar Yojana (SJSRY), VAMBAY, Night Shelters, Two Million Housing Scheme, Accelerated Urban Water Supply Programme (AUWSP), Low-Cost Sanitation — provide for a wide range of services to the urban poor including slum-dwellers. They include identification of the urban poor, formation of community groups, involvement of non-government organisations (NGOs), self-help/thrift and credit activities, training for livelihood, credit and subsidy for economic activities, housing and sanitation, environmental improvement, community assets, wage employment, convergence of services, etc. What is needed is to ensure that the task of meeting the needs of the slum-dwellers is better organised and effectively administered, and duly monitored at both State and Central levels.

Approach to Urban Poverty Alleviation in the Tenth Plan

(a) The 74th Amendment is intended to increase the participation of the people and accountability in administration. State Governments should legislate the requisite amendments to the municipal laws, to clearly devolve the tasks of urban poverty alleviation and slum improvement to the ULBs.

(b) A multi-dimensional strategy is called for, which will focus on empowerment of the urban poor. The community structure under the SJSRY should be made the common pattern and the foundation of all programmes for the urban poor and slum dwellers. This would be an effective way to give the poor a forum to talk about their needs and, given the empowerment of the poor when organised, ensure that their demands are then met.

(c) Most of the services required by the urban poor – physical infrastructure as well as human development services - have been attempted at least in a rudimentary fashion. During the Tenth Plan, the focus has to be on upgrading these services, and on convergence for achieving synergy. Convergence of services such as water supply, drainage, solid waste management, as well as for health care, family welfare, education, anganwadis and crèches should be the main plank of urban poverty alleviation. Outlays on water supply and sanitation should, in particular, focus on the needs of the urban poor. Setting up basic health and education units such as crèches, anganwadis, primary schools, public health units and primary health centres (PHCs) in areas where the urban poor live, is equally important.

(d) Programmes for urban infrastructure supported by the Central Government, such as the IDSMT and the Mega City Scheme should have adequate provisions for meeting the infrastructural deficiencies of settlements of the urban poor.

(e) SJSRY contains the two basic requirements of any programme of poverty alleviation namely, community involvement and empowerment, and employment generation. Some areas of improvement are

The wage employment component should be used only for building assets and infrastructure relating to the urban poor, and not for general municipal works. The requirements should be selected by beneficiaries themselves and implementation should be from such lists of works identified by the beneficiaries.

- The guidelines need to be simplified and made more concise, removing all ambiguities and contradictions.
- The component of vocational training should be revamped and the quality of training improved;
- Community organisers and project coordinators should be appointed wherever they are not present, and the persons must be qualified in social work. The role of NGOs in urban poverty alleviation projects should be strengthened.

(f) There is a feeling that the increased emphasis on the viability of banks and reduction of non-performing assets (NPAs) is beginning to affect the availability of credit for the urban self-employed. This would be an unfortunate development. There is an urgent need to restore the banking sector's role in providing credit support to the urban informal sector, especially the self-employed urban poor.

(g) Innovative areas of employment, as has been developed in Kerala under the Kudumbasree programme, needs to be emulated in other states.

8. The outlay on SJSRY for the year 2001-02 was Rs 168 crores. For Annual Plan 2002-03 a provision of Rs 105 crores has been made.

Valmiki-Ambedkar Awas Yojana (VAMBAY)

9. The scheme Valmiki-Ambedkar Awas Yojana (VAMBAY), introduced in 2001-02, is to meet a long-standing gap in programmes for slum-dwellers, namely, provision of a shelter or upgrading the existing shelter of people living below the poverty line in urban slums. Twenty per cent of the total allocation under VAMBAY will be provided for sanitation and community toilets will be built for the urban poor and slum dwellers. Each toilet block will be maintained by a group from among the slum dwellers who will make a monthly contribution of about Rs. 20 per family. Provision of water is also included in the scheme.

10. The upper limit of Central subsidy will be Rs. 30,000 per unit in Delhi and the five mega cities, and Rs. 25,000 per unit in other million-plus cities, and Rs. 20,000 for all other cities and towns. The upper limit for upgradation of an existing unit shall be 50 per cent of the cost ceiling specified for the construction of a new house. The entitlement of the states

for funds under the scheme will be in proportion to their slum population. The provisional expenditure under the scheme for the year 2001-02 is placed at Rs 69 crores. For the current year (2002-03) an outlay of Rs 256.85 crores has been provided.

11. ACA under NSDP in Annual Plan 2001-02 amounted to Rs 385 crores; for the year 2002-03, the provision envisaged is Rs 365 crores. To ensure proper utilisation, during the Tenth Plan the NSDP funds should be released for specific projects designed to achieve upgradation to remove slum characteristics of selected slum habitations.

4.4 PUBLIC DISTRIBUTION SYSTEM

Foodgrains constitute the most important item of consumption by the poor, though the relative importance of this item in the consumption basket of the population of India is going down. While on the one hand, there is a need to produce adequate foodgrains, domestically, which can be supplemented by imports in times of need, there is also the requirement to have a look at the distribution network for food grains. The Public Distribution System (PDS) in the country facilitates transfer of the food grains produced to the various geographical regions and to the poor and needy.

2. Today, the country is facing a paradoxical situation. While the FCI godowns are overflowing with grain, there are regions in the country affected by drought and floods yearning for larger supplies of foodgrains. It is now recognised that availability of foodgrains is not a sufficient condition to ensure food security to the poor. In addition to availability of foodgrains it is also necessary that the poor have sufficient means to purchase food. The capacity of the poor to purchase food can be ensured in two ways. You can either raise the level of incomes of the poor or you can supply foodgrains to the poor at subsidised prices. Employment generation programmes for the poor tries to ensure that the poor have sufficient purchasing power. The Public Distribution System tries to supply foodgrains to the poor at subsidised prices.

3. With a network of more than 4.62 lakh Fair Price Shops (FPS) distributing annually commodities worth more than Rs 30,000 crore, to about 16 crore families, the PDS in India is perhaps the largest distribution network of its type in the world. This huge network can play a more meaningful role only if the system translates the macro level self sufficiency in foodgrains achieved by the country into micro level, i.e. by ensuring availability of food for the poor households.

4. The importance of an effective mechanism that ensures availability of food at affordable prices at household level for the poor can hardly be over emphasised. However, the PDS as it stood earlier, was widely criticised for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the states with the highest concentration of the rural poor and lack of transparent and accountable arrangements for delivery. Realising this, the government streamlined the PDS, by issuing special cards to families Below Poverty Line (BPL) and selling food grains under PDS to them at specially subsidised prices with effect from June, 1997.

The Targeted Public Distribution System

5. Under the Targeted Public Distribution System (TPDS) as initiated in June 1997, each poor family was entitled to 10 kgs of foodgrains per month at specially subsidised prices. This was expected to benefit about 6 crore poor families. The state-wise poverty estimates of the Planning Commission based on the methodology of the 'Expert Group' on estimation of proportion and number of poor chaired by late Prof. Lakdawala defined the number of poor in each state. The identification of the poor is done by the states. The Committee did not give identification guidelines. The thrust is to include only the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tappers, weavers, blacksmiths, carpenters etc, in the rural areas and slum dwellers and persons earning their livelihood on a daily basis in the informal sector like porters, rickshaw pullers and hand cart pullers, fruit and flower sellers on the pavements etc. in urban areas.

6. Keeping in view the consensus on increasing the allocation of foodgrains to BPL category and to better target the food subsidy, Government of India increased the allocation to BPL families from 10 kgs. to 20 kgs. of food grains per family per month at 50% of economic cost from April 1, 2000. The allocation for APL was retained at the same level as at the time of introduction of TPDS but the Central Issue Prices for APL was fixed at 100% of economic cost from that date so that entire consumer subsidy could be directed for the benefit of BPL population.

7. The number of BPL families has increased w.e.f. 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier population projection of 1995. The change has resulted in increasing the number of BPL families to 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June, 1997. The increased level of allocation of food grains for BPL category is about 147 lakh tones per annum.

8. In order to reduce excess stocks lying with the Food Corporation of India, Government initiated the following measures under the TPDS w.e.f. 12.7.2001:

(a) The BPL allocation of food grains has been increased from 20 kgs. to 25 kgs. per family per month w.e.f. July, 2001, the CIP for BPL families at Rs.4.15 per kg. for wheat and Rs.5.65 per kg. for rice is 48% of the economic cost.

(b) The Government has decided to allocate food grains to APL families at the discounted rate of 70% of the economic cost. The CIP of APL wheat which was at Rs.8.30 per quintal has been reduced to Rs.610 per quintal and CIP of APL rice which was at Rs.1130 per quintal has been reduced to Rs.830 per quintal.

9. Further, under the Antyodaya Anna Yojana, 25 kgs. of food grain were to be provided to the poorest of the poor families at a highly subsidised rate of Rs.2 per kg. for wheat and Rs.3 per kg. for rice. It also needs to be mentioned that the Public Distribution System (Control) Order 2001 has been promulgated which seeks to plug the loopholes in the PDS and make it more efficient and effective.

10. In a recent decision taken on 23-3-2002, the government reduced the issue price for APL rice and wheat by Rs 100 per quintal . Further the scale of issue for APL, BPL and Antyodaya households was increased to 35 kgs per month.

Food Credit Cards

11. A food credit card system could be a superior alternative to the prevalent system of specialized Fair Price Shops and perhaps even to a food stamp system. Food credit/debit cards could be used by the customers to buy subsidized food grains from the market and the retailers can claim the subsidy from the government. Though the issue costs of a food credit card are likely to be higher than for existing ration card, the running costs may be lower than for specialized Fair Price Shops as the credit card can be used in any existing retail shops that accepts such cards. This will eliminate the need for an exclusive FPS system and consequently its entire overhead cost. This will partly compensate for the initial costs of setting up a leakage proof credit card system using smart card technology. The rest would be compensated for by the elimination of leakage at all stages of the current food procurement, storage and distribution system (including the FCI).

12. There is a fear among some academics that food stamps may be traded on the informal market and thus be effectively converted from a food subsidy to an income subsidy. The food credit card, can obviate this problem as it is much more difficult to trade. Additional safety features such as identifying characteristics of the card holder and periodic validation (and re-charging) can be built into the system, which will make it virtually non-tradable. The food credit cards can also have the inbuilt flexibility of changing over from a food subsidy to an income transfer system if there is a subsequent change in the policy. The food credit card can be made applicable to all cereals including coarse grains. If desired, a different subsidy rate can be specified for different cereals. As coarse cereals are consumed primarily by the poor, the smart card will allow some self selecting/self-targeting features to be built into the system.

13. The food credit card could also be integrated with a food-for-work programme without incurring the additional administrative and logistic costs of transporting food to each area where there is need to provide work. Payment for the work would be done by incrementing the food credit of the worker. Once set up this credit card system could also be used to provide social security to the old, infirm, disabled and handicapped citizens. This could be done for instance by programming a higher subsidy proportion for such groups. Under the Tenth Five Year Plan provision has been made to introduce a smart card scheme under PDS on a pilot basis in selected districts of the country.