

5.2 PRADHAN MANTRI'S GRAMODAYA YOJANA

It has been long recognised that access to minimum level of infrastructural facilities must be an integral part of the strategy for improving the quality of life of the people and for eradicating poverty. Over the last decade, considerable progress has been made in improving access to primary health care facilities, primary education, safe drinking water and shelter as reflected in an expansion of coverage and also improvements in the indicators of human development.

2. The primary responsibility for provision of funds for these sectors and for planning and implementation of specific programmes lies with the State/UT Governments. However, there has been a recognition that the States do not have adequate resources to provide the basic minimum services to their population. In specific areas, Centrally Sponsored Schemes (CSS) were introduced to complement the efforts and resources of the States. In 1996, a conference of Chief Ministers was held to review the situation with regard to the availability of basic minimum services to the people. The conference identified seven basic services for priority attention, namely, primary health care, universalisation of primary education, safe drinking water, public housing assistance to all shelterless poor families, nutrition, connectivity of all villages and habitations by roads, and streamlining of the public distribution system with a focus on the poor. The Conference recommended that coverage of entire population should be done in a time-bound manner. In response to the recommendations of the Chief Ministers conference and in recognition of the fact that States are facing financial constraints, the Government of India decided to provide some additional funds to supplement the resources of the State. A separate budget head was introduced in 1996-97 with provision for Additional Central Assistance (ACA) for BMS. States had flexibility in allocations of their ACA between the sectors as per their own needs and priorities.

3. The strategy under BMS was to mobilise resources and direct efforts to achieve 100 per cent coverage of the population with access to these basic minimum services in a time bound manner. The guidelines also ensured an adequate level of investment for the BMS sectors earmarked in the Annual Plan of a State. Any shortfall in the actual expenditure against earmarked outlays, attracted proportionate curtailment of Central assistance in the following year.

4. Since 1996-97 in each year ACA has been provided for BMS in the Central Budget. While in 1996-97, the allocation was Rs.2244 crore, in 1997-98 it was Rs.3100 crore, which was further increased to Rs. 3400 crore in 1998-99, and to Rs. 3700 crore in 1999-2000. The Statewise outlays of ACA for BMS are given in Annexure 5.2.1. While Rs.3700 crore are in the form of ACA, the States/UTs spend approximately Rs.12,000 crore from within their own Plans. Annexure 5.2.2 gives state-wise outlays provided for BMS in the Annual Plan for 1999-2000. In addition, the BMS sectors are also served by several Centrally Sponsored Schemes and it is estimated that about Rs.8,000 crore are annually allocated for these areas.

5. While comprehensive monitoring formats for assessing both the financial and physical progress under BMS were made and circulated to the State Governments the information received was far from satisfactory. While the utilisation against allocations was forthcoming the problem was with the reporting of the physical achievements. This could be attributable to the fact that there was no one place where the monitoring of the BMS took

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place. There was considerable overlap between provisions from the three sources and there was likelihood of substitution of funds from one head to the other. To illustrate in the case of shelter, there is a CSS called Indira Awas Yojana (IAY) wherein free cost housing is given to families living below poverty line. The Centre contributes 75 per cent and the States are required to provide 25 per cent. It is quite likely that the ACA for BMS was used for providing the State's matching share. In this case the ACA did not contribute to the creation of additional new houses. Therefore, the physical achievement cannot be correctly assessed and it would not correspond to the total financial provisions provided under three separate heads.

6. The discussion on each of the specific sectors is covered in the concerned chapters. However, it may be noted that given the enormous inter-state differences in levels of achievements, the Planning Commission devised a formula based on indicators reflecting infrastructural gaps in the BMS sectors for distribution of ACA among non-special category States. In respect of special category States, the allocations were based on the devolution of normal Central assistance and not on actual gaps in infrastructure. The ACA is in the form of 70 per cent loan and 30 per cent grants for the non-special category States, while for special category States, it is in the form of 90 per cent grants and 10 per cent loan. In the first three years of the Ninth Plan, the ACA for BMS, added to the funds of States/UTs for these services, and were fully utilised.

7. In order to achieve the objective of sustainable human development at the village level, a new initiative in the form of Pradhan Mantri's Gramodaya Yojana (PMGY) has been introduced in the Annual Plan 2000-01. This would focus on the creation of social and economic infrastructure in five critical areas with the objective of improving the quality of life of our people specially in rural areas. Schemes related to health, education, drinking water, housing and rural roads would be undertaken within this programme. ACA would be provided to the States and UTs for this purpose. This would replace the ACA being provided for BMS, thus far.

8. The PMGY has two components: Programmes for rural connectivity with 50 per cent allocation, and other programmes of primary health, primary education, rural shelter, rural drinking water and nutrition with the remaining 50 per cent allocation. In the year 2000-01, Rs.5000 crore have been provided for this. The scheme for rural roads would be implemented by the Department of Rural Development and the concerned Administrative Departments at the Centre have formulated guidelines in respect of the five other areas identified under PMGY. The basis for distribution of ACA for Other Programmes of PMGY among the States remains the same as under the ACA for BMS. Allocation of ACA to the States and UTs for PMGY in the Annual Plan 2000-01 is given in Annexure 5.2.3.

9. The concerned Administrative Departments would receive proposals from the States and UTs in accordance with the guidelines formulated by these Departments for the PMGY. After these proposals are approved, the Ministry of Finance would release funds to the States and UTs based on the recommendations of the Departments. It has been decided that a minimum of 15 per cent of the total allocation of the States and UTs for PMGY must be allocated for each of the five areas under PMGY. The States and UTs, however, have discretion to allocate the residual 25 per cent of their allocation to any of the five sectors under PMGY. The concerned Departments would also periodically monitor the respective programmes under PMGY. The Planning Commission would undertake the overall monitoring and coordination of the programme.