

Poverty Elimination and Rural Employment

7.1 India's anti-poverty strategy for urban and rural areas has three broad strands; promotion of economic growth; human development and targeted programmes to address the multi-dimensional nature of poverty. The monitorable targets for the Tenth Five Year Plan included quantitative targets for reduction in the incidence of poverty, according to which poverty was projected to be reduced by 5 percentage points by the end of the Tenth Plan period, by which time new estimates for poverty would be available. While there is a consensus that there has been a decline in the incidence of poverty during 1990s, it is difficult to assess the extent of this decline as there has been considerable debate regarding comparability of data due to changes in the methodology adopted by the National Sample Survey Organisation (NSSO) between 1993-94 and 1999-2000.

RURAL POVERTY ALLEVIATION PROGRAMMES

7.2 The targeted anti-poverty programmes have been rationalised, restructured and revamped in the Tenth Plan with a view to enhancing their efficacy and impact. In November 2004, National Food for Work Programme (NFFWP) was launched in 150 backward districts to enhance the wage employment opportunities for the poor. The government also tabled the National Rural Employment Guarantee Bill in Parliament in December 2004.

PERFORMANCE REVIEW

SWARNJAYANTI GRAM SWAROZGAR YOJANA

7.3 The Swarnajayanti Gram Swarozgar Yojana (SGSY) is an integrated programme for self-employment of the rural poor launched on

1st April 1999 following the restructuring of the erstwhile Integrated Rural Development Programme (IRDP) and allied schemes. The objective of the SGSY is to bring the assisted poor families (Swarozgaris) above the poverty line by organising them into self-help groups (SHGs), training them and helping them in capacity building and provision of income generating assets through bank credit and government subsidy. Other important components of the programme are: development of infrastructure, establishment of marketing linkages and providing technological support. The programme has in-built safeguards for the weaker sections with 50 per cent benefits reserved for scheduled castes/scheduled tribes (SC/ST). In addition, 50 per cent of the groups formed in each block are expected to be exclusively for women who will account for at least 40 per cent of the Swarozgaris.

7.4 The guidelines of the scheme were revised in May 2002 in line with the Tenth Plan strategy. These revised guidelines stipulate that up to Rs.10,000 (spread over the four stages of SHG evolution) can be given to non-governmental organisations (NGOs)/community-based organisations (CBOs)/animators etc (even banks with effect from 2003) for facilitating capacity building of SHGs. These organisations have also been engaged in the formation of new SHGs and their training in areas where SHG movement has been weak. The District Rural Development Agencies (DRDAs) have been given considerable flexibility in the disbursement of funds for training and capacity building, revolving fund, infrastructure and subsidy for SHGs. The Tenth Plan also recognised that marketing and training are integral elements for the success of the

programme. Accordingly the revised guidelines have outlined procedures facilitating training, marketing, market research, organisation of fairs, exhibitions, etc at the ground level.

7.5 Though the performance of the scheme has improved since its inception, albeit gradually, a great deal remains to be done. The financial and physical performance of the scheme during the first two years of the Tenth Plan are given in Table 7.1. A total of 8.27 lakh swarozgaris were assisted in 2002-03 and 8.96 lakh in 2003-04. The coverage of weaker sections under the scheme during 2002-03 and 2003-04 has improved in comparison to the earlier years. The percentage of women assisted increased from 44.62 per cent in 1999-2000 to 46.31 per cent in 2002-03 and 52.41 per cent in 2003-04. The share of the SC/ST swarozgaris also rose from 44.32 per cent in 1999-2000 to 45.97 per cent in 2002-03 and 46.12 per cent in 2003-04. The percentage of SHG swarozgaris who were credit linked

with the banks increased from 37.25 per cent in 1999-2000 to 65.33 per cent in 2003-04.

7.6 A concurrent evaluation of SGSY in 2002-03 showed that the programme is well targeted, as most of the swarozgaris belong to below poverty line (BPL) families. However, training and marketing facilities for the swarozgaris need to be enhanced. Box 7.1 presents the main findings of the concurrent evaluation.

7.7 Lending by the banks is an area of concern. While the percentage of credit mobilised as against the targets has improved from 32.96 per cent in 1999-2000 to 46.90 per cent in 2002-03 and 61.11 per cent in 2003-04, it is still low. Similarly the credit subsidy ratio was only 1.95:1 in 2002-03 and 1.83:1 in 2003-04 as against the norm of 3:1. The average per capita investment is also below the target of Rs.25,000 though it has increased over time, from Rs.21,666 in 2002-03 to Rs.22,469 in

Box 7.1
Concurrent evaluation of SGSY – 2002-03

A concurrent evaluation was conducted to evaluate the performance of SGSY and assess the impact of the programme during 2002-03. The main findings of the evaluation are:

- 92.68 per cent of the swarozgaris belong to BPL families. Women constitute 63.81 per cent of the total sample swarozgaris, which is considerably higher than the targeted 40 per cent. Swarozgaris from the SC/ST category constituted 47.55 per cent of the sample. Only 2.45 per cent of the total beneficiary samples were found to be physically challenged.
- The average cost of the various individual projects taken up under SGSY in different states varies from Rs.15,893 to Rs.39,836.
- The average annual incremental income earned by individuals is Rs. 8,800 and by groups is Rs. 34,930.
- 43.36 per cent of the groups reported an increase in savings.
- 37.24 per cent individual swarozgaris and 15.09 per cent of SHGs swarozgaris have crossed the poverty line because of SGSY support.
- Training for skill development by the District Rural Development Agencies (DRDA) is found to be inadequate. Almost all the groups need training on improving the quality of their products.
- 88.67 per cent of individual beneficiaries market their products or services on their own.
- Major complaints reported by the district authorities include delay in bank procedure and in disbursement of the assistance, lack of awareness among target group and inadequate infrastructure.

2003-04. The recovery of loans by scheduled commercial banks was 44.98 per cent in 2002-03 and 46.79 per cent in 2003-04.

7.8 Data obtained from National Bank for Agriculture and Rural Development (NABARD) on Regional Rural Banks (RRBs) and Cooperative Banks shows that recovery from SHGs is high (89.21 per cent in 2002-03 and 86.23 per cent in 2003-04) as compared to individuals (47.55 per cent in 2002-03 and 29.01 per cent in 2003-04). A study on SGSY

financing by the Reserve Bank of India (RBI) reveals lack of coordination between banks and sponsoring agencies; non completion of formalities by borrowers due to illiteracy; bunching of applications and their submissions by the sponsoring agencies at the fag end of the year; lack of awareness of the guidelines of the scheme among the officials of both banks and government agencies, etc.

7.9 The commercial banking network in rural areas is handicapped by the fact that most

Table 7.1
Financial and Physical Performance under SGSY

Year	Financial (Rs. crore)						Physical
	Opening balance	Total allocation	Total release	Total available funds	Total Exp.	% Exp. to available funds	Total swarozgaris assisted (in lakh)
2002-03	412.85	756.36	664.19	1077.05	921.15	85.53	8.27
2003-04	287.37	1065.83	837.32	1214.13	1044.25	86.01	8.96

Financial and Physical Performance under SGRY
(Normal component)

Year	Financial (Rs. crore)							Physical
	Opening balance	Total allocation	Total release	Total available funds	Total Exp.	% Exp. to available funds	Mandays generated (crore)	Foodgrains released (lakh tones)
2002-03	1368.54	4735.10	4877.66	6246.20	4990.89	79.90	74.83	45.26
2003-04	1334.70	5491.80	5379.55	6952.81	5886.98	86.41	87.36	49.97

(Special Component)

Year	Mandays generated (crore)	Foodgrains released (lakh tonnes)	Cost of foodgrains (Rs. crore)
2002-03	86.81	63.41	6439.69
2003-04	69.74	65.84	6221.43

Financial and Physical Performance under IAY

Year	Financial (Rs. crore)							Physical
	Opening balance	Total allocation	Total release	Total available funds	Total Exp.	% Exp. to available funds	Target - houses constructed (in lakh)	Achievement - houses constructed (in lakh)
2002-03	823.22	2207.43	2170.98	2994.20	2767.92	92.44	13.14	15.37
2003-04	445.31	2492.75	2494.14	2939.46	2578.85	87.73	14.85	13.55

bank branches are one-man branches, which lack capacity to undertake development-banking functions, which are essential to the success of a programme like SGSY. The creation of a National Micro Finance Equity Fund, therefore, needs to be explored in order to cater to the needs of the poor. The commercial banks should contribute in building the Equity Fund and their contribution could be treated as priority sector credit.

7.10 The micro level planning process also needs to be strengthened. Key activities should be identified keeping in view with the aptitudes and skills of swarozgaris, availability of raw materials and the market potential. Activities could be selected keeping in view the diversification of the rural economy and growth potential of the non-farm sector. Banks, micro finance institutions, NGOs and district level officers of different departments should be involved in the planning process to identify 'need based' and 'resource based' activities. Rural clusters need to be developed around identified resources, be it physical resources or traditional skill base of the people. Federations operating at the level of a cluster of villages that promote specific activities also need to be formed.

7.11 Inadequate availability of micro-infrastructure has been a major constraint to promotion of self-employment. There is a need to identify the type of micro infrastructure required for a particular activity at the project

stage itself and ensure its provision. Even though the programme provides for earmarking of 20 per cent (25 per cent for the north-eastern states) of total allocation for each district for infrastructure, the focus is still lacking.

7.12 Training and capacity building also needs to be strengthened. Upgrading and imparting new skills should be part of the capacity building process. While the SGSY lays emphasis on training, it should be in line with the local resource endowments and availability of markets. Training programmes should also be devised to effectively harness information technology (IT) for the rural poor. Skill upgradation in traditional activities through design inputs and new technologies and vocational and technical training, in both formal and non-formal sectors, need to be strengthened. Market linkages are critical for the success of self-employment ventures. There is a need for developing market intelligence, establishing /strengthening of village/district markets, providing storage and transport facilities etc. Strengthening marketing linkages for various products made by swarozgaris also requires quality certification, packaging and labelling/ branding of products.

7.13 The SGSY Programme should focus on women. At least 50 per cent of the SHG groups should be of women. A minimum of 25 per cent women in a village/ habilitation must be covered under the SHGs. Even though the programme guidelines provide for

Box 7.2

SGSY Success Story: Muthamizh Mahalir SHG

A metal quarry in the Coimbatore district of Tamil Nadu had a large number of women working as bonded labourers without any systematic wages or working hours. Eighteen women organised themselves to form the Muthamizh Mahalir Self Help Group (SHG). When they became eligible for the revolving fund, they approached the district collector through an NGO for acquiring the quarry on lease. Despite heavy pressure from private contractors, the SHG won a Rs.4.50 lakh contract for running the quarry on lease for three years and was granted a loan of Rs.2.50 lakh. The group has engaged more than 100 workers to work in the quarry in order to improve their total turnover. At present, the members are earning more than Rs.2000 per month as wages. The monthly sales average Rs.2 lakh while the expenses (including payment of wages to members) account for Rs.1.8 lakh, resulting in a monthly profit of Rs.20,000, which is more than sufficient for them to pay the quarterly instalment of Rs.37,500 to the government. The group members are keen to acquire more quarries in future under a proposed federation of SHGs in the area.

earmarking of benefits to vulnerable groups, there is a need to provide sharper focus to identified groups such as disabled persons, women-headed households, families of child labourers, bonded labourers and destitute persons, which are the most marginalised among the poor. The issue of educated unemployed has become a serious concern in many states. The SGSY funds should be leveraged to enable a group of unemployed youth to obtain training in technical institutions and equip themselves for taking up individual or group-based activities.

7.14 The SGSY, along with other programmes of micro finance and micro enterprise through the SHG approach, has now become an important component of the strategy for poverty alleviation. NABARD, the Small Industries Development Bank of India (SIDBI) and Department of Women and Child Development (through the Rashtriya Mahila Kosh or RMK, Swayamsidha and Swa-Shakti schemes) provide micro finance to the poor.

7.15 A total of 17.41 lakh SHGs have been formed under SGSY in the five years since its inception. In contrast, only 15.2 lakh SHGs have been formed during the last 12 years under the NABARD programme. Between 2000 and 2004, only 33,000 beneficiaries were assisted under the RMK, 52,000 SHGs were formed under Swayamsidha and 18,000 SHGs under Swa-Shakti. In order to scale up the process of empowerment of SHGs and ensure their sustainability, the concerned agencies must evolve a common approach and delineate areas of operation so as to avoid duplication and overlap.

7.16 All SGSY groups may not be able to set up successful micro enterprises and there is bound to be an uneven regional impact. Past experience shows that success of self-employment ventures was higher in areas where the institutional delivery structure was relatively strong and efficient; in activities where market linkages were strong and returns were relatively assured and where beneficiaries had prior experience and skills. It had also been observed

that asset survival and returns tended to improve with the economic status of the beneficiary. In order to derive better returns from SGSY, the programme needs to be integrated with area/sectoral development programmes of the region and convergence at the district level should also be encouraged.

SAMPOORNA GRAMEEN ROZGAR YOJANA

7.17 The Sampoorna Grameen Rozgar Yojana (SGRY) is a wage employment scheme launched in September 2001, and the Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS) were merged under this programme from 1st April 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 infrastructure development in rural areas. A special component under SGRY provides foodgrains to calamity stricken states for undertaking relief activities.

7.18 The SGRY is open to all rural persons 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. Thirty per cent of employment opportunities under the programme are reserved for women. The programme is implemented through the panchayati raj institutions (PRIs).

7.19 Till 2003-04, the programme was implemented in two streams, the first implemented by the district panchayats and panchayat samitis and the second by the village panchayats. Since 2004-05, the programme is being implemented as an integrated scheme by all the three tiers of the PRIs and the funds are shared by the district, intermediate and village panchayats in the ratio 20:30:50. A minimum of Rs.50,000 per year is provided to each Gram Panchayat. Wages under the programme are paid partly in the form of foodgrains and partly in cash. Minimum wages fixed by the states are paid under the scheme. The minimum amount of foodgrains to be given as part of

wages are 5 kg per manday and a minimum of 25 per cent of the wages are to be paid in cash. Contractors/middlemen or any other intermediate agency are not permitted to be engaged for the execution of any of the works under the programme.

7.20 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. Foodgrains under the programme are provided to the states/Union Territories free of cost.

7.21 Each zilla parishad/DRDA, intermediate level and village panchayat prepares an annual action plan to include the works to be undertaken under the scheme.

Completion of incomplete works is given priority and emphasis is laid on labour-intensive works. Priority is to be 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, construction of rural link roads, drainage works, afforestation, schools, kitchen sheds for schools, dispensaries, community centres, panchayat ghars, development of haats (markets), etc. However, the nature of works should be such that they could be completed in one or two years. Up to a maximum of 15 per cent of the funds can be spent on maintenance of assets created under the programme by the zilla parishads/DRDAs/intermediate panchayats/village panchayats.

Box 7.3

Concurrent evaluation of SGRY (2003-04)

The concurrent evaluation of SGRY was carried out to assess its success in terms of employment generated and its impact on the poor. In addition, the distribution of foodgrains provided under the programme was also examined. The main findings are:

- 77.61 per cent of the works taken up have been completed during the year itself.
- The average number of days of wage employment generated through the scheme is 30.52 days.
- Only 12 per cent of beneficiaries are women, though the scheme envisages that at least 30 percent of wage employment opportunities should be reserved for women.
- The maximum quantity of rice per manday was distributed in Andhra Pradesh (6.32 kg) while beneficiaries in Rajasthan got the maximum quantity of wheat (8.96 kg).

Box 7.4

Issues for strengthening SGRY

- The foodgrains component of the programme needs to be streamlined by ensuring effective distribution of foodgrains. Alternatively wages could be paid in cash only as foodgrains flow to poor from various sources like the National Food For Work Programme (NFFWP), Antyodaya Anna Yojana, Targeted Public Distribution System (TPDS), etc.
- Spread of resources under the SGRY has been thin in view of the universalised nature of the scheme.
- A holistic integrated development plan needs to be prepared and supported by resources available from other sectoral programmes/departments. Works need to be identified, selected and undertaken systematically as a part of the long-term strategy for the creation of rural infrastructure, for watersheds and for drought proofing.
- Quality and maintenance of infrastructure needs to become a focus area.
- Training of officials/PRI representatives is crucial.

7.22 The financial and physical performance of the scheme during the first two years of the Tenth Plan is given in Table 7.1. The percentage expenditure against total available funds was 79.90 per cent in 2002-03 and 86.41 per cent in 2003-04, while 74.83 crore mandays were generated in 2002-03 and 87.36 crore mandays in 2003-04. The states which have reported more than 90 per cent utilisation during 2003-04 include Andhra Pradesh, Tamil Nadu, Rajasthan, Orissa, Maharashtra, Madhya Pradesh and Haryana.

7.23 Micro-level evaluation studies reveal that in many cases wage payments were less than the minimum wage. Foodgrains were not paid as part of wages. Non availability of foodgrains at godowns of the Food Corporation of India (FCI), inadequate number of godowns, high transport costs, cumbersome processes and black marketing were the factors behind foodgrains not being given in majority of the cases. For those who received foodgrains, on an average about two to seven kg of foodgrains was paid as part of wages against the norm of 5 kg. On an average between 9 and 30 days of employment per beneficiary was generated under the programme. In some cases contractors were involved and the use of machinery was also reported, though the guidelines prohibit this. The participation of the women under the programme is also lower than the norm of 30 per cent. The activities are taken up in an ad hoc manner and are not selected as part of a long-term plan for development of the region.

7.24 Notwithstanding these problems, the studies also highlight the positive aspects of the programme. The major strength of the programme is its self-targeting nature. Most of the beneficiaries belonged to the BPL group, who did not have any other opportunities for employment. Further, even though the income generated was not significant, it was valued highly by the beneficiaries and they were unanimous in their view that there was a need to increase the wage employment opportunities and undertake more works under the programme. In addition, the programme did succeed in creating community assets in rural areas (mainly construction), and the villagers were enthusiastic about the idea of building rural infrastructure.

The created infrastructure includes link roads, side drains, school buildings, though watershed works have been accorded low priority. The programme led to empowerment of panchayats, as the funds were placed at their disposal along with the power to get the works executed through line departments.

NATIONAL FOOD FOR WORK PROGRAMME

7.25 In order to intensify the efforts for poverty reduction, resources need to be concentrated in backward areas where there is an urgent need for supplementary wage-employment in view of the limited impact of the SGRY in generating employment, due to a thin spread of resources.

7.26 In order to identify backward districts for wage employment programmes in the Tenth Plan, a Task Force was set up by the Ministry of Rural Development, which considered a number of parameters to identify backward districts. These were: incidence of poverty; unemployment rate; agricultural wage rate; per hectare agricultural productivity; productivity per agricultural worker; SC/ST population; susceptibility to drought and desertification; and rural connectivity. The Task Force ultimately selected three variables for computing the index of backwardness - agricultural productivity per worker, agricultural wage rate and SC/ST population.

7.27 The National Food for Work Programme (NFFWP) was launched on 14th November 2004 in 150 identified backward districts. There is not only a high demand for wage employment in these areas but they also need local level community assets and infrastructure to be created. It is expected that the programme will:

- ensure a minimum level of employment and incomes to the poor;
- give the poor an opportunity to develop their collective strength, improve their economic position, and reduce their vulnerability;
- discourage migration;

- provide access to health, education and welfare services in the village itself; and
- expedite the construction of environment-friendly infrastructure works which enhance productivity levels (both farm and off farm) and provide a basis for further promoting economic activities in the region.

7.28 The responsibility for planning, implementation, monitoring and supervision of the programme at the district level is vested with the collector/district magistrates. The programme also stipulates that a shelf of labour-intensive projects should be prepared, which could be undertaken over a five-year period.

NATIONAL RURAL EMPLOYMENT GUARANTEE BILL

7.29 The National Rural Employment Guarantee Bill was tabled in Parliament on

21st December 2004. The Bill provides that state governments shall provide 100 days of unskilled manual work in a financial year to every poor household in the rural areas whose adult members volunteer to do such work. In order to make the programme result-oriented, it has been proposed that the scheme should be implemented in phases. Accordingly, in the first phase, the proposed legislation would be implemented in the 150 districts where the NFFWP is being implemented. The legislation would be implemented in the other districts, based on the experience gained from the first phase.

RURAL HOUSING

7.30 The Indira Awas Yojana (IAY), initiated in 1985-86, provides assistance for the construction/upgradation of dwelling units to rural BPL families belonging to the SC/ST groups and freed bonded labourers. In 1993-94, the scheme was extended to cover non-SC/ST

Box 7.5

Concurrent Evaluation of IAY

The Concurrent Evaluation of the IAY was undertaken in 2001 to assess its impact and to examine issues of targeting, functioning of the PRIs and quality of assets created. The main findings are:

- The programme has been able to provide shelter benefits to significant proportions of socially and economically vulnerable populations in most states.
- 57 per cent of the beneficiaries belong to the SC category and 22 per cent to the ST category.
- The average annual income of the beneficiaries at the time of selection was Rs.11,062.
- 78.16 per cent of the total beneficiaries were selected by the gram sabhas.
- 83 per cent of the houses were constructed on plots owned by the beneficiaries. However, only 47 per cent of the houses were constructed by beneficiaries themselves.
- About 50 per cent of the beneficiaries have received assistance in the form of cash and the rest in the form of material.
- 86 per cent of the beneficiaries have expressed their satisfaction with constructed houses and the occupancy rate of IAY houses is very high.
- Most of the IAY houses have used local materials for construction, thus resulting in useful linkages with local skills and resources.
- In general, the beneficiaries do not feel the assistance is adequate.
- The ownership titles of the houses are predominantly in the name of male family members.

families, subject to the condition that the benefits to these groups would not be more than 40 per cent of the total allocation. The benefits of the scheme have also been extended to the families of ex-servicemen of the armed and paramilitary forces killed in action. The IAY became an independent scheme from 1st January 1996.

7.31 Since 1999-2000, the allocation of IAY funds to the states/Union Territories is being made on the basis of the poverty ratio and rural housing shortage, as specified in the Census. Both parameters have been accorded equal weightage. Similarly, allocation to districts is made on the basis of housing shortage and proportion of SC/ST population of the district to the total SC/ST population of the state. On the basis of allocations made and targets fixed, DRDAs/zilla parishads decide the panchayat-wise number of houses to be constructed under IAY and indicate this to the concerned gram panchayat, which then selects the beneficiaries from the list of eligible households, restricting its number to the target allotted.

7.32 The programme stipulates that the dwelling units should invariably be allotted in the name of a female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. Construction of the house is the sole responsibility of the beneficiary. Engagement of contractors is strictly prohibited. No specific design has been stipulated for IAY houses, the choice of design, technology and materials for construction being left to the discretion of the beneficiaries. The financial and physical performance of the programme during the first two years of the Tenth Plan is given in Table 7.1

7.33 Findings of the Concurrent Evaluation of IAY in 2001 shows that it has been well targeted (See Box 7.5).

7.34 The ceiling on construction assistance was revised on 1st April 2004 and currently is set at Rs.25,000 per unit for the plain areas and Rs.27,500 for the hilly/difficult areas. Since there was an acute need for upgradation of unserviceable kutchha houses in the rural areas, it has been stipulated from 1 April 2004 that

up to 20 per cent the total funds can be utilised for conversion of unserviceable kutchha houses into pucca/semi pucca houses and for providing subsidy to the beneficiary availing loan under the credit-cum-subsidy scheme.

7.35 The credit-cum-subsidy scheme targets rural families with annual income up to Rs.32,000. While subsidy is restricted to Rs.12,500, the maximum loan amount that can be availed of is Rs.50,000. The other smaller schemes under Rural Housing i.e. Innovative Stream for Rural Housing and Habitat Development and Rural Building Centres have been discontinued with effect from Annual Plan 2004-05.

7.36 The 2001 Census had estimated a housing shortage of 149.6 lakh. Eight States account for 81 per cent of the housing shortage. According to estimates, the annual requirement is about 30 lakh houses to meet this backlog. In addition, it is estimated that about 10 lakh shelterless will be added every year. Thus total requirement would be for construction of about 40 lakh houses per year. The Indira Awaas Yojana provides free houses to the rural poor. Sixty per cent of the houses are provided to the below poverty SC/ST families; the other BPL families account for the remaining 40 per cent of the houses. It is estimated that on an average about 23 lakhs houses are built every year for weaker sections in the rural areas. IAY account for 15 lakh houses; HUDCO, National Housing Bank, State Housing Boards and Commercial Banks together account for the remaining 8 lakh houses.

7.37 The National Common Minimum Programme (NCMP) has stated that housing for weaker sections in rural areas will be extended on a large scale. However, if the housing shortage is sought to be met primarily through the IAY in its present form, the allocation to the scheme would have to be increased substantially, which may not be possible in view of the budgetary constraints and competing claims on resources. The Tenth Plan, therefore, had suggested provision of free housing only to the landless SC/ST families and shift to a

credit-cum subsidy scheme for the other BPL families. This suggestion continues to remain relevant if the objective is to bridge the housing gap as quickly as possible. Priority should be given to landless SC/STs including primitive tribes in provision of free houses. Other BPL families could be covered on the basis of relative deprivation index of shelter i.e households who do not have land/plot to construct IAY houses and also households who have received minimum score in the overall poverty ranking, once the BPL Census, 2002 results are ready. However there is a need to explore the possibility of credit linked housing programme through institutions like HUDCO, National Housing Bank and State Housing Boards etc. Also consider the possibilities of linking the housing credit with income generated under the SGSY and Wage Employment programme after the NREGA is enacted as is being done by NGOs like SEWA. In addition, there is need to give greater weight to the geographic distribution of housing shortage while determining the regional allocation of IAY funds if the disparities are not to widen even further in the coming years. It is proposed that we shift the criteria for allocation of funds to States from 50:50 for housing shortage and poverty ratio to weightage of 75:25.

NATIONAL SOCIAL ASSISTANCE PROGRAMME AND ANNA PURNA

NATIONAL SOCIAL ASSISTANCE PROGRAMME

7.38 The National Social Assistance Programme (NSAP) was launched as a Centrally sponsored scheme (CSS) on 15 August 1995, with the aim of providing social assistance benefit to poor households in the case of old age, death of primary breadwinner and maternity. The programme 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. With a view to ensuring better linkage with nutrition and national population control programmes, the maternity benefit component of the NSAP was transferred to the Department of Family

Welfare in 2001-02. Since then NSAP has only the following two components:

- **National Old Age Pension Scheme (NOAPS):** Old age pension of Rs.75 per beneficiary per month is provided to aged destitute persons with 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):** A lump sum benefit of Rs.10,000 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 a surviving member of the household of deceased who is determined to be the head of the household.

ANNA PURNA

7.39 The Annapurna scheme, launched on 1 April 2000 as a CSS, provides food security in the form of 10 kg of foodgrains per month free of cost to destitute senior citizens with little or no regular means of subsistence from his/her own source of income or through financial support from family members or other sources.

7.40 The NSAP and Annapurna have been transferred to the state Plan with effect from 2002-03 in order to provide states/Union Territories with the requisite flexibility in the choice and implementation of the schemes. The funds for the schemes are provided as Additional Central Assistance (ACA) to the states, and can be utilised on welfare schemes of old age pension, family benefit or free foodgrains to the aged. States/Union Territories are free to take up one or two or all of the three or in any other combination in accordance with their own priorities and needs. The PRIs at the panchayat and district level are involved in the implementation of the schemes. An ACA of Rs.680 crore in 2002-03 and 679.87 crore in 2003-04 was provided for the schemes. However, an additional sum of Rs.510 crore has been provided in 2004-05. Thus a total amount of Rs.1,189.87 crore has been provided for NSAP and Annapurna in Annual Plan 2004-05.

URBAN POVERTY ALLEVIATION PROGRAMMES

7.41 Trends in urban poverty in percentage and numerical terms show some encouraging signs, though at the urban poor still face certain persistent problems at the ground level. One encouraging fact is that along with a fall in the proportion of the urban poor, there is also a reduction in terms of absolute numbers (Table 7.2).

7.42 Though, at the national level, the percentage of the poor in rural areas is significantly higher than in urban areas, states such as Andhra Pradesh, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Delhi and the Union Territory of Pondicherry have higher levels of urban poverty.

7.43 While income levels are rising to meet the basic nutritional needs, the other equally basic needs of shelter, civic amenities, health care, educational and social needs, etc. are not being met adequately. Urban poverty, thus, emerges as a more complex phenomenon than rural poverty, as can be seen from these aspects:

- **Level of basic amenities:** There are serious deficiencies in urban infrastructure as a result of the rapid growth of urban population and low investment in urban development. The percentage of households having flush toilets exhibits a strong positive correlation with economic development, much more than any

other indicator of amenities. The coverage of civic amenities, specifically electricity, drinking water and toilets, is uneven and the 'urban poor' generally receive low priority.

- **Town or city size and poverty:** The incidence of poverty in a town, as measured by head count ratio (HCR), declines steadily with increasing size. A larger incidence of secondary and high-value tertiary activities in large cities gives people residing there a higher level of income. In contrast, the income levels of people in small and medium towns tend to be low because of the poor economic base and lack of employment opportunities in the organised sector.
- **Household size:** The fact that household size affects the poverty status of a household is well known. Larger households tend to have a higher probability of being poor.

PERFORMANCE REVIEW

SWARNA JAYANTI SHAHARI ROZGAR YOJANA

7.44 The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) is a CSS which is funded on 75:25 basis between the Centre and the states. This scheme, initiated in 1997-98, is the only scheme for urban employment which aims at providing gainful employment through setting up of self-employment ventures or provision of wage employment. This programme relies on the creation of suitable community

Table 7.2
Percentage of number of Poor

Year	Poverty ratio (Percentage)			No. of Poor (million)		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	56.4	49.0	54.9	261.3	60.0	321.3
1977-78	53.1	45.2	51.3	264.3	64.6	328.9
1983	45.7	40.8	44.5	252.0	70.9	322.9
1987-88	39.1	38.2	38.9	231.9	75.2	307.9
1993-94	37.3	32.4	36.0	244.0	76.3	320.3
1999-00	27.1	23.6	26.1	193.2	67.1	260.3

structures (neighbourhood groups, neighbourhood committees and community development societies) to provide supporting and facilitating mechanism for local development.

7.45 During the first three years of the Tenth Plan, Rs.333 crore, which is 61.55 per cent of the Tenth Plan allocation of Rs.541 crore has been utilised. This is a demand-driven scheme but the Ministry of Urban Employment and Poverty Alleviation has fixed an annual target of covering 80000 persons under the Urban Self Employment Programme/ Development of Women and Child in Urban Areas (subsidy component) and 100,000 persons under the training component. During the first three years of the Tenth Plan, 297419 persons have been provided self-employment while 327399 persons have been trained. However, the outcome of the training in terms of employability or setting up of self-employment ventures has been an area of great concern.

VALMIKI AMBEDKAR AWAS YOJANA

7.46 The Valmiki Ambedkar Awas Yojana (VAMBAY) was introduced in 2001-02 to provide shelters or upgrading existing shelters of the BPL population living in urban slums. The Government of India provides 50 per cent Central subsidy while the states have the option of mobilising their matching portion of 50 per cent from other sources, such as their own budget provision, resources of local bodies, loans from other agencies, contributions from beneficiaries or NGOs etc. Under this scheme, 20 per cent of the total allocation is provided for sanitation and community toilets.

7.47 During the first three years of the Tenth Plan, Rs.727.58 crore, accounting for 36 per cent of the Tenth Plan allocation of Rs.2,043 crore has been utilised. Against the target of 1 lakh, 1.06 lakh and 1.12 lakh dwelling units for the first three years of the Tenth Plan, 1,10,388 houses were constructed in the first year, 1,08,376 dwelling units were constructed in the second year and 1,13,004 dwelling units were covered in the third respectively.

NIGHT SHELTER FOR URBAN SHELTERLESS

7.48 The Night Shelter for Urban Shelterless scheme is a CSS which is funded on the basis of 50:50 between Centre and the states or implementing agencies or through the Housing and Urban Development Corporation (HUDCO) as loan. The scheme facilitates the construction of composite night shelters with community toilets and baths for urban shelterless. During the first three years of the Tenth Plan, Rs.8 crore, or 26 per cent (assuming full utilisation of 2004-05 allocations) of Tenth Plan allocation of Rs.30.97 crore, is expected to be utilised. The scheme is a demand-driven one and the Ministry of Urban Employment and Poverty Alleviation is not receiving adequate number of proposals from the states.

RECOMMENDED STRATEGY

7.49 There is need to set up Urban Poverty and Slum Development Task Forces/ Authorities at the state level. Similarly, city administrations should create Urban Poverty Alleviation (UPA) cells at the municipal level, which should have representation of slum-dwellers as well as of the community development societies set up under SJSRY and active NGOs in the field. The UPA cell should be put in overall charge of urban poverty and slum related programmes as envisaged in the Constitution (Seventy Fourth) Amendment Act, 1992.

7.50 There is, in general, a certain despondency among agencies responsible for programmes such as SJSRY with regard to availability of credit to the urban poor. The increased emphasis on commercial functioning is affecting the availability of credit for the urban self-employed. The credit and thrift societies run by women SHGs have done exceedingly well in financing housing and various self-employment activities in conjunction with micro-credit financing institutions/commercial banks. The micro-credit financing institutions must, therefore, be strengthened to provide finance to encourage self-employment among the urban poor.

7.51 There is an urgent need to work out the strategy to utilise the services of

employment exchanges in the urban areas which can act as the focal point for the placement of unemployed youth who would be trained under SJSRY. Thus, the employment exchanges should work as the placement agencies with linkages with the prospective employers in both the organised and unorganised sectors and the training institutions. A positive correlation needs to be developed between the number of persons trained and the number of persons employed/ set up micro-enterprises.

7.52 The wage employment component of SJSRY need to be used only for building community assets and infrastructure relating to the urban poor, and not for general municipal works. This would ensure improvement in the civic amenities meant for urban poor. The works need to be selected by beneficiaries and executed by the community development societies themselves. Monitoring of the project at both the Central and state levels need to be strengthened.

PUBLIC DISTRIBUTION SYSTEM

7.53 The public distribution system (PDS), as it was introduced originally was not an anti-poverty scheme but a mechanism for the management of a buffer stock in foodgrain in order to ensure price stabilisation. However, providing food to the poor at prices they can afford must be an integral part of the strategy of poverty reduction. The PDS attracted the following major criticisms:

- It did not really target states with a large number of poor.
- It was biased in favour of certain states as well as urban areas, although the latter was much less clear if only households purchasing foodgrains were considered.
- It is not particularly effective in providing subsidised foodgrains to the poorer groups in low income/high poverty regions.
- The fiscal burden due to food subsidy needed to be controlled which could be done by targeting the food subsidy to poor consumers.

7.54 In June 1997, the Government of India introduced the Targeted Public Distribution System (TPDS) with appropriate focus on the poor. Under TPDS, above the poverty line (APL) families are provided foodgrains at nearly the full economic cost and BPL families at about half this rate. The scale of issue under TPDS began with 10 kg per family per month for BPL families, but has been progressively increased over the years and is now 35 kg per family per month with effect from 1st April 2002. The scale of issue for the APL families has also been determined at 35 kg per family per month from the same date.

7.55 The Antyodaya Anna Yojana (AAY) was launched in December 2000 and involved the identification of 1 crore poorest of the poor families who would be provided 25 kg foodgrains a month at a highly subsidised price of Rs.2 per kg for wheat and Rs.3 per kg for rice. The scale of issue has since been increased from 25 kg per family per month to 35 kg per family per month with effect from 1 April 2002. The scheme has been expanded to cover 2.5 crore families.

7.56 The main objective of the TPDS was to improve the PDS consumption of the poor by offering them cereals at highly subsidised prices (and simultaneously wean away the non-poor from the PDS). Since 2000, the introduction of the AAY was further expected to improve the PDS offtake and consumption by the poorest. One would, therefore, expect PDS offtake to become more aligned with the total number of poor in each state. Among the medium/high income states, Kerala's share in offtake has been declining along with that of Gujarat and West Bengal. Among the poor states, Madhya Pradesh and Uttar Pradesh show an increasing share in total offtake. Overall, the correlation between the total offtake of cereals and number of poor in each state, has been improving and was statistically significant in 2003-04. Thus, at least at the level of offtake, the TPDS has now been better able to target the states with higher number of poor than in the past.

7.57 Some of the problems encountered in the implementation of PDS are:

- Diversion of foodgrains and other commodities, due to bogus ration cards.
- Reduced scale of issue of foodgrains to consumers against the scale of issue stipulated by the Central government for each household, thus compromising both food and nutritional security.
- Inability of the PDS to reach the poor effectively. Not only are there various cases of wrong inclusion of APL households but there are also cases where the real poor who are included in the poverty lists of the villages are excluded.
- The PDS Control Order 2001 provides for constant review and updating of families eligible for issue of ration card and deletion of ineligible units/households. However, such a review of BPL families is not being done regularly.
- States/fair price shop dealers generally lift foodgrains late because of resource crunch. The consumers are generally not given the arrears of the previous month/fortnight thereby leaving scope for diversion and thus defeating the very purpose of the scheme

Box 7.6
Performance evaluation of TPDS

The Targeted Public Distribution System (TPDS), introduced in 1997, envisages identifying the poor households and giving them a fixed entitlement of foodgrains at subsidised prices. The Programme Evaluation Organisation (PEO) of the Planning Commission, which has done an evaluation study of the programme, found considerable differences in the implementation of the TPDS across some of the states.

- Only 22.7 per cent fair price shops are viable in terms of earning a return of 12 per cent on capital.
- The offtake by APL cardholders was negligible except in Himachal Pradesh, Tamil Nadu and West Bengal.
- The offtake per BPL card was high in West Bengal, Kerala, Himachal Pradesh and Tamil Nadu.
- The offtake by the poor under TPDS was substantially higher than under universal PDS.
- There are large errors of exclusion, inclusion and 'ghost cards' are common.
- High exclusion errors mean a low coverage of BPL households. The survey has estimated that TPDS covers only 57 per cent BPL families.
- Error of inclusion is high in Andhra Pradesh, Karnataka and Tamil Nadu. This implies that the APL households receive an unacceptably large proportion of subsidised grains.
- Leakages vary enormously between states. In Bihar and Punjab the total leakage exceeds 75 per cent while in Haryana and Uttar Pradesh it is between 50 and 75 per cent.
- Leakage and diversion imply a low share of the genuine BPL households of the distribution of the subsidised grains. During 2003-04, it is estimated that of 14.1 million tonnes of BPL quota from the Central Pool, 6.1 million tonnes reached the BPL families while 8 million tonnes did not.
- Leakage and diversion raised the cost of delivery. For every 1 kg. that was delivered to the poor, Government of India had to issue 2.32 kg from the Central Pool.
- During 2003-04, out of an estimated subsidy of Rs. 7,258 crore under TPDS, Rs. 4123 crore did not reach BPL families. Moreover, Rs. 2579 crore did not reach any consumer but was shared by agencies involved in the supply chain.

- The fair price shops are not always open daily. In many cases, the beneficiaries have to cover long distances to reach these shops. As a result of the Supreme Court intervention in the implementation of the PDS, the Commissioners to the Court have reported that the opening of the ration shops has become more regular and predictable.
- Beneficiaries are unaware of their rights, as the Citizen's Charter is seldom available in the regional languages.
- Proper and regular inspection of the fair price shops by the state government is not done.
- Inadequate publicity and lack of information relating to scale of issue, prices, availability of commodities to the consumers.

7.58 The Programme Evaluation Organisation of the Planning Commission has reviewed TPDS. The findings of the evaluation are summarised in the box below:

7.59 In order to ensure the effectiveness of the PDS, the fair price shop owner should find the operations relating to PDS financially viable. An earlier restriction that the retail issue price of foodgrains for the BPL under the PDS should not exceed the Central Issue Price by more than 50 paise per kg has been removed with effect from 20th August 2001. Any substantial increase in the dealer's margin to improve the viability of fair price shops may increase the retail price and pass on the burden to the PDS consumers, thereby adversely affecting the offtake. However, a correct balance between the interests of the consumers and of the fair price shop owners needs to be arrived at and ensured by the state governments. The shops should be permitted to sell all commodities (other than rice and wheat) at full market prices so as to ensure their economic viability. Co-operatives of women and ex-servicemen should also be involved in the management of these shops.

7.60 The High Level Committee on Long Term Grain Policy has recommended the

return to a universal PDS where there will be no distinction between APL and BPL population. As against this the Tenth Plan Working Group on PDS and Food Security had recommended a PDS that will cater exclusively to the BPL population. The relative merits of the two recommendations are as follows

- The universal PDS is expected to bring back into PDS the poor and near-poor sections, who are presently excluded from the BPL fold. Moreover, it is expected to make the fair price shops more viable by enhancing the scale of operations.
- As only a small fraction of the APL population choose to buy foodgrains from the fair price shops, the universal PDS scheme will work on a principle of self targeting. However this could also lead to greater diversion of foodgrains from the PDS system. A large part of the APL allocation that is not lifted by the consumers may end up being diverted.
- Under universal PDS, the level of food subsidy will be substantially higher if food allocation is sought to be made at the present BPL issue price for both APL and BPL. Instead, if the issue price is fixed at somewhere between the current BPL and APL issue prices, the benefits derived by the BPL population will more likely be reduced. Their benefits, given a fixed level of food subsidy, is likely to be more under a targeted PDS restricted to the BPL population than under a universal PDS. A universal PDS may thus prove to be detrimental to the interests of the poor.
- A third alternative, recommended by the Task Group on Comprehensive Medium Term Strategy for Food and Nutrition Security, would be to exclude the APL population from PDS and restrict it to BPL and AAY only, while, at the same time, the criterion for identifying BPL families could be made more liberal. The states could be given a grace margin of about 10 percentage

points over their poverty ratios while identifying their BPL population. This would take care of the exclusion problem. The poverty estimates for 1993-94 with grace margin of 10 percentage points could be used to determine the BPL population of states for another five years, that is, until 2010.

7.61 Clearly, there is a need to re-examine the rationale and structure of the PDS, especially in view of recent developments. Several food-based schemes have been introduced and/or expanded recently. The SGRY provides over 5 million metric tonnes of foodgrains to the rural poor every year. Foodgrains have also been provided under the NFFWP, the Mid Day Meal scheme and provision of nutritional supplements to pre-school children through the ICDS system. These food-based schemes, as also the increased offtake under TPDS and AAY, have resulted in a massive increase in PDS sales. The per unit subsidy has also gone up because a large proportion of the PDS supply is at BPL prices, while it is at even lower prices under AAY. The food distribution system has, thus, been converted from its original price stabilisation role to one facilitating a transfer to the poor. Therefore, the issue of providing food to the poor through various welfare schemes and through the PDS needs to be reassessed and rationalised. Further, their impact on both rural and urban poor needs to be worked out separately.

7.62 Given the resources flowing into programmes for food and nutritional security, it is suggested that a 'Food and Nutrition Security Watch' be created in the Planning Commission, consisting of nutritionists, social scientists, development practitioners, bureaucrats and NGOs. It would monitor the outcomes of specific interventions as also review overall food availability both at the national and state levels. It could also identify pockets of extreme hunger and food insecurity and ensure flow of adequate supplies of foodgrains to these areas.

LAND REFORMS

7.63 Land reforms have been an important plank of the poverty alleviation strategy. The agrarian relations prevailing in the pre-Independence era laid the ground for the land reform policy in the post-Independence period. The extractive rent-seeking tenurial system created a political consensus around the need to eliminate intermediaries. Abolition of zamindari was an important strand of the land reforms agenda. The other components of the land reform package viz. regularisation of tenancy, conferment of ownership on tenants and regulation of rent were also influenced by the same mindset which sought to protect the actual tiller from exploitation by the land-owning classes.

7.64 The Tenth Plan had indicated that demographic factors, changes in the agricultural technology and the increasing importance of market forces had considerably weakened the case for a land reform programme that concentrated on the abolition of intermediaries and reduction in land ceilings to generate ceiling surplus land for redistribution. The Plan suggested that there was need to implement the ceiling laws with greater vigour, re-examine the issues of tenancy, address the question of tribal land alienation and incorporate more gender friendly laws in the context of feminisation of agricultural operations.

LAND CEILING

7.65 The prevailing agricultural structure is in sharp contrast to the conditions that obtained immediately after Independence. The number of large holdings has declined and the average size of land holding of 80 per cent of the cultivators is less than 2 hectares. Therefore, the case for reduction in land ceilings is weak. Measures need to be taken to detect concealed lands and acquire them for distribution to the rural poor. Up to 31st March 2003, only 2.12 million hectares of ceiling surplus land had been redistributed. This accounts for just 1.5 per cent of the total cultivable land in the country. Given the poor record in detection and distribution of ceiling surplus land, it is unlikely that large tracts of land would become

available for distribution to the poor. A new initiative could be to restrict the land owned by non-resident Indians (NRIs). The land ceiling for households which do not depend on land as their primary source of livelihood also need to be reduced. This would release some land for distribution. Further, where irrigation facilitates two to three crops a year, existing ceilings on land ownership could be reviewed.

TENANCY REFORMS

7.66 The country's tenancy laws are highly restrictive. They were enacted in the context of exploitation of the peasantry. The current situation, however, is very different. The economic and political hold of large land-owning classes has been considerably weakened. The deepening of democracy through successive elections and setting up of PRIs has strengthened the bargaining power of the rural poor. Research studies indicate that restrictive tenancy laws have prevented optimum allocation of land resources and denied the rural poor access to land. They have also led to concealed tenancy, which is widespread. In such cases, the tenant has no protection. The fear of reverse tenancy is also unfounded as small and marginal farmers account for over 80 per cent of the total leased land in the country. In any case, the existing ceiling laws can be leveraged to prevent reverse tenancy by stipulating that operational holdings could not exceed those prescribed under the ceiling laws.

7.67 There is, therefore, a need to re-examine the tenancy laws in the country in the light of the fact that tenancy is widespread. Prohibition of tenancy by law in many states, especially the poorer states of Uttar Pradesh, Bihar and Orissa, has only driven the practice underground. This has adversely affected the interests of the rural poor. It is necessary to recognise tenancy and register the tenants and provide them security of tenure. The tenurial right need not be heritable but may be given for a fixed period. The success of 'Operation Barga' in West Bengal, under which heritable and cultivable land rights were provided to shareholders, should encourage other states to bring about tenancy reform, which would

generate greater employment and enhanced output, and thus reduce poverty.

LAND RIGHTS FOR WOMEN

7.68 The Tenth Plan had highlighted the need for an active policy to provide land rights to women. In many states, agricultural land does not devolve on women if male heirs are present. In almost all states, tenancy is not inheritable by women. Some progress has been made in states like Rajasthan and Madhya Pradesh, which have decided that issues relating to property, including landed property, would be dealt with in accordance with the appropriate personal laws. Many other states have yet to take action in this regard. Women are playing an increasing role in agricultural operations due to migration of male members in search of employment and various other factors. In the absence of secure land rights in their names, they are excluded from institutional support that is provided only to the owners of land. It is, therefore, necessary to make inheritance rights in land more gender equal.

ALIENATION OF TRIBAL LANDS

7.69 The Tenth Plan highlighted the important issue of tribal land alienation and the need to allow the tribal communities to manage the resources, including land within the framework of Panchayat (Extension to Scheduled Areas) Act (PESA), 1996. The tribal population is concentrated in the north-eastern and central parts of the country. Alienation of tribal land is, however, much more pronounced in central India. The migration of non-tribal people to tribal areas and displacement of tribals on account of development project has created strong militant movements in many regions. Several states have enacted laws that prohibit transfer of land belonging to tribal communities to non-tribals and restoration of the alienated lands. However, the implementation of these laws has not been very effective. Up to 31st March 2003, 3.75 lakh cases of tribal land alienation covering 8.5 lakh acres of land were registered in the courts. Of these, 1.62 lakh cases have been disposed off in favour of tribals so far. At present 4.47 lakh acres have been restored to the tribal population. Courts have

rejected cases pertaining to 3.63 lakh acres on various grounds. Prevention of alienation of tribal lands needs to be enforced by strictly enforcing legal provisions. State governments need to operationalise the processes outlined by the Expert Group on Prevention of Alienation of Tribal Land and its Restoration to give effect to the laws that protect the land rights of the tribal communities.

7.70 Centrality of land in poverty removal, promotion of equity and efficiency cannot be overemphasised. Provision of even small parcels of land to the poor has proved to be poverty alleviating. Unfortunately, this important issue has not got the attention it deserves in the national discourse. The nature of the land reforms programme would have to change in view of the changes in the agrarian structure. Even within the changed context, there is a strong case for redistribution of ceiling surplus land and government wastelands to the rural poor. This has to be backed by institutional changes that provide access to credit, extension facilities and marketing linkages so that the poor could make productive use of the lands transferred to them. State policy should be more pro-active in the creation of a land market through liberalisation of tenancy. Restoration of tribal lands to prevent tribal unrest has to be given greater attention.

COMPUTERISATION OF LAND RECORDS

7.71 Updating of land records is vital for land management. To bring land records up-to-date and facilitate quick retrieval of land records, the government has been implementing two schemes – Computerisation of Land Records and Strengthening of Revenue Administration. The progress in some states has been commendable while the process of computerisation needs to be accelerated in others. Even in states which have taken steps for computerisation of land records, online availability of land records continues to be an area of concern. This has been accomplished only in Karnataka and partly in Tamil Nadu and Gujarat. Updating of land records is also necessary to eliminate unnecessary litigation.

DEVELOPMENT OF DROUGHT-PRONE, DESERTS AND WASTE LANDS

7.72 India accounts for 17 per cent of the world's population but has 2.7 per cent of the land area and 4 per cent of sweet water resource. The land/man ratio and per capita availability of water is low compared to other countries. The situation has deteriorated considerably in the last 50 years, during which time the population has grown by almost three times. The increase in the livestock population, which competes with human beings for space and water, has almost doubled. The combined availability of land per person and a livestock unit has declined from 0.44 hectares in 1991 to 0.20 hectares in 2001. The pressure on agricultural land has been more intense as there has been virtually no increase in the net sown area. Large parts of land have been degraded due to biotic and abiotic pressures.

7.73 Land degradation has been accompanied by over extraction of ground water. Cultivation of paddy and sugarcane in drought-prone and arid regions has been a cause of this over exploitation. The groundwater use, which was in the range of 10-20 km³ before 1950, now stands at 240-260 km³. These developments have created an alarming situation. Over 25 per cent of the blocks are categorised as either grey or dark zones where the rate of water extraction is higher than the rate of water recharge. Balanced development of land and water resources is, therefore, an imperative for sustainable development in the country.

7.74 Estimates of land degradation vary. As per the projections made by the Working Group on Watershed Development, Rainfed Farming and Natural Resource Management for the Tenth Plan, 89 million hectares of degraded lands need to be treated. Soil erosion is the major cause of land degradation, removing as it does roughly 14 million tonnes of major nutrients such as nitrogen, phosphorous and potassium from the country's soil. The loss of soil organic matter affects crop productivity. The Tata Energy Research Institute (TERI) in its report on *Green India 2047* had estimated that economic losses due to land degradation

are in the range of Rs.89 to 332 billion and 11 to 26 per cent of total agricultural output.

7.75 Scientific watershed management was the cornerstone of the Tenth Plan strategy for development of degraded lands. As against a total Ninth Plan expenditure of Rs.2,179 crore, the Tenth Plan outlay for watershed development programmes was raised to Rs.5,400 crore for the programmes implemented by Department of Land Resources. The Plan also indicated that a national policy on land resource management would be formulated for optimum management of land resources. Convergence of watershed programmes under one ministry, revival of traditional water harvesting structures, land and forest regeneration, capacity building and training were some of the other areas which were identified for attention during the Plan.

7.76 The Department of Land Resources, Ministry of Rural Development, Department of Agriculture and Cooperation, Ministry of Environment and Forests and the Planning Commission currently implement programmes that seek to harvest rainwater and use it for increasing production of biomass. These programmes have evolved over the years in response to specific needs. The objectives that they were expected to fulfill have also been different.

7.77 The Drought Prone Area Programme (DPAP), initiated in 1973-74, was taken up to minimise the adverse effects of drought on production of crop and livestock, productivity of land, water and human resources. Overall economic development and improvement in the economic condition of the poor and disadvantaged was one of the objectives of the programme. The scheme is implemented in 972 blocks of 182 districts in 16 states.

7.78 The Desert Development Programme (DDP) seeks to contain the adverse effects of desertification on crops and on human and livestock population. DDP covers 235 blocks of 40 districts in seven states.

7.79 The Integrated Wasteland Development Project (IWDP), implemented in 374 districts, seeks to check land degradation and increase biomass availability especially fuel wood and fodder by putting wastelands under sustained use.

7.80 The National Watershed Development Project in Rainfed Areas (NWDPA) focuses on conservation, development and sustainable management of natural resources including their use. Its main objectives are enhancement of agricultural production and productivity in a sustainable manner and restoration of ecological balance in the degraded and rainfed eco systems by greening these areas through appropriate mix of trees and shrubs.

7.81 The soil conservation schemes in the catchment areas of river valley projects and flood-prone rivers, which form part of the macro management since November 2000, attempt to prevent land degradation through a multi-disciplinary integrated approach of soil conservation and water management in catchment areas. The programmes also promote land use in consonance with the land capability. In the north-eastern states, IWDP and Watershed Development Projects in shifting Cultivation Areas (WDPSCA) seek to redevelop degraded lands due to jhooming.

7.82 The Western Ghat Development Projects (WGDP) and Hill Area Development Projects (HADP), in existence since the Fifth Plan, aim at restoration and preservation of the ecology of these areas, which have experienced extremely high rates of soil erosion. Prevention of soil erosion, sustainable use of resources and preservation of bio-diversity are the main objectives of both these projects. All these schemes attempt to arrest degradation of land and water resources and improve the productivity of land in order to enhance incomes and livelihood opportunities for the people.

7.83 Till the Ninth Plan, only 29 million hectares had been treated under the watershed approach. The Tenth Plan target for coverage is 10.9 million hectares, which is nearly 4 million hectares less than the projections of

the Working Group. On an average, only 4 million hectares of degraded land were covered under watershed projects in the first two years of the Tenth Plan. Considering the fact that close to 90 million hectares of degraded and rainfed land needs to be covered under watershed programmes, the pace of development is extremely slow and needs to be stepped up considerably to improve the productivity of land through better land and water management.

IMPACT ASSESSMENT OF WATERSHED DEVELOPMENT PROGRAMMES

7.84 Evaluation reports of watershed projects show that they have had a positive impact. Agricultural productivity has increased substantially as has the availability of water, fuel wood and fodder. However, there are many infirmities in the programme implementation process (See Box 7.7).

Box 7.7 Evaluation of Watershed projects

Evaluation studies of watershed projects under the Ministry of Rural Development in 16 studies highlighted the following strengths and weaknesses.

Positives:

- An overall improvement in land use.
- Increase in net-sown area and gross cropped area.
- Increased irrigation options, increase in water table, number of dug-wells and bore-wells.
- Increased fuel-wood and fodder availability, especially in Integrated Wasteland Development Project areas.
- Increase in number of livestock with a marked preference for improved breeds in the post-project phase.
- Changes in household incomes. In some states, increase in incomes was as high as 50 per cent

Drawbacks:

- No significant impact on drinking water availability, even though overall water availability has increased.
- The benefits flow largely to land owners and large and medium farmers.
- The large and medium farmers have been able to extract re-charged ground water as they are in a better position to make investments in dug-wells and bore-wells.
- The improved availability of water results in the cropping pattern leaning towards more water intensive crops, which again leads to water stress.
- Major expenditure on the projects was on construction activities with little focus on institution and capacity building.
- People's participation was extremely unsatisfactory in most states. Government departments with very little interaction with the people implemented projects.
- Scheduled castes/scheduled tribes and other landless benefited only marginally through increased employment opportunities. There was no direct flow of benefits to them through the project design.
- Women's participation was extremely poor.
- Involvement of NGOs was also limited.

Source: TERI: *Impact Assessment of Watershed Development – A Compendium – July, 2004*

7.85 The National Centre for Agricultural Economics and Policy Research has attempted to quantify the benefits of watershed projects. These are reported in Box 7.8.

7.86 The analysis shows that successful watershed projects yield high returns on investment and provide increasing avenues of employment and income generation. However, the watershed gains get eroded if an area experiences continuous droughts. In a study of watershed programmes in eight districts of Gujarat, the Development Support Centre, Ahmedabad, evaluated the capacity of the people in areas that were affected by droughts continuously over a period of four years. The study reported that the watershed villages were in a better position to cope with adverse effects of droughts in the first year in comparison to villages where watershed projects were not taken up. However, by the third year of drought, the gains of watershed were substantially eroded. Water had to be supplied by tankers. People migrated to urban centres in search of employment even in villages where watershed projects were successfully implemented.

ISSUES IN WATERSHED DEVELOPMENT

7.87 The programmes for development of wasteland and degraded lands implemented by different ministries follow the watershed approach, but there are many issues, listed below, that need to be resolved so that the programmes could be implemented more effectively.

CONVERGENCE OF WATERSHED SCHEMES

7.88 The fact that programmes for the treatment of wastelands and degraded lands are being implemented by several departments, with similar objectives but different operational guidelines and, especially, different cost norms, adversely affect the programmes at the ground level. In 2000, the Ministries of Agriculture and Rural Development attempted to evolve a common approach for watershed projects. However, once again differences have emerged.

It is preferable if all watershed projects are implemented by a single department/agency within a common framework. At the very least, it is imperative that the guidelines and the cost norms are similar so that convergence is possible at the district level.

7.89 The watershed programmes may be divided into three distinct areas for specific responsibilities and time-bound coverage and convergence.

- The Himalayan and other hilly areas as well as high rainfall regions may be entrusted to the Department of Agriculture and Cooperation. Watershed-based treatment of catchments areas of major irrigation projects should continue to be the responsibility of the Department of Agriculture and Co-operation.
- The arid, semi-arid and sub-humid regions should be the responsibility of the Department of Land Resources in the Ministry of Rural Development.
- Conservation and protection of national bio-diversity resources has assumed great importance. The Ministry of Environment and Forests has been assigned the responsibility of protection of bio-diversity in the country and has prepared a national bio-diversity strategy and action plan in consultation with the state governments. A National Bio-Diversity Authority has also been created to oversee the implementation of the National Bio Diversity Act, 2002. It is, therefore, necessary that implementation of Hill Area Development Programme and Western Ghat Development Programme is transferred to the Ministry of Environment and Forests so that they could implement programmes for protection and conservation of bio-diversity resources in these areas.

PEOPLES' CONTRIBUTION

7.90 Evidence suggests that peoples' involvement in watershed projects provides for capacity building and greater commitment

Box 7.8
Economic benefits of watershed projects

Benefit-cost ratio and the internal rate of return (IRR) were used as proxy for gains from watershed programmes in order to document the benefits arising from them. Additional employment generation in agriculture as a consequence of watershed activities was assessed for equity benefit. To demonstrate the sustainability benefits, the indicators used were: (i) increased water storage capacity, which augmented the irrigated area; (ii) increased cropping intensity; (iii) reduced run-off, which enhanced ground water recharge; and (iv) subsidised soil loss. The results are summarised in the following table.

Summary of benefits from the sample watershed studies

Indicator	Particulars	Unit	No. of Studies	Mean
Efficiency	Benefit-cost ratio	Ratio	128	2.14
	IRR	Percent	40	22.04
Equity	Employment	Man-days/ha/yr	39	181.50
Sustainability	Irrigated area	Per Cent	97	33.56
	Cropping intensity	Per Cent	115	63.51
	Rate of runoff soil loss	Per Cent Tonnes/ha/yr	36 51	-13.00 (-)0.82

At 2.14, the benefit-cost ratio of the programme is good. Fifteen per cent of the watersheds had a benefit-cost ratio of more than 3, while the ratio was less than one in less than 3 per cent of watersheds. The mean IRR was 22 per cent and the maximum 94 per cent. As much as 35 per cent watersheds yielded more than 30 per cent IRR, while only 5 per cent had IRR of less than 10 per cent. This would indicate that generally the investments made in watershed programmes are justified to a certain extent.

The main additional annual employment generation in the watershed areas through various activities and operations was about 181 mandays per hectare and was as high as 900 mandays per hectare in watersheds with multiple activities. Watershed programmes are mainly aimed at soil and water conservation in raising farm productivities. Based on their analysis, the authors have concluded that these objectives were largely accomplished in the watershed areas. On an average, the irrigated area increased by 34 per cent and cropping intensity by 64 per cent. Accordingly, the authors of the study have concluded that the watershed programmes have successfully fulfilled the three principal objectives viz. raising income levels, generating employment; and conserving soil and water resources.

People's Participation:

The available evidence on peoples' participation and the benefits from watersheds have clearly confirmed that there is a positive relationship between the two. The benefit-cost ratio was much more (2.4) in watersheds where people's participation was high in comparison to those which have low participation (1.24). It was also found that the benefits from these programmes were higher in low-income regions than in high-income regions. The benefit-cost ratio was 2.46 in low-income regions and 1.98 in high-income regions. The corresponding figures for annual employment generation were 175 and 132 man-days per hectare.

Source: "Impact of Watershed Program and People's Participation" by P.K. Joshi, Lakshmi Tewari, A.K. Jha and R.L. Shiyani, published in Institutional Change in Agriculture (eds Suresh Pal, Murthyunjaya, P.K. Joshi and Raka Saxena) by National Centre for Agricultural Economics and Policy Research (NCAP), 2003.

on the part of the community to construct and maintain structures created in the course of the project. The Pani Panchayat in Maharashtra is a successful example of peoples' contribution in a watershed project. There are other NGO-led projects like MYRADA and the Indo-German Project in Maharashtra where beneficiaries have to contribute either in cash or in kind before the village is selected for funding.

TECHNICAL INPUTS IN WATERSHED DEVELOPMENT

7.91 Watershed development is a complex discipline. It requires knowledge of soil, sub-soil structures, geo-hydrological data, and agricultural sciences. It also requires strong organisational support in order for it to be successful. The technological inputs in watershed projects are required both at the preparatory phase of the project, during project implementation and in the post-project phase.

7.92 The first phase of any watershed project is delineation of the watershed. The programme guidelines indicate that macro-watersheds of about 25,000 to 30,000 hectares should first be mapped with major drainage courses consisting of rivers, rivulets and other drainages. With the help of maps prepared by the Survey of India, each of these macro watersheds should then be sub-divided into sub watersheds of 5000-6000 hectares. The sub-watershed is considered to be the unit of operation for a Project Implementing Agency (PIA) and it should be further divided into micro watersheds of about 500 hectares where new projects are to be undertaken. The prioritisation of micro watersheds should be on the basis of degree of land degradation, the potential water run-off and scarcity of drinking water. Technical organisations with requisite capacity to provide these technical details exist at the state level. The Ministry of Agriculture has offices of the All-India Soil and Land Use Survey Offices at the state level. The National Remote Sensing Agency is also active in mapping lands resources in the country. Organisations under the Ministry of Water Resources have offices all over the country.

7.93 The guidelines provide for detailed scientific investigation before the projects are formulated. Unfortunately, these activities are rarely undertaken by the district authorities. Very few watershed projects are prepared on the basis of detailed investigations as envisaged in the guidelines. The preparation of watershed projects without adequate scientific and technical analysis has its own problems. For example, the construction of water impounding structures without properly studying the geo-hydrological data could lead to water harvesting structures being built at places which have impermeable rocks underneath, which would prevent re-charging of ground water, one of the main objectives of the watershed programmes. Similarly, the construction of dams and bunds on small rivulets and nullahs without detailed investigation could lead to drying up of wells downstream of the dams, as the flood waters which earlier re-charged them get impounded in the bunds. This calls for analysis of water balance in the area. Hydrologists contend that at least 35 per cent run-off should be allowed to go downstream to maintain the hydrological balance.

7.94 The Central Ground Water Board (CGWB) has the capability to undertake these studies as it has over 15,000 centres spread over the country. CGWB's expertise, however, is not internalised in the watershed programmes being implemented at present. They have taken up separate projects for recharging ground water aquifers. The CGWB could play a more proactive role by providing technical assistance at the district level in the formulation of watershed projects.

7.95 The technical support in terms of agronomic practices, creation of marketing linkages for inputs and outputs is equally critical to the success of a watershed project. The agricultural extension system in the country has suffered serious setback and is considered to be extremely weak. The Mid-Term Appraisal of the Ninth Plan highlighted the lack of extension support as one of the major reasons for low agricultural productivity in large parts of the country. The national research systems have also tended to neglect the research needs

of the rainfed farming system. This needs to be corrected. The future food security of the country largely depends on the ability of rainfed agriculture to move to a higher growth path. The technical guidelines should also clearly delineate the processes for infusion of agricultural support in a specified time-bound manner during both the project execution and the post-project phases. In addition separate guidelines on social processes and accounting & auditing manuals need to be brought out.

ROLE OF WOMEN IN NATURAL RESOURCE MANAGEMENT

7.96 The participation of women in the conservation of natural resources has proved to be more effective and sustainable in the long run. The burden of land degradation and water scarcity falls disproportionately on women as arrangements for fuel, fodder and drinking water are largely their responsibilities. Women take greater interest in preservation of these resources as their dependence on them is significantly higher. The guidelines for watershed development recognise this reality and have specifically provided for representation of women on Watershed Committees and Watershed Development Teams. Since 33 per cent seats in panchayats – which have also been given a greater role in Watershed Development Programmes – are reserved for women, platforms for their participation in watershed projects exist. However, the availability of these platforms has not translated into transfer of decision-making powers to the women in most projects. The capacity building exercises in the coming years need to be specifically targeted at women in watershed projects.

LIVELIHOODS

7.97 Evaluation reports point out that in spite of detailed guidelines for holistic watershed development, projects are implemented as a single line activity with greater focus on construction activities. In areas with a concentration of tribal population, the issues of livelihood and their integration with watershed approach has not really been thought through. For example, in states like Jharkhand,

Chhattisgarh and the tribal belts of Orissa, tribals grow paddy under extremely primitive conditions. All efforts by the government and NGOs for crop diversification and infusion of technology have failed due to lack of input and output marketing linkages. The question of livelihoods and the role of land and water in the provision of that livelihood should be brought to the centre stage in watershed development. The strategy should be one of pro-active resource management, i.e. land and water, to improve and stabilise production opportunities in the area.

EFFICIENT WATER USE

7.98 Efforts to properly utilise harvested water also need to be taken up. Promotion of sprinkler and drip irrigation in water-scarce areas has not been taken up on the scale that is required. Water storage structures recharge ground water aquifers. Landholders construct bore-wells to extract ground water. This violates the equity principle. There is a need to develop a comprehensive frame work for conjunctive use of surface and ground water. Many state governments have resorted to regulatory mechanisms to control extraction of ground water. Given the large number of bore wells in the country, control through administrative or legal measures may not be effective. A better alternative would be to integrate water policies in the land revenue code and empower the community to exercise control over the water resources in the same manner as revenue departments managed land in the past.

TRAINING

7.99 There is need to invest in training to build capacity at the ground level to implement watershed projects. The capacity to undertake watershed projects is extremely limited at the ground level. The Ministry of Agriculture spends 7.5 per cent of the total project cost on training. The Ministry of Rural Development provides 5 per cent of the total project cost for training activities and community mobilisation. Thus, a training provision of Rs.1.5 to Rs.1.75 lakh is available for a project costing Rs.25-30 lakh. As a PIA is normally allotted 8-10 projects for implementation at a point of time, a training

budget of Rs.15 to 18 lakh is available to one PIA. However, the training component of watershed projects is extremely weak. The various agencies that have been active in this field, themselves lack capacity to train people.

7.100 The capacity that is required in a watershed is of two kinds. The first relates to

the ability to sensitise and motivate the community to take up watershed projects. This capacity is largely available only with the NGOs. The second relates to the technical domain. The Agricultural Universities and Agricultural Research institutes have to be brought into the picture to provide the technical support at the ground level.

THE WAY FORWARD

RURAL ANTI POVERTY PROGRAMMES

Self-employment

- There are a plethora of organisations that support SHGs and the processes of social mobilisation, financing norms and other related activities differ from organisation to organisation. A comprehensive review is needed to evolve a commonality in the approach of different SHG programmes.
- The SHGs movement must focus on women. At least 50 per cent of the SHGs groups should be of women and a minimum of 25 per cent of the women in a village/habitation must be covered under SHGs programmes.
- The success of SHGs depends on bank lending for economic activities, but credit support has been a major constraint. A 'micro finance equity fund' should be created with contributions from commercial banks, which could be treated as a part of their priority sector lending programme.

Wage employment

- Merge the SGRY with the NFFWP. These programmes may be subsumed in the National Rural Employment Guarantee Act as and when it becomes operational.
- Consider the question of paying wages under SGRY and NFFWP only in cash. At present wages under these programmes are paid partly in cash

and partly in the form of food grains valued at BPL rates. It is felt that there is an excess flow of foodgrains for the poor through the wage employment schemes as also TPDS, Antyodaya Anna Yojana and other food based programmes.

Rural Housing

- Change the allocation criteria for IAY and base it on 75% weightage for housing shortage and 25% weightage for poverty ratio instead of the present 50:50 weightage.
- Priority should be given to landless SC/STs including primitive tribes in provision of free houses. Other BPL families could be covered on the basis of relative deprivation index of shelter i.e households who do not have land/plot to construct IAY houses and also households who have received minimum score in the overall poverty ranking, once the BPL Census, 2002 results are ready.
- Explore the possibility of credit linked housing programme through institutions like HUDCO, National Housing Bank and State Housing Boards etc. Also consider the possibilities of linking the housing credit with income generated under the SGSY and Wage Employment programme after the NREGA is enacted as is being done by NGOs like SEWA.

URBAN ANTI POVERTY PROGRAMMES

- Strengthen the micro-credit financing institutions to provide finance to

encourage self-employment among the urban poor.

- Link training for skill upgradation under SJSRY to employability to establish a positive correlation between the number of persons trained and the number of persons employed or who set up micro-enterprises.
- Evolve a strategy to utilise the services of employment exchanges in the urban areas which can act as the focal point for the placement of unemployed youth trained under SJSRY in organised or unorganised sectors.

PUBLIC DISTRIBUTION SYSTEM

- Examine the rationale and structure of PDS, especially in the context of the several food-based schemes which have been introduced/expanded recently.
- Set up a Food and Nutrition Security Watch for monitoring outcomes of specific interventions and overall food

availability in the country and to ensure that pockets of food insecurity and hunger receive adequate supplies of foodgrains.

LAND REFORMS AND WATERSHED DEVELOPMENT

- Revisit the issue of tenancy, as access to land is still a major source of livelihood for the poor.
- Work towards convergence of watershed programmes implemented by Ministry of Rural Development, Ministry of Agriculture and Planning Commission under the Department of Land Resources.
- Develop a framework for conjunctive use of surface and ground water in watershed development projects.
- Prepare guidelines on technical inputs, social process and accounting and auditing manuals for watershed programmes.