

# Reading Materials

*For Departmental Circulation only*

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Regional Training Institute  
Indian Audit and Accounts Department  
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## Panchayats - key for making MGNREGS successful

Mahatma Gandhi National Rural Employment Guarantee scheme (MGNREGS) was launched at Anantpur, Andhra Pradesh, on 2 February 2006. The main objective of MGNREGS is to safeguard the livelihood of villagers by guaranteeing 100 days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work. Five years have passed. This gives an opportunity to reflect and set norms for the future. According to the economic survey for the year 2008- 2009, more than four crore households were provided employment under MGNREGS. This is a significant jump over the 3.39 crore households covered under the scheme during 2007-2008. Out of the 215.63 crore person days of employment created under the scheme in 2008-2009, 28 percent and 24 percent were in favour of SC and ST population respectively and 47 percent went in favour of women. Average wages per day under MGNREGS has gone up from Rs. 65 in 2006-07 to Rs. 100 in 2009-2010. Around 10 crore accounts of MGNREGS beneficiaries opened in post offices/banks contributing to financial inclusion. Over 68 lakh works were taken up under MGNREGS and social Audits have been conducted in 71% Panchayats so far.

State wise performance varies on the scale of achievement - Tripura stands at the top in implementation of MGNREGS during 2009-10. It achieved 82 mandays of job creation which is more than the national average of 54 days. Sikkim also excelled by creating 80 mandays in 2008-2009. Some states initiated new strategies in MGNREGS, for instance, business correspondent model has been adopted in Rajasthan with the help of Central Bank of India to ensure timely payment of wages to the workers. Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Meghalaya, Orissa, Sikkim, Uttar Pradesh, Uttarakhand, West Bengal, Goa, Andaman and Nicobar Islands have set up state level help lines for the protection of workers' entitlements and rights under the Act.

The list of achievements is quite long: **1.** Enhancement of MGNREGS wage rates by 17-30 percent by linking it with Consumer Price Index for agricultural labour calculated on the basis of Rs. 100 or the actual wage rate, whichever is higher as on April 1st, 2009. **2.** Wage disbursement through Banks/Post Office accounts is mandatory. **3.** Job cards, muster rolls, wage payments, number of days of employment provided and works under execution have been put up on the website [www.nrega.nic.in](http://www.nrega.nic.in) for monitoring and information. **4.** District Level Ombudsman set up to handle complaints. **5.** Social Audits made mandatory. **6.** National level Monitors for monitoring of the programme. **7.** Eminent Citizens have been identified for independent monitoring. **8.** Vigilance and monitoring committees constituted at state and district level. **9.** Toll free National Helpline set up. **10.** MGNREGS is collaborating



with Unique Identification Development Authority of India (UIDA). This would eliminate duplicate job cards and ghost beneficiaries. 11. Construction of Bharat Nirman Rajiv Gandhi Sewa Kendra/ gram panchayat bhawans at the village panchayat or block level. 12. Village panchayats while approving work plans have been asked to ensure that works on lands of Sc/ST and BPL receive first priority. 13. A Professional Institutional Network (PIN) has been constituted, including IITs, IIMs, ASCI; IIPA, IIFM, agriculture universities and other professional institutions for supporting MGNREGS to conduct impact assessment and concurrent monitoring and appraisal. Union Government has also issued guidelines/ directives to all naxalite-prone states (Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa and Uttar Pradesh) to step up awareness generation campaigns among villagers, speedy issuance Of job cards, implementing sufficient number of works and, most importantly, timely payment of wages.

However, special attention is required on the following issues: 1. As per the government order, 100 rupees will be the minimum wage under MGNREGS for the next five years. A sort of wage freeze in this increase for next five years is implicit here. Another important issue is to ensure provision of at least 100 days a year of work to a nuclear family. 2. Schedule of work remains long and well beyond the capacity of malnourished workers. Women who make up a large percentage of the workers in many states are the worst affected by the present regime of piece rated work. Increasing the hours of work from eight hours to nine hours a day is unjust. 3. The list of works permissible under this act should be expanding keeping in view the regional diversity. 4.150 convergence pilot projects have been instituted in most of the states. In order to make .it successful, 100 day limit to be removed, job cards to be issued to individuals, not family members and to use convergence to increase the total number of work days. Strengthening of panchayats would be the key areas in near future for making MGNREGS an important organ of inclusive growth and democratic system. Currently, the emphasis must be on strengthening the Scheme not to attenuate or to deflect its main thrust. MGNREGS evolved out of a political response to a people's movement in rural areas and the articulated needs of villagers. It puts people's right to seek work in a legal framework, which ultimately may bring in social empowerment of the poor, weaker sections and women.

*Source: Panchayati Raj Update, Institute of Social Science, Vol. XVIII No.2 February 2011*



### Local governments could help in addressing problems like hunger, illiteracy: Meira Kumar

"Even after 65 years of Independence, a major portion of population of country is still living below the poverty line and away from common civic facilities", said Lok Sabha speaker Meira Kumar while inaugurating a workshop on Gandhi's vision of Gram Swaraj and role of elected public representatives in local governance organised by the Gandhian Studies Centre at DAV PG College, Varanasi, Uttar Pradesh on 9 February. She said that in today's scenario, India is facing a big challenge to get rid of problems like hunger, malnutrition, and illiteracy. The local government could play a vital role in addressing these problems, she said adding that at local level, elected gram panchayats and local bodies are authorised to implement various schemes and programmes run by the central and state governments. The active participation of all elected public representatives in these schemes could provide proper benefits to masses. Meira Kumar said that at the time of independence, the gram panchayats were operational in about two-third villages of the country. But most of them were far away from democratic values and vision. With the 73rd and 74th amendments in the Constitution, the gram panchayats and local bodies emerged as effective units of local self-governance, she said. Elected local government representatives from various districts including Varanasi, Mirzapur, Bhadohi, Chandauli, Jaunpur and Azarnagarh attended the workshop.

**Source:** *Panchayati Raj Update, Institute of Social Science, Vol. XVIII No.2 February 2011*

### Panchayat land a favourite target of developers

Panchayat land in Haryana and specially in the fast growing areas around Delhi is seen as the easiest and cheapest to acquire by the government as well as the private developers in the city. While in the cases of government acquisition, Panchayats usually do not file objections; private players have to take help of local administration, if they plan to buy a patch of village land. Those familiar with such deals say that private developers first identify a patch of Panchayat land and then they approach the village Panchayat through local administration. They also try to get a resolution passed by the local body that the land can be sold. Once the decision is taken on this, the issue is referred to a committee constituted by the local deputy commissioner (DC). Since DC is aware of all this and plays a key role in the entire deal, he usually gets only those members on the board who are unlikely to object a panchayat resolution, said a former member of a village panchayat in Gurgaon. Once the resolution is vetted by the committee, the land can be sold to a private party. Such land is often cheaper in comparison to the market rate, he added. Sources in the revenue department said that in some other cases, private developers approach panchayat members to pass a resolution for fragmentation of common land into private land. In such a case, with each family in the village getting its share, the developer approaches each of the land owners. Once this is done, the developer consolidates them for development project, said a real estate consultant. Revenue department officials in Gurgaon said that many panchayats still own chunks of land outside villages and till recently, there was a fear among the village bodies that Municipal Corporation might take over their land. Private players were seeing this as an opportunity.

**Source:** *Panchayati Raj Update, Institute of Social Science, Vol. XVIII No.2 February 2011*



## Reforming and Strengthening Panchayati Raj-The Experience of PACE Organisation

—BHARAT DOGRA

India has the world's largest network of local self-government institutions, particularly rural self-government institutions in the form of Panchayat Raj. There is, thus, a tremendous scope for the realisation of rural decentralization with all its important benefits. Unfortunately, however, the realisation of these benefits has been badly hindered so far by many problems in panchayat raj including widespread corruption and efforts to convert genuine participation into a clique of a few powerful persons. Fortunately many organisations have come forward with efforts to improve panchayat raj so that its immense constructive potential can be realised. One such organisation is Participatory Action for Community Empowerment (PACE). Although PACE is active in several districts of Uttar Pradesh, the main centre of its activities has been Sitapur district and it is here that its impact on panchayat raj is most visible.

PACE has tried to improve and strengthen Panchayat Raj at five levels. Firstly, it has organised several training programme for elected panchayat raj representatives to enable them to perform their functions in a better way. PACE has been involved in training over 1000 panchayat raj reps. of this district, including pradhans, ward members, BDCs and others.

Secondly, PACE has made a special effort to provide help and support to elected panchayat reps. from weaker sections, with special emphasis on dalits and women. Although reservations of seats for dalits and women has led to the election of a significant number of dalits and women at various levels in panchayat raj institutions, influential and powerful village elites have tried many times to create obstacles in their independent functioning. In such situations, the help and support provided by PACE has often proved to be crucial for many dalit and women representatives.

Thirdly, PACE has encouraged the emergence of several sincere and socially conscious villagers, particularly from dalits and other weaker sections. Such persons are helped and encouraged to provide people important information regarding government programmes and schemes, as well as to mobilise people against corruption and injustice. PACE has helped to set up Panchayat Soochna Kendras (Panchayat Information Centres) in many villages which became a meeting point for disseminating and sharing information as well as discussions on village's problems. It is from such information sharing and discussion groups that some villagers start taking a more active role in challenging corruption and injustice. PACE has made extra efforts at the time of panchayat elections to ensure free and fair elections. It has also campaigned against growing role of money and violence in panchayat elections .

Last but not the least, PACE has encouraged sincere and honest villagers, particularly women and dalits (or other weaker sections) to contest panchayat elections. Generally women and dalits are reluctant to stand up to the might of the most powerful villagers, so that even in reserved constituencies influential men try to impose their proxy candidates. However as a result of work done by PACE to encourage the



emergence of citizen leaders, now situation is more conducive in the area of its work for dalits and women to contest elections and hope to win despite their meager resource base. There are several remarkable success stories of candidates from weaker sections who won against very powerful persons in panchayat elections in the work area of PACE. According to approximate data available with PACE about 40 to 45 per cent of the nearly 120 candidates who had been linked to PACE activities won panchayat elections this time (year 2010).

When Munnulal Maurya was first elected as pradhan in panchayat elections of year 2005, he was initially reluctant to assert himself but gradually, with help and encouragement from PACE, Munnulal emerged as one of the most active pradhans under whom the panchayat made remarkable progress in education, good quality MGNREGA work and increasing access of weaker sections to various welfare schemes of the government. Feeling threatened by the growing popularity of Munnulal, an influential family which had dominated the politics of this area conspired to murder Munnulal's 11-year old son.

This was a big tragedy for Munnulal but he gathered the courage to survive this tragedy and with the strong support and sympathy of villagers he won the pradhan elections again in year 2010 panchayat elections. He gives PACE a lot of credit for helping him in various constructive activities as well as for providing support in very difficult times.

Jagrani Devi, a dalit woman of Hamirpur panchayat, won the pradhan election in the year 2000 but faced a lot of obstacles in her work. At a difficult time PACE activists helped her to carry out her work properly and she could even go to meet the President of India in N. Delhi. This gave her a lot of confidence and her work progressed even more rapidly. However some powerful families felt threatened by this and conspired to murder her husband. This badly shattered Jagrani but with the sympathy and support of villagers and the helping hand of PACE also available in difficult times, Jagrani could again win the 2005 elections.

Magnu is a dalit youth from a very poor family of Nyagaon panchayat. He has been closely involved in various mobilisation and constructive activities of PACE and its sister organisations. It was widely felt by weaker sections that someone sympathetic to their aspirations should also contest for the pradhan's post, but it was considered very difficult to win against the rich and powerful candidate who had dominated the area's politics. However Magnu fought the election in year 2010 panchayat election and emerged as the winner. He is now determined to work honestly for the development of his village particularly the weaker sections.

The emergence of such panchayat leaders is a very encouraging indication that with more efforts a leadership genuinely committed to helping the poor emerges in panchayats. Organisation like PACE can play an important role in facilitating this process as well as other badly needed reforms of panchayat raj.

*Source: Panchayati Raj Update, Institute of Social Science, Vol. XVIII No.2 February 2011*



## **Stronger Role of Gram Sabhas Needed to Check Displacement and Pollution**

### **Report of a Public Hearing**

BHARAT DOGRA

Pollution and displacement increasingly threaten the life and livelihood - indeed the very existence - of several rural communities. Panchayati Raj can play a very important role in checking this, but this potential has not been adequately realised yet. A lot of work needs to be done to realise this potential of panchayat raj in checking pollution and displacement. This was the conclusion that emerged from a public hearing on 'Panchayats, Pollution and Displacement' organised in Gorakhpur on July 31 with the co-operation of the Institute of Social sciences and ALGI, New Delhi with two local organisations - Gorakhpur Environment Action Group and Laghu Seemant Krisha Morcha. Evidence from five crisis areas was presented at this public hearing in the presence of eminent panelists including senior academics, scientists, lawyers and journalists by panchayat representatives, social activists and villagers, including several women.

In the first session of the public hearing, Govardhan Prasad Gond, President of Bhoomi Bachao Sangharsh samiti (Save the Land Struggle Committee) said that in Kaasyaan block of Kushinagar District, about 660 acres of farm land in seven villages is being acquired for what is essentially a statue and park project although some medial and educational institutions have been added to give some legitimacy. He said that 90 percent of this is irrigated land, and most of this is 3-crop land. He said that non-stop struggle and dharna to oppose this land-grab have continued for over 1100 days and will continue. People are firmly opposed to this, but pradhans are reluctant to openly oppose the administration. Ramsheesh Singh said that some panchayat representatives support the struggle but not openly. Kamla Devi, a woman farmer from this area said that we'll never give up our land no matter what happens. Dr. Shiraz Wazih said that while there are court directives to avoid the takeover of fertile irrigated land as far as possible, fertile farmland is being acquired in this project and the same happened in the acquisition of land for GIDA. The second session of the public hearing was on serious pollution problems in a stretch of about 10 villages of Sardarnagar block, Gorakhpur district. The harmful gas released by a fertiliser factory, the polluted water and foul smell released by a distillery and the ash spread by a sugar factory have caused grave damage to the crops and fertility of farmland, polluted the water sources and are destroying the health of human beings as well as animals. The villagers stood against this pollution. At one stage, some compensation for crop loss was given, but later it was discontinued. Villagers who protested were beaten up, jailed or carried



away to far away places where they were released.

One pradhan Santram (Dudhai village) has played an active role in opposing pollution. He said that he helped some villagers to get compensation when their buffaloes died after drinking polluted water. Villagers said other pradhans have not been active in opposing pollution, although they have written letters to officials. In the third session villagers described how pollution of Aami river by effluents from some industries of Gorakhpur Industrial Development Authority (GIDA) and a paper mill is ruining the lives of villagers located near the river. Madan Srivastava, panch from Nagva village (Piprauli, Gorakhpur) said that agriculture, animal husbandry and fisheries all livelihoods have been very adversely affected over a wide stretch of villages. Drinking water is adversely affected in many villages. Panchayats representatives took up this problem with authorities. While some steps have been taken, on the whole, the pollution of Aami river still remain serious. Shanti Devi said that we were assured some action will be taken soon, let's see what relief we get.

In the fourth session, speaking about the problems of taungya settlers their representative Kailash Nishadh said that while their ancestors had been settled here for planting trees, later they started facing eviction threats. As a result of their organisation and the passing of forest rights law, now they feel somewhat more secure, but the fact remains that they still don't have legal titles to the land cultivated by them. The biggest problem is that these settlements are not recognised as revenue villages hence they cannot get the benefits of various government development schemes. They don't even have job cards under MNREGA. Most of the taungyas don't have any Panchayat Raj. Although the government promised some time to give various facilities and benefits to taungyas, this has not *yet* been implemented. So this is a case not of panchayats not been effective enough, but of panchayats not existing at all.

- **Source:** *Panchayati Raj Update, Institute of Social Science, September 2010*



To the people of India let us ensure maximum democracy and maximum devolution. Let there be an end to the power brokers. Let us give power to the people. These were the words of Prime Minister Rajiv Gandhi on 15 May 1989 when he introduced the first ever amendment (64th) to the Constitution to give constitutional status to the panchayats. More than twenty years have passed.

We have amended the constitution and created the new generation of panchayati raj. But has power been devolved to the people? Where do we stand today?

It is universally accepted that the parliament or state assemblies constitute the super structure of democracy and the local governments, which are nearer to the people, are the base. In order to give power to the people, strong vibrant local governments (panchayats and municipalities) are a necessary sine qua non. It took more than 110 years after the Ripon resolution (1882) gave the status of self-government for local bodies and 84 years after Gandhiji began to champion the cause of *Gram Swaraj*, for panchayats to get constitutional status on 24 April 1993 through the 73rd (Constitution) Amendment Act, thereby becoming the "institutions of self-government."

When the Lok Sabha and Rajya Sabha passed the two amendments to the Constitution (73rd and 74th) on 22 and 23 December 1992, it was hailed as "historic" and beginning of a silent revolution. By all accounts it was a radical piece of legislation in form and content. Where does it stand now after about 18 years?

To begin with, this period has not been altogether disappointing. Given the severe social and political constraints - social inequality, caste system, patriarchy, feudal setting, illiteracy, uneven developments - within which it had to function, the new panchayati raj had set in motion a silent social revolution that would transform India.

Today elections to the local self-government institutions every five years have become a norm although in the initial years almost all the states irrespective of the party in power had defied the constitutional provision with all the power at their command. As the civil society organizations took the initiative to fight the anti-constitutional approach of the states by filing public interest litigations (PILs), the judiciary at different levels effectively intervened.

Constitutional bodies like the State Election Commission, State Finance Commission etc., in all states are now firmly in place. The SECs have taken up the panchayats elections seriously giving a lot of credibility to the grassroots level democratic process. In some states like Bihar, UP, Uttaranchal, Maharashtra and Gujarat, SECs have gone a step further. Taking the cue from the Supreme Court order of May 3, 2002 relating to the Right to Information of electors regarding criminal antecedents, assets and liabilities of the candidates, the State Election Commissioners have issued orders in conformity with the Supreme Court Order. After all, the voters in the panchayats and municipalities also have their right to get the information about the candidates.

As local self-government bodies have come into existence throughout the country, their functioning has come under scrutiny. A congenial climate for taking govern-



ance to the doorsteps of the people is slowly being created. A major achievement of this process is that patronage and clientelism are slowly shifting from traditional castes and families to political parties and ideologies.

As a close observer of the working of panchayats for a long period, I find serious shortcomings as well. The fact that the local government system in this country, which was inaugurated with great enthusiasm, is facing enormous problems and powerful enemies are a matter of serious concern. The intensity of the negative forces varies from state to state because panchayat is a state subject. Many state governments are riding roughshod over the local government institutions.

The shortcomings that the panchayats face today call for a new deal which is the need of the hour. Only then they can open a new chapter for the eight hundred million people living in our villages.

This new deal should make panchayats institutions of local government as envisaged by the Constitution.

It must ensure ways and means to make panchayats and municipalities (the district and below), the third tier of government in the country. Thus we can say goodbye to the Collector Raj and bring in District Governments.

It must ensure autonomy to implement the policies and programmes to eradicate poverty in this country at the earliest but not later than 20 years so that by 2025 poverty line becomes totally irrelevant for India.

Since we have a federal system, the governments and political parties must show the political will to give power to the people at the centre and state levels; cosmetic actions will not work.

I feel that the new Ministry of Panchayati Raj should have been the Ministry of Local Government bringing the urban and rural under one umbrella. Now with a powerful Ministry of Rural Development and two ministries looking after Urban Affairs, very little is left for the Ministry of Panchayati Raj to do.

I would like to underline the fact that if we slacken our efforts to keep the institutions of local self government at the centre stage and as a top agenda of the policy makers and practitioners, the best chance we got through the 73rd and 74th Amendments will be in peril. Let us move forward with a strong commitment for decentralized governance. There is a long way to travel.

Source: YOJANA February 2011



## Press Clippings

**Lowering the age limit from 65 years to 60 years under Indira Gandhi National Old Age Pension Scheme and increase in rate of pension to persons of 80 years and above**

The Cabinet on **09-June, 2011** approved lowering the age limit for the Indira Gandhi National Old Age Pension Scheme

(IGNOAPS) from 65 years to 60 years and increasing the rate of pension from Rs. 200 to Rs. 500 to persons of 80 years and above. The revised norms would be applicable with effect from 1st April, 2011.

It is estimated that lowering of the age limit would benefit about an additional 72.32 lakh persons in the age group of 60-64 years and living below the poverty line. It is estimated that 26.49 lakh persons above the age of 80 years and living below the poverty line, would become eligible to receive enhanced central assistance @ Rs. 500 per month. At present 169 lakh persons above the age of 65 years and living below poverty line are receiving central assistance under IGNOAPS.

The additional funds required will be Rs. 1,736 crore for providing old age pension @ Rs. 200 per month per beneficiary in the age group of 60-64 years and Rs. 953 crore for providing enhanced pension @ Rs. 500 per month per beneficiary of age 80 years and above. Thus the total additional requirement will be Rs. 2,770 crore including 3% administrative expenses.

As a result of change in the eligibility criteria for receiving old age pension, eligibility criteria for widow pension under IGNWPS and disability pension under IGDPS will get revised from 40-64 years to 40-59 years and from 18-64 years to 18-59 years respectively.

**Connecting Rural Roads in Uttarakhand  
06-June, 2011 17:25 IST**

The Ministry of Rural Development has released grant in aid

worth Rs. 155.22 Crores (Rs. One Hundred Fifty Five Crore and Twenty Two Lakhs only) for construction of rural roads in Uttarakhand under Pradhan Mantri Gram Sadak Yojana (PMGSY). The sum is the part payment of 1st installment of Phase-VIII under Pradhan Mantri Gram Sadak Yojana as grants in aid to the Uttarakhand Rural Roads Agency (Uttarakhand Rural Roads OSRRA). OSRRA is the agency executing the works taken up under Pradhan Mantri Gram Sadak Yojana (PMGSY) in the state.



Pradhan Mantri Gram Sadak Yojana is a 100 % centrally sponsored scheme to provide road connectivity in the rural areas of the country. PMGSY envisages connectivity to all habitations with a population of 500 persons and above in the rural areas and about 250 persons and above in respect of the hilly states, tribal areas and desert areas through good and all weather roads.

**National Panchayat Directory/Profiler  
03-June, 2011 15:25 IST**

In its continuous efforts to implement the e-Panchayat concept the Ministry of Panchayati Raj has advised the States/UTs to pre-

pare a National Panchayat Directory/Profiler. Accordingly, the following steps have been recommended by the Ministry:

- (i) Each Panchayat should have a unique code as all applications will string on these unique codes. Therefore, mapping of GPs to census villages and vice versa is critical for implementation of PES. States should complete this work urgently.
- (ii) Although currently, GPs are mapped with Census 2001 codes, it has to migrate to Census 2011 codes, for which suitable software is being developed.
- (iii) The new version of National Panchayat Directory (NPD) can generate notification capturing alteration of GP boundaries and Panchayat codes will be generated automatically by the system. This application should therefore be used as workflow.
- (iv) Since own website gives identity & pride, dynamic web-site for each Panchayat has been created as a part of National Panchayat Portal (NPP). The States instead of re-investing in creating Panchayat web-sites separately, should identify web site administrator and content manager for each Panchayat and conduct training programme for content creation, uploading and management.
- (v) National Panchayat Profiler needs to be updated periodically as it would facilitate building a detailed socio-economic database for integrated planning and profile of elected representative for training. Basic Statistics for Local Level Development (BSLLD) being collected under MoStatistics scheme, should be uploaded on the Panchayat Profiler.



National Rural Livelihoods Mission (NRLM), a re-christened version of the ongoing Swarn Jayanti Gram

Swarozgar Yojana recognizes that the poor people have the potential to come out of poverty with proper handholding, training and capacity building and credit linkage. The handholding support to the SHGs will be in the form of external and internal. External support structure will consist of dedicated professional institutions at the State level, district level and sub – district level whereas internal support structure will evolve in the form of SHG federations at the village level, and block level and later on at district level. NRLM also recognizes that poor people have multiple livelihoods – wage employment and self employment. It will stabilize and enhance incomes from both the livelihoods. It will also promote diversification of livelihoods.

NRLM will have special focus on the poorest households, who are currently dependant on MGNREGA. These families will be supported to broaden their livelihoods through assets and skill acquisition. This will enhance the quality of their livelihoods significantly.

NRLM is based on large scale successes in states such as Kerala, Andhra Pradesh, Tamil Nadu, Bihar and Madhya Pradesh where social mobilization and building strong institutions of the poor have led to significant reduction in poverty and empowerment of the poor.

The role of Banks will be of prime importance under NRLM as a source of credit for the poor at reasonable rates. NRLM will focus on getting banks to lend to the poor by making them bankable clients through smart use of subsidy. NRLM will focus on women as we believe that the best way of reaching out to the whole family is through the woman. There will be a special focus on vulnerable sections: scheduled tribes, scheduled castes, minorities, women headed families, etc. The second focus of NRLM would be rural youth of the country who are unemployed. They will be supported through placement linked skill development projects through which their skills will be upgraded through short term training courses in sectors which have high demand for services.

A unique feature of NRLM is that it would be led by the poor themselves. It would utilize the services of Community Resource Persons (CRPs) who are women who have themselves come out of poverty through being a part of the Self Help Group. They will spread the concept of NRLM from one village to another and from one district to another making NRLM a people's movement.

Since the level of development of each State is different so also the availability of local resources and the level of skills of the people, therefore, the State will have the flexibility to develop their own action plans based on their local requirements and availability of resources. It will be a demand driven approach. The main features of NRLM are as follows:

**Universal social mobilisation through formation of SHGs under NRLM.** To bring each



and every BPL household under the SHG network. To ensure that all the poor in the country are made a part of the social mobilization process in order to empower them, socially and economically. During the remaining period of the 11<sup>th</sup> Plan it is proposed to form about 10 lakh new SHGs. All existing SHGs will be strengthened.

To take the social mobilization process to the next stage of maturity **SHG federations will be set up at the levels of villages, cluster of villages, blocks & districts.** The Federations will nurture the SHGs; enable them to become good quality institutions, help SHG members in articulating their demands, enable collective action for getting their entitlements with various Government departments, developing backward and forward marketing linkages, maintenance of accounts, conducting audits and documentation.

The goal of **universal financial inclusion** will be furthered by enabling SHGs to be linked to banks and to access credit from them.

**Capacity Building and Training** – Under NRLM it is proposed that upto Rs. 7500 per beneficiary would be provided for capacity building & training in place of the present provision of Rs. 5000 per beneficiary. It is proposed to provide basic orientation training to all the swarozgaris. Skill training will be provided to the swarozgaris who are entering micro enterprise level.

In order to ensure institutional arrangement for skill development for self employment and wage employment, dedicated training institute for rural BPL youth i.e **Rural Self Employment Training Institutes (RSETIs)** are being set up with the aim of having at least one such institution in each district of the country. These RSETIs will be set up with the partnership of banks. The Ministry will provide one time grant for construction of RSETIs @ Rs 1.0 crore per RSETI and the land for it would be provided by the State Governments. Recurring expenditure for running the RSETIs would be provided by the concerned banks.

**Provision of enhanced Revolving Fund & Capital Subsidy- Revolving Fund-** To meet the requirement both in terms of consumption and taking up the income generating activities, it is proposed to raise the amount of **revolving fund to Rs 15000 per SHG.**

**Capital Subsidy-** It is proposed to provide subsidy of Rs 15,000 to individual Swarozgaries of general category and Rs 20,000 to SC/ST and people with disabilities. For SHGs, subsidy will be Rs. 20,000 per capita subject to a maximum of Rs 2.50 lakh, whichever is less. The capital subsidy will be provided to the SHGs either through their federations or directly. NRLM will attempt to make a smart use of subsidy so that it helps in building a credit track for the SHG members so that they are seen as credit worthy clients by banks for extending loans to them for their various needs.

**Introduction of Interest Subsidy-** Under NRLM, interest subsidy will be provided to SHGs for prompt repayment of loans to banks. The difference between 7% and Prime Lending Rates (PLR), will be provided to the poor households for every loan accessed from the banks, up to a limit of Rs 1 lakh per household. This is with a view to enhance viability and competitiveness of SHGs and encourage the repay-



ment of loan by them.

At present the DRDAs/blocks have skeleton staff and are over burdened with a multiplicity of programmes. Under NRLM it is proposed to provide **professional support** at all levels – National level, State level, district level to Sub district level in different specializations. This will facilitate in hand-holding of SHGs and taking them through the natural evolution process, whereby they are first geared to meet their consumption needs and then take up micro-enterprises for livelihoods promotion activities through a mix of their own savings, borrowing from the group and from the banks.

**Involvement of States for State specific Action Plans:** It is proposed to provide flexibility to the States for formulating their own poverty alleviation plans on the basis of available resources and skills.

**Special Projects-** For skill upgradation and placement, at present there is a provision of 15% of the SGSY allocation for special projects. It is now proposed to make these special projects as a subset of NRLM and earmarking 20% of allocation for special projects. Out of this 15% will be for placement linked skill development projects and 5% for innovative projects. Half of the 15% for placement linked skill development projects will be transferred to the states for projects within the states and the remaining will be retained at the center for inter-state projects.

**Improved evaluation and monitoring** Presently evaluation of SGSY is done by commissioning studies through NIRD and other reputed organizations and the programme is monitored through online Monthly Progress Report, regular meetings of the Performance Review Committee, visit by Area Officers and the mechanism of DLMS (District Level Monitors), NLMs (National Level Monitors) etc. In addition to these, NRLM will put in place a (i) a comprehensive MIS encompassing database of SHG profiles, federations, training institutions and activities, placements of trained beneficiaries, marketing of products etc., (ii), concurrent and mid-term evaluations, (iii) social accountability practices like social audits etc. to facilitate monitoring & bring in transparency in program implementation.

A mission approach will enable time bound achievement of the goals of N.R.L.M.

NRLM will have partnerships with:

Civil Society Organizations, Industries , Educational Institutions & Other resource organizations.

**Future Plan:** The NRLM will be implemented in a phased manner. It is proposed to cover all the blocks of the Country within a period of seven to eight years. The States are expected to fulfill the following norms, at the earliest, before transiting from SGSY to NRLM:

State level agencies and the district/sub-district level units are set up

Professional staff has been trained and placed

State level poverty reduction strategy has been formulated

Formation of State level Core team with a nodal officer

Ministry of Rural Development has already finalised the 'Framework for Implementation' for NRLM and circulated to all States.



**Use of Priasoft and Planplus Under e-Panchayat**  
**31-May, 2011**

The Ministry of Panchayati Raj has advised the States/UTs to adopt the use of PRIASoft and Plan Plus

under e-panchayat module. In a letter sent to the States/UTs the Ministry says that adoption of an accounting system consistent with Model Accounting System (MAS) for the Panchayats, which would be greatly facilitated by PRIASoft, is one of the performance conditions under 13th FC award. Implementation of MAS & PRIASoft in the remaining States is, therefore, required urgently by training of Master Trainers at District/Block level, who in turn could train GP Staff. MoPR & NIC would assist.

Applications in PES have inter-linkages. States like Gujarat, Kerala, W. Bengal and Karnataka that already have their own accounting s/w, should align their system with PRIASOFT so as to integrate with other PES applications.

Plan Plus software should be extended to all districts and for all Central/State schemes and not be limited to BRGF, given its simplicity & versatility in matching wishes of people with available schemes/resources, their convergence, generating integrated plans and transparency & people's participation in the whole planning process.

The Ministry of Panchayati Raj is working with the Ministries of Rural Development and Finance for integrating different applications, such as PRIASoft, PlanPlus, NREGASoft, CPSMS, to facilitate uploading of information at a single point.

Similarly, flagship programmes like NRHM, SSA, ICDS, etc. should be motivated to use e-Panchayat for the evident advantages. e-Panchayat Consultants could demonstrate PES to the respective State line departments.

The National Population Registry data should be hyperlinked to Panchayat Portal to know about houses without toilet, drinking water etc. BPL data base of 2011 should be integrated with individual benefit schemes like IAY/SGSY/NRLM and also Social security schemes. This would make PES more citizen friendly.



**Regional Training Institute Kolkata**  
**Indian Audit and Accounts Department**