CHAPTER II

ORGANISATIONAL, ADMINISTRATIVE AND FINANCIAL STRUCTURE

1. Organisational Structure

1.1 Role of Organisation:

The choice of an organisation to implement a project and the development of guidelines and procedures for running the project have often proved to be critical factors in meeting project objectives. Even when the projects are otherwise technically well prepared, they are not likely to meet the expectations if sufficient attention is not given to management and organisational issues. Some of the questions that have to be answered in this context are whether a project will be implemented by the existing government agency or by a new agency under the government set up or by non-governmental agents and what will be the role of the local governmental organisation and the officials in implementing or supporting the project.

1.2 Organisational Effectiveness:

Organisational effectiveness is an essential input for planning and implementation of development programmes. It is almost a prerequisite for implementation of IRDP as it is an additive programme dependent largely upon the coordinated efforts of a large number of government departments at the district level.
Apart from human factors, the basic elements of organisational effectiveness are:

1. Organisational structure and
2. Task allocation and quality of performance.

With the introduction of Community Development Programme in the Country in the fifties, a nation wide organisational structure has been created through Community Development Blocks, with linkages at all levels. This was one of the major achievements of what? The Community Development Programme, over the years, lost its focus because of the shift in the policy and strategy for rural development. However blocks as an organisation for development administration at the grassroot levels continued to stay and function as units of planning and implementation, through its original structure which became innervated particularly with regard to its administrative and control system.

The subsequent special rural development programmes based on agency approach were created and they had separate administrative control. They were Small Farmers Development Agency (SFDA), Drought Prone Area Programme (DPAP), Hill Area Development Agency (HADA), Command Area Development Authority (CADA) and Tribal Development Agency (TDA) and these were administered at the district level. The main idea behind the agency approach was to provide more operational flexibility in the implementation of the programmes.

The DRDP was initially administered by then existing special programme agencies but later when it was extended to all the blocks in the country, a new organisational structure named District Rural Development Agency (DRDA) was set up in all the districts. The districts which already had the special programmes
were re-organised into DRDA and for the remaining districts, it was
constituted afresh.

2. Organisational Set-up

2.1 National level:

Department of Rural Development in the Ministry of Agriculture,
Government of India, has the overall responsibility of Policy formulation,
monitoring and evaluation of the programme. A central committee on IRDP and
allied programmes has been constituted with the Secretary, Department of Rural
Development as its Chairman. The functions of the Committee are:

a. Planning and revision of guidelines for the programme.
b. To ensure effective implementation of guidelines.
c. To review preparation of Block Plans, District Plans Annual Plans
   and Credit Plans.
d. To review preparation and the linkages for supporting services for
   the IRDP beneficiaries.
e. To consider changes in administrative set-up under IRDP and for
   other rural development programmes.
f. To review the progress of these programme.
g. To consider concurrent evaluation reports.
h. To provide a forum for a continuous dialogue with the State
   Governments.
i. To consider proposals for strengthening of infrastructure of training
   institutions, establishment of new training institutions etc.
2.2 **State Level:**

The Department of Rural Development is responsible for planning, implementation, monitoring and evaluation of IRDP. A State Level Coordination Committee (SLCC) has been constituted to assist this department in discharging these responsibilities.

**The composition of the SLCC of the State Government:**

The Chief Secretary is Chairman and the members include:

1. Secretary, Department of Finance
2. Secretary, Department of Planning
4. Joint/Deputy Secretary, Department of Rural Development is the member secretary. States also may include other officials/non-officials whose presence they deem necessary in the meetings. The State Level Co-ordination Committee which meets every quarter has the following functions to perform.

1. To provide leadership and guidance to the DRDA in the planning, implementation and monitoring of the programme.
2. To secure inter departmental co-ordination between various implementary agencies of programmes like operation flood, operation blackboard, applied nutrition programmes etc. and to ensure development of strong backward and forward linkages for the programme.

3. To consider needs and changes in the administrative setup for the implementation of the programme and approve the establishment pattern and sanction the posts according to them. To fix norms for office expenses, equipment, vehicles, hiring of accommodation where necessary.

4. To review the physical targets of the district keeping in view the objective conditions effecting the provision and operation of viable schemes and modify the targets for the districts accordingly, keep in view the overall objectives.

5. To monitor and evaluate the implementation of the programme with reference to the objectives of the programme.

6. To provide a forum for a meaningful dialogue between the policy-makers at the state level and the implementing agencies at the field level.

There is a project formulation cum monitoring cell at the state level for the programme which consists of a maximum of seven experts/officers from the departments of Planning, Animal Husbandry, General Co-ordination, Accounts Director (TRYSEM), than one district covered under DWCRA.
2.3 District Level:

The IRDP was initially administered by special programme agencies such as SFDA, DPAP, CADA and later extended to all the blocks in the country. To administer the Rural Development Programme effectively an administrative set-up namely District Rural Development Agency (DRDA) was set-up in all the districts.

2.3.1 Organisational Structure of DRDA:

The DRDA has a Governing Body with Collector of the concerned district as the Chairman. The Project Director is the Member Secretary and the other members include all MPs and MLAs of the district, head of the Central Co-operative Bank, Chairman of the Regional Rural Bank, Chairman of the Zilla - Praja Parishad or his representative, Lead Bank Officer, General Manager (DIC), District Family Welfare Officer, District Employment Officer, Project Officer (ITDP), Regional/District Officer of the Scheduled Caste Finance Corporation representative of District Milk Union; Two representatives of the weaker sections one of whom may be drawn from SCs and STs. (These representatives may be the beneficiaries of the programme). One representative of rural women, preferably a beneficiary.

The Chairman of the DRDA is empowered to form an Executive Committee to assist the DRDA. The Executive Committee can consist of all the district level officers and any other officer deemed necessary for the planning and implementation of the programme. The Governing Body of the DRDA should meet once a quarter and the executive committee once a month.
The main functions of the Governing body are

a. To provide Policy guidance with respect to implementation of IRDP.

b. To bring about coordination between sectoral departments, banks and DRDA for the implementation of IRDP and

c. To ensure overall implementation of IRD programme in all blocks of the district.

2.3.2 Role and Functions of the DRDA:

The DRDA is in overall charge of the planning, implementation, monitoring and evaluation of the programme in the district. Accordingly, the following functions are contemplated for DRDA.

1. Administer subsidy which is a free grant to the beneficiaries from Central and State Governments on a fifty-fifty basis.

2. Help block administration in the conduct of baseline survey and identification of beneficiaries.

3. Assist block administration in the formulation of perspective block plan as well as the annul action plans for IRDP.

4. Develop Liaison between DRDA, Block and Financing institutions (Commercial Banks, Regional Rural Banks and Co-operatives) for advancing credit to the IRDP beneficiaries.

5. Assist block functionaries in the formulation and grounding of beneficiary schemes.
6. Monitor the programme process as well as its impact.

7. Create programme specific infrastructure.

8. Co-ordinate with sectoral departments for availing of their support for implementation of IRDP and

9. Help banking institutions for utilisation and recovery of loan and act as an agency to mobilise and deliver inputs to the IRDP beneficiaries.

2.3.3 Allocation and Performance of Tasks:

The tasks of APOs can be divided into General and Specialised functions.

2.3.4 Specialised functions:

APOs are expected to assist the block officials in the identification and formulation of schemes related to their area of specialisation. The APO (Planning) is concerned with the preparation of block plan. APO Co-operation/Credit Planning prepares IRDP credit plan as a component of the block plan. The APO (Monitoring) is incharge of monitoring of IRDP.

2.3.5 General Functions:

The general tasks of the APOs include supervision of implementation of IRDP and follow-up. They perform all types of function irrespective of their
specialised competence. No specific demarcation of duties for individual APOs is done. Under the general supervision of the Project Director each APO is fully responsible to provide assistance required by the blocks falling within his jurisdiction and also to maintain liaison with banking institutions operating in the sub-region.

APO (planning) is assisted by one statistician and two field investigators. He helps the block staff in the formulation of perspective plan. The APO (Monitoring) has the responsibility of monitoring IRDP in general and the economic impact of beneficiary schemes in particular.

APOs are concerned with specialisation in Agriculture and their respective fields have to prepare schemes, appraise and help the block and bank officials in grounding and implementation of schemes.

2.4 Block Level:

Block as an organisation and a unit of planning and implementation of development programmes ever since its origin has not only acquired considerable importance but also played a vital role in providing organisational support to all type of Rural Development Programmes. For planning and implementation of IRDP obviously, the block has been considered as a unit and therefore, financial allocations as well as fixing of targets have been done on that basis. The responsibility of planning and implementation of IRDP, beyond doubt lies mostly with the block organisation.
ORGANISATIONAL STRUCTURE OF BLOCK
(AS IT EXISTS NOW)

DISTRICT DEVELOPMENT OFFICER

Sectoral Departments

Block Development Officer

Vet. Asst. Surgeon

E.O. Animal Husbandry

E.O. Agriculture

E.O. Co-operation

Medical Officer (PHC)

E.O. Statistics/Progress Asst.

E.O. Panchayat Raj

E.O. Education

J.E Minor irrigation

VLW (4-5)

Panchayat Sevak/Panchayat Secretary (8-10)

--- Administrative and Functional Control
--- --- Formal Linkages
Therefore the Block is the basic unit for preparation of perspective and annual action plans, implementation of the Programme as per the approved plan and provide feedback on the impact of the programme. Hence, the Block Development Officer (BDO) is required to perform the role of the chief co-ordinator in the block and also see that plans are prepared in time and implemented effectively. Generally a senior officer of the State Government is posted as BDO. The BDO is assisted by Extension Officers (EOs) and Village Development Officers (VDOs).

2.4.1 Job Profiles of Extension Officers:

The tasks to be performed by the Extension Officers (EOs) can be categorised into:-

1. Specialised task covering the whole Block and

2. Rural Development Supervision which could be done in a specified part or a sub-region of the Block.

Their specialised jobs will be:

a. Collection and maintenance of basic information relating to their sectoral activities.

b. Formulation of Programmes/Projects as per the tasks assigned by the respective departments.

c. Implementation and Supervision of the departmental Programmes/Projects and
d. Preparing review projects/reports on departmental programmes. One of the Extension Officers will be incharge of exclusive supervision of IRDP.

2.4.2 Role and Functions of VDOs/VLWs:

At the Block Level, the VDO is considered to be the official who makes the institutions respond appropriately to the changing needs of the situation. He has been assigned to perform varied functions. They include:

(i) Some of them should act as a friend, philosopher and guide of the villagers in his circle.

(ii) To work as a representative and medium of contact between all development department on one hand and the villagers on the other.

(iii) To create proper understanding regarding objectives, contents and method of work of the rural development programmes among the villagers and their organisation and to create an awareness among the villagers for self-help efforts and

(iv) To understand their problems and find out solutions therefor.

Effective implementation of rural development programmes in an integrated manner calls for better planning of the District level and below. It also needs closer monitoring, evaluation and tighter organisational set-up to ensure optimum use of available resources and to reach the benefits to those for whom they are meant.

3. Administration Structure

Administration of IRDP involves in the aspects of planning,
implementation, monitoring and evaluation. The processes of these aspects are as follows:-

3.1. Planning:

The Government of India formulated a set of operational guidelines for Block Planning which has been emphasised from the beginning of the IRDP. According to the guidelines the Block Planning has two broader aspects:-

(i) Formulation of perspective plan for the Block for a period of five years with a detailed analysis or resource potential of the block area and an operational programme for resource and infrastructure development in the block through sectoral departments.

(ii) Formulation of an Annual Action Plan each year for about 600 beneficiaries in such a way that the schemes provided to the beneficiaries are matched with the local resource potential and infrastructure already available or to be created in the block.

For Annual Action plan, it has also provided that instead of taking the whole block, a cluster of villages can be selected for implementation of IRDP schemes in each year so that the whole block could be covered in a cascading manner over a five-year period coinciding with the Sixth Five Year Plan.

The entire spectrum of Integrated Rural Development Programme at the cluster level could be assumed as a system having a number of programme components, each one of them being considered as a sub-system.
ADMINISTRATION OF IRDP

PLANNING
- Formulation of Comprehensive block Planning
- Formulation of Annual Action Plan
- Identification of beneficiaries through base-line survey
- Selection of clusters and distribution of beneficiaries
- Formulation of cluster Plan and household projects
- Programming for implementation

IMPLEMENTATION
- Preparation of loan applications
- Transmission of applications to the banks
- Sanction of schemes
- Procurement of assets
- Insurance cover for various assets

MONITORING & FOLLOW UP
- Maintenance of Vikaspathrika
- Officials visit to the beneficiaries and their assets
- helping the beneficiaries in maintaining the assets
- Asset verification (Annual Physical verification)
- Periodical reporting
- Constant guidance and follow-up and problem solving
- Recovery of loan

EVALUATION
- Periodical Evaluation of the programme by the authorised/agencies/organisations
- Midterm evaluation
- Concurrent evaluation
- Making changes in the programme based on the evaluation
As the development programme starts with various goals and objectives, different types of projects are to be formulated and executed to achieve the objectives. Three important parameters are involved in the basic objectives of IRDP. They are:

(1) Identification of beneficiary families who are below the poverty line.

(2) Formulation and implementation of suitable as well as economically viable occupations for each beneficiary family and

(3) Management of the programme through effective planning, implementation, monitoring and control to achieve the desired objective of increasing the income of the beneficiaries to enable them to cross the poverty line. To achieve these objectives of the IRDP, cluster approach has been initiated by the Government of India. The cluster chosen for implementing IRDP would be independent projects and the various types of avocations chosen for the beneficiaries would become sub-projects of the cluster.

3.1.1 Formulation of perspective Block Plan and Annual Action Plan:

Formulation of a perspective Block Plan is an important dimension of IRDP. The Block Plans are formulated by the sectoral departments at the district level. Credit Plans are prepared by the Lead Bank Officer on the basis of tentative targets furnished by the DRDA and other district level officers. Within the overall frame of perspective plan, Annual Action Plan for each block was to be prepared for implementing beneficiary-oriented schemes for about two households identified
through household baseline income survey. The Annual Action Plan, therefore, is a package of two micro household projects, each one being an independent viable scheme intended to generate desired level of employment and income for the selected beneficiary. In order to ensure that income generation takes the anticipated path, it is important that economic viability and feasibility of the schemes are determined precisely before the Annual Action Plan is formulated.

The another aspect of the Annual Action Plan as suggested in the guidelines is implementation of schemes by adopting the cluster approach by spreading them over a large area or even over the whole block.

Cluster Planning for operationalising IRDP envisages the steps of

(i) Selection of cluster and distribution of beneficiaries.
(ii) Identification of beneficiaries through base-line survey.
(iii) Formulation of cluster plan and household projects and
(iv) Programming for implementation.

3.2 Implementation:

Implementation process includes the scheduling of the programme over a period of one year. After formulation of cluster plan, phasing of the activities on monthwise fixing target of beneficiaries to be assisted should be checked out. While doing so, types of activities and their relationship with the climate of different seasons should also be taken into consideration.

Implementation is the process by which plans get translated into action. In order to achieve the goals set out in the plan, a proper implementation
schedule should be chalked out so that each and every action could be taken within a definite period of time within the limited resources.

The implementation of IRDP Annual Action Plan begins with scheduling the programme over a period of one year, formulating financial plan for each household scheme, arranging bank credit and subsidy, purchasing of assets and handling them over to the beneficiaries for operation and generation of income. Conceptually the implementation process ends with the handling of the scheme to the beneficiaries, but in the case of IRDP schemes, the process continues to be in operation till the beneficiary reaches the predetermined incremental employment and income level.

3.2.1 Scheduling of IRDP Action Plan:

The IRDP action plan is a sort of check list detailing the implementation of schemes for 600 beneficiaries to be grounded within a period of one year. According to the guidelines, scheduling should be done on a monthly or quarterly basis to help official machinery and the financing institutions to handle the cases efficiently.

3.2.2 Financial arrangement for beneficiary schemes:

After the work schedule for implementation is prepared, the next stage in the process would be the decision on the size and cost of each scheme and also financial arrangements for the schemes. The entire task has to be performed by the block officials with the help of banks.
3.3 Monitoring:

The ultimate objective of all Rural Development Programme is to reduce and if possible, eradicate poverty by increasing income level of the rural poor. The intention behind provision of assets is to ensure that these are utilised in a planned manner, forming part of a broader project and generate the required surplus. It requires same degree of ability to manage and service the assets, on the part of the beneficiaries. Efficient management, however, is something rare, to come by among them. They are not only below the poverty line, but also the efficiency line. How the rudiments of management could be imparted to them is the major concern of the monitoring system to be installed for IRD Programme. The specific meaning of monitoring with regard to IRDP consists of instituting necessary follow-up action to ensure sustainment and economic viability of the schemes provided to each beneficiary family.

The monitoring system should have five features. They are:

(i) Activities to be monitored.
(ii) An information system.
(iii) A reporting system.
(iv) A monitoring authority.
(v) Follow up action.

The various activities carried out in the block/cluster should be monitored for completion of those activities as also for their impact on income and employment generation. The next feature is appropriate information system. This is based on the information on the working of the various activities under implementation, either it is positive or negative. Information system presupposes
a reporting system for building up information from below to the level of monitoring authority. Forms for reporting are essential and also a hierarchy as to who will report to whom. Follow up action is the post essential aspect of monitoring. The very purpose of monitoring is to be able to provide follow up action for correcting programmes at the level of implementation. The reporting channel can also be utilised for follow-up action.

3.3.1 Monitoring Mechanism:

As per the guidelines of IRDP the various monitoring mechanism are Vikas Patrika, annual physical verification of assets, periodical returns, review meetings, visits and beneficiaries' meetings.

3.3.2 Vikas Patrika:

The follow-up on the projects given to the beneficiaries should be done through the instrument of the Vikas Patrika. It should be done by the block officials and bankers to see that the beneficiary is properly managing his assets and is able to generate sufficient incremental income. Two copies of this document should be prepared, of which one copy should be given to the beneficiary family and the other should be kept at the block headquarters, both the copies should be kept continuously updated regarding the health of the project.

3.3.3 Annual Physical Verification of Assets:

An annual physical verification of assets may also be undertaken on a
campaign basis at the end of every year. The results of such verification should be incorporated in the Annual Plan for the next year.

3.3.4 Periodical Returns:

The monthly return is being submitted regularly by the DRDA to the state. The information required for the monthly progress report is being collected either through correspondence or during meetings and individual visits.

3.3.5 Reports:

At the Central Government level, the programme is continuously monitored on the basis of telex/telegraphic report, monthly key indicator report, annual progress report and annual income generations reports. The states will send consolidated information received from the DRDA to the Centre as under:

(a) Telex/Telegraphic Report:

Telex/Telegraphic report should be sent by the 5th of the succeeding month.

(b) Monthly Key Indicator Report:

Monthly key indicator report should be sent so as to reach the centre by the 20th of every succeeding month.

(c) Annual Progress Report:

Annual progress report covering all the DRDAs in the state on the
implementation of the IRDP should be sent by the end of the succeeding month of
the year ending. The annual progress report should be sent along with an
analytical note on the implementation of the IRDP in the state particularly on the
following points:-

(i) The physical and financial progress during the year.

(ii) The linkages provided and availed for various activities.

(iii) General comments on the implementation of the Programme including
      suggestions, if any.

(d) **Annual Income Generation Report:**

The annual income generation report should be sent by the State
Governments by the 30th June of the succeeding year along with an analytical
note, particularly with reference to qualitative performance of the programme.
This report should be prepared in respect of the beneficiaries assisted one year
before the year under report.

3.3.6 **Review Meetings:**

In the SLCC, quarterly or half yearly discussions should be arranged for
review of the findings emerging out of qualitative monitoring of the programme
as a standing agenda. Selected Chairman\Project Directors should be invited to
such meetings.
3.3.7 Inspection:

In order to develop a consistent system of monitoring the implementation of IRDP at Block\DRDA level through field visits and Physical verification of assets, the following schedule of inspection of families by the various levels of officers is suggested:-

1. District Magistrate\Chairman of DRDA 10 per month
2. District Development Officer\Project Officer, DRDA 20 per month
3. APO (Monitoring) 40 per month
4. SDMs 20 per month
5. BDOs 20 per month
6. ABDOs\Joint BDOs 20 per month

3.3.8 Visits:

The visits include those made to subordinate officers for inspection and review - the reference here in mainly to the visits made to contact and talk to the beneficiary. The visits of the VDOs should provide impact in providing the feedback in taking action.

Chairman, DRDA should prescribe a suitable number of field visits for the officers of the line departments and obtain their inspection reports.

3.3.9 Beneficiarie’s Advisory Committees:

It may be pointed out here, that the Ministry’s manual (1986) makes a
reference to the constitution of a Block Level Beneficiaries’ Advisory Committee and Panchayat Beneficiaries Sub-Committee. It is understood that instructions have been received in the Block\Office regarding the constitution of these committees. When these committees start functioning, the beneficiaries will have an opportunity of providing a direct feedback to the authority regarding their problems.

3.3.10 Registers:

The Registers being maintained by the Progress Assistant in the block office include

(1) Identification Register
(2) Margin Money Register
(3) Subsidy Register
(4) Register of Beneficiaries

3.4 Evaluation:

A simple, fool-proof system of evaluation and control becomes imperative for effective implementation of a multifaceted programme like IRD at block level.

In order to understand, the impact of the programme, it is necessary to evaluate the programme periodically, several organisations and State Governments have conducted various evaluation studies on IRDP. Some of them are:

i) Reserve bank of India

(ii) Programme Evaluation Organisation
(iii) National Institute of Rural Development (NIRD)

(iv) National Bank for Agriculture and Rural Development (NABARD)

(V) Institute of Financial Management and Research (IFMR).

Evaluation studies may be given to the reputed institutions and Organisations on the areas of the programme thrown up by the concurrent evaluation as meriting detailed studies. These studies may be given by the center and as well as the states. The states may give evaluation studies subject to the condition that the expenditure over DRDA per year is not more than Rs. 40,000. The proposals for the evaluation studies by the DRDAs would be considered and cleared by the SLCCs (State Level Coordination Committees).

3.4.1 Concurrent Evaluation:

A system of concurrent evaluation has been started in the Seventh Plan. Reputed institutes and organisations in the states are being identified to carry out survey of the new and repeated beneficiaries in a given number in the given blocks and DRDAs. Copies of survey reports are given to the State Governments and Government of India. The institutes and organisations for the survey are selected by the Government of India in consultation with the states. The findings are analysed and results shared with State Governments.

3.4.2 People’s Participation:

People’s participation can be viewed through (i) Involvement of People individually or collectively and (ii) participation of People’s organisation
particularly Panchayatraj bodies and co-operatives. Active participation of the local people in the implementation of the programme starts with the association of the entire village community with the procedure of identification of the beneficiaries. In addition the prominent Voluntary Action Group and Bodies engaged in socio-economic activities with the objective of rural up-lift should also be associated with the programme.

3.4.3 Involvement of Voluntary Agencies:

The voluntary organisations should be in the implementation of the programme. Some funds would be earmarked from IRDP for implementation of the programme by voluntary agencies through CAPART, New Delhi. These funds would be released to voluntary organisation for their projects by CAPART, New Delhi.

The State Government should earmark some funds from IRDP allocation for the implementation of the programme through voluntary agencies. These voluntary agencies may function through people's action for development of the state, wherever these exist. The State PAD would perform all the functions of DRDA for the voluntary agencies and 'single window approach' should be followed so that these voluntary agencies only deal with and report to the organisation. Where there are no PADS, the DRDAs may administer the funds for the voluntary sector and involve voluntary agencies in the implementation of the programme.

If the voluntary agencies so desire, the DRDAs may earmark the areas/villages for implementation of the programmes by voluntary agencies.
3.4.4 Block Level Beneficiarie's Advisory Committee:

Beneficiarie's Advisory Committee at the block level may be constituted to provide a regular forum to the beneficiaries to actively participate in the implementation of the programmes. The Committees would be composed of members elected by the IRDP beneficiaries of each village Panchayat in a block. One member will be elected by all the DRDA beneficiaries of the village Panchayat from amongst themselves in a meeting called by the VLW. These elected members will represent the beneficiaries of Village Panchayat Advisory committee at the block level. The elected representative of the Panchayat of the block should, then meet at the block level and elect a Chairman and Vice Chairman of the Committee from amongst themselves. Block Development Officer, the Officers of other development departments directly connected with the implementation of the IRDP and the bankers in the block may also attend the meetings of the committee.

3.4.5 Meetings of the Beneficiaries Advisory Committee:

This committee should meet at least once in every quarter. The committee in its first meeting should decide a day of the month on which the meetings will always be held. Only in case of a change in the date, a formal notice of the changed date should be issued.

3.4.6 Functions of the Committee:

The Committee should perform the following functions:
a. Discuss the programme procedures and arrangements in the light of the experience of the beneficiaries and suggest warp of improvements, wherever necessary.

b. Discuss areas of co-ordination and interaction amongst various departments and non-government agencies in order to secure better support for DRDP activities.

c. Identify gaps in backward and forward linkages and give suggestions for filling up these gaps with particular reference to the contribution of the beneficiaries in helping to fill up these gaps.

d. Identify the responsibility and contribution of the beneficiaries in creating their own bargaining power in the market.

e. Identify the areas of leakages in the programme and suggest ways of plugging them.

f. Undertake steps for increasing the awareness of beneficiaries.

3.4.7 Expenditure & Administrative Assistance:

BDOs should provide the secretarial assistance to the committee. The expenditure on the conduct of the meetings, the stationery and other item, travel expenses of the elected members of the committee should be met from the allocations apportionable to expenditure on administrative infrastructure under the programme.
3.4.8 Tenure of the committee:

The tenure of the committee and its office bearers should be one year. The new committee should be constituted every year following the prescribed procedure of election etc.

3.4.9 Panchayat Beneficiaries' Sub-Committee:

All the beneficiaries of a panchayat are meeting for electing their representatives for the Block Level Beneficiaries Advisory Committee may be formally organised into Panchayat Beneficiaries Sub-Committee. This sub-committee should meet once in three months to discuss the felt needs and problems of the beneficiaries so as to make their elected members to the Block Advisory Committee critically aware of and respective to the needs of the population, these members represent. The elected member representing the Panchayat in the Block Level Beneficiaries’ Advisory Committee should be the President of the sub-committee, VLW should provide the secretarial assistance for these meetings.

4. Financial Structure

4.1 Funding Pattern and Financial Procedure:

4.1.1 Criteria for Allocation of Funds to the States:

During the Sixth Plan, funds were allocated to the states on a uniform basis according to the number of blocks. Allocation are now being done in relation to the
incidence of poverty in the states. Funds devolved to districts are based on a formula evolved by the State Government and approved by the Government of India. Further devolution to the blocks is done by the Governing Body of the DRDA based on level of poverty, opportunities and banking infrastructure available.

The economic activities under the programme are financed through a package of subsidy and credit. Funds for the expenditure on subsidy and other items related to the administrative and infrastructural expenditure are provided in the budget of the Centre and the States.

4.1.2 Eligible items of Expenditure:

The items of expenditure charged to the budgetary provision are:

a. Subsidy for the economic activities.
b. Programme infrastructure
c. Administrative infrastructure

4.1.3 Quarterly Budgeting/Targeting:

To avoid bunching of activities at the end of financial year, the allocation shall be utilised during the year as under:

- First quarter (April to June) .. 15%
- Second Quarter (July to September) .. 25%
- Third Quarter (October to December) .. 35%
- Fourth Quarter (January to March) .. 25%

In case there is shortfall in utilisation of funds, the allocation may be
reduced proportionately and funds will be deducted from the release of second instalment of central share.

4.1.4 Release of Funds:

The principles governing the release of funds are

a. The expenditure should be equally shared by the Centre and States.

b. For Union Territories the entire expenditure is met by Government of India and

c. The expenditure should not be repugnant to the objective and the needs of the programme.

The funds are released in two instalments by the centre.

4.2 Release Procedure for Central share of IRDP funds:

4.2.1 Release of First Instalment:

The release of the first instalment can be made without any formal request from the DRDAs, if the second instalment in the previous year had been released without any condition. If this instalment was not released at all or was released with some conditions, formal requests for release of first instalment are required from the DRDAs after the conditions have been fulfilled/ reasons for non-release of the second instalment have been met.
The release of the first instalment should ordinarily be completed by the end of the second month of the financial year.

4.2.2 Release of Second Instalment:

The second instalment of Central funds is released on the fulfillment of the following conditions.

1. Budget Provision for the current year may be indicated by the State Governments. The Central release will not exceed it.

2. The State Government should have released matching contribution during the previous year. Deficiency in release of matching share will be deducted from the second instalment.

3. The opening balance of the DRDAs should not exceed 25% of the allocation of the year in which funds are being released. In case, the opening balance exceeds this limit, the central share of the amount by which it exceeds this limit will be deducted at the time of release of second instalment.

4. Expenses on administrative infrastructure should be contained within the applicable ceiling of 10%, 12.5%, 15% on the case may be, on the final allocation under IRDP. In case, the expenditure on administrative infrastructure exceeds the permissible limits in the previous year, the Central share of the amount by which it exceeds the limit will be deducted at the time of release of second instalment. One time capital investment on installation of Computer and Telex would not form a part of administrative infrastructure for the purpose of such deductions.
5. 50% utilisation of available funds including carry forward funds.

6. Audit reports and utilisation certificates for the year before last should be available.

7. Annual plan should have been approved by the Governing body of the DRDA.

8. Any other terms and conditions imposed at the time of the last release should have been met.

9. The half yearly target as on 30th September under the scheme of quarterly budgeting should have been achieved. If the DRDA fails to achieve the quarterly target, suitable deductions would be made from the Central share of second instalment.

For cold desert districts, the conditions are different for the release of funds.

4.2.3 Subsidy Pattern:

Under IRDP, subsidy is provided for economic activities on the following pattern:

<table>
<thead>
<tr>
<th>Individual/Family</th>
<th>25%</th>
<th>33 1/3%</th>
<th>Subject to a ceiling of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small farmers</td>
<td></td>
<td></td>
<td>Rs.3000/- per family in non</td>
</tr>
<tr>
<td>Marginal Farmers/ Agricultural Labourers</td>
<td></td>
<td></td>
<td>DPAP/DDP areas and</td>
</tr>
<tr>
<td>Non-Agricultural Labourers and Rural Artisans</td>
<td></td>
<td></td>
<td>Rs. 4000/- in</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>DPAP/DDP areas.</td>
</tr>
</tbody>
</table>
c. Of these Scheduled 50% Rs.5000/- per family in all Caste, Scheduled Tribe rural areas families and physically handicapped persons

d. Individual Minor Irrigation Projects Under IRDP
   a. Small farmers - 25%
   b. Marginal farmers - 33 1/3 %
   c. Scheduled Caste/Tribe - 50% families and physically handicapped persons

   Absolutely monetary ceilings are not applicable in these cases.

   The State Governments may, through their own agencies (Irrigation Department, Tube well Corporation, DRDA, etc) undertake free boring or blasting the rocky strata in hard rock areas where simple boring is not possible in the land of small, marginal and Scheduled Caste tribal farmers. The cost of an individual borewell or the blasting should fall within the limit of Rs. 3000 for small and marginal farmers in normal areas, Rs. 4000 in DDP/DPAP areas and Rs. 5000 for Scheduled Caste, tribal families and handicapped persons in all areas.

4.2.4 Community Minor Irrigation:

For such projects more than 50% of the land holders in the Ayacut should be IRDP small and marginal farmers and they should own not less than 25% of the land. Cost apportionable for group members will be in proportion to their land as a percentage of total land in the Ayacut. Of this cost, each IRDP family will get 50% subsidy. No monetary ceilings are applicable on the amount of subsidy in such cases.
4.2.5 Co-operative Registered Society of beneficiaries:

To provide incentive for group activities of IRDP beneficiaries, 50% of the capital cost subject to individual ceilings as mentioned in Individual/Family Subsidy pattern is subsidised in case of Co-operative/registered society of beneficiaries. All members of the Co-operative registered society should be IRDP beneficiaries.

4.2.6 Rearing of Heifer:

To improve the productivity of milch cattle reared by IRDP beneficiaries, assistance is given for heifer rearing as indicated below:

- **a. Small and Marginal farmers**: 50% Subject to a ceiling of Rs.3000/- per family
- **b. Agricultural Labourers**: 66 2/3% [subject to a ceiling of Rs.3000/- per family]
- **c. Scheduled Caste/Scheduled Tribe families and Physically handicapped persons**: 50% Subject to ceiling of Rs.5000/- per family

4.2.7 Subsidy Credit Linkages:

The subsidy should be linked to credit and should be given in kind except the working capital component which may be given in cash, to provide economically viable projects to the beneficiaries. However, for capital investments upto Rs.1000 credit linkage is not obligatory. This provision should be resorted to only in exceptional circumstances.
4.2.8 Programme Infrastructure:

The general infrastructural support to the activities under the programme should come from the regular sectoral departments of the states. 10 percent of the IRDP allocation is allowed to be spent on filling up not critical gaps in the infrastructure directly related to the projects of IRDP beneficiaries. Funds for infrastructural development should in no case, be used to augment resources of the State Government for development of general infrastructure. The proposals for infrastructural development should form part of annual plan of the block and district.

4.2.9 Administrative Infrastructure:

A part of the IRDP allocation can be utilised for meeting expenditure on administrative infrastructure at DRDA level as per state norms. The proportion will be as follows:-

- DRDA having 4 or fewer blocks .. 15%
- DRDA having 5 or 7 blocks .. 12 1/2 %
- DRDA having 8 or more blocks .. 10%

Where there are no State norms, these may be laid down with the approval of SLCC. While working out these norms, a co-ordinated view of administrative infrastructure required for all the rural development programmes implemented by DRDA and blocks such as JRY etc. may be taken and funds earmarked for administrative infrastructure under these programmes may also be taken into
account. Vehicles acquired for IRDP work shall not be taken outside the district jurisdiction. The DRDA vehicles should not be fitted with luxury items like air conditioners, cassette players, costly upholstery etc.

4.2.10 Norms for Administrative Infrastructure:

The state norms for office equipment, vehicles, hiring of accommodation, construction of office building etc., will be applicable to the DRDA/blocks. Where there are no such norms or where modification in State norms is considered necessary, the matter will be placed before the SLCC. The SLCC may regulate this expenditure within the overall permissible limits.

4.3 Utilisation of Interest Earned by DRDA:

The interest earnings of the DRDAs should normally be utilised for augmenting programme resources. It can also be utilised as per norms fixed by the State Government on the following items:

a. Meeting balance material cost of construction of multi purpose centre for DWCRA groups under JRY.


c. Replacement of condemned vehicles given by UNICEF for DWCRA schemes.

d. House building advance to directly recruited own staff of the DRDA.

e. Loans to DRDA staff for purchase of two wheelers and other short term loans and advances.
f. Construction of residential building / staff quarters for DRDA / block staff in exceptional circumstances in certain specially difficult and backward districts, etc. desert, tribal and mountaineous. This however, should be undertaken only with prior approval of Government of India. Land required for this purpose shall have to be provided by the local administration.

g. Innovative schemes for implementation in the field is subject to the approval by the Governing Body of DRDA. Expenditure on such schemes should not exceed Rs. 50,000 per annum.

h. Consumption credit can be given for marriages, births and deaths, religious ceremonies etc. to IRDP beneficiaries who are not defaulters in repayment of IRDP loans. The consumption loans so provided will be subject to a maximum of Rs. 1000/- in each case and will be recoverable in suitable instalments not less that 10 in number. The rate of interest for consumption loans will be the same as per IRDP loans i.e. 10% per annum (simple).

4.4 Institutional Finance for IRDP:

The assistance to beneficiaries under IRDP comprises of two components viz., loan and subsidy. The major part of the investment comprising the loan portion has to come through institutional credit.

4.4.1 Project based Lending:

Lending to the beneficiaries should be on a project basis to be phased
according to the nature of the project. The loan is to be sanctioned for the project as a whole. Moreover, it is to be a composite loan when both the elements of fixed capital and working capital are present in the project. The size of the working capital component is also determined by the nature of the project. There is no ceiling for this. However if the project has the element of working capital alone, the project cost in such cases should not normally exceed Rs. 1000/- inclusive of subsidy.

The size of the loan to the beneficiary should be determined by the requirements of the project. Under financing or part financing by reducing loan amount to match it with subsidy ceiling should not be resorted to. Investment norms for a large number of projects have been worked out by NABARD, participating banks or the state agencies. Unit cost can be updated by NABARD at the state level for farm sector and standing committee at the district level for non farm sector. NABARD refinance is governed by approved unit costs derived in this manner. Some discretion is available with branches (15%) for providing additional finance in special circumstances over and above these unit costs.

4.4.2 Norms of Lending:

a. Loan Amount:

The loan amount would be equal to the total project cost minus the amount of subsidy admissible to the beneficiary.

b. Interest rate:

The interest rate structure announced by the RBI w.e.f. 22nd September, 1990 for the IRDP loan is as under:
<table>
<thead>
<tr>
<th>Size of loan</th>
<th>Rate of Interest (Simple) % per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 7500</td>
<td>10.0</td>
</tr>
<tr>
<td>Over Rs. 7500 and upto 15000</td>
<td>11.5</td>
</tr>
<tr>
<td>Over Rs. 15000 and upto Rs. 25000</td>
<td>12.0</td>
</tr>
<tr>
<td>Over Rs. 25000 and upto Rs. 50000</td>
<td>14.0</td>
</tr>
<tr>
<td>Over Rs. 50000 and upto 2 lakhs</td>
<td>15.0</td>
</tr>
<tr>
<td>Over Rs. 2 lakhs</td>
<td>16.0 (Minimum)</td>
</tr>
</tbody>
</table>

The participating credit institutions get automatic refinance from NABARD for the loans given under IRDP.

c. **Security Cover:**

The security norms for IRDP loans are given below:

**Security norms relating to Banks’ advances under IRDP**

<table>
<thead>
<tr>
<th>Type of Borrower activity/Credit facility</th>
<th>Loan Amount</th>
<th>Security to be furnished</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Investment loans for activities in agricultural and allied sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Where movable assets are created</td>
<td>1. Upto the cost of economic unit or Rs. 10,000 which ever is lower.</td>
<td>Hypothecation of assets created out of bank loan.</td>
</tr>
<tr>
<td></td>
<td>2. Others (ie for amounts over under 1 above)</td>
<td>Hypothecation of assets created out of bank loan and mortgage of land.*</td>
</tr>
<tr>
<td>2. Where movable assets are not created (eg. dug well, development of land etc.)</td>
<td>Rs.1000 and over</td>
<td>* Mortgage of land</td>
</tr>
</tbody>
</table>
Security norms relating to Banks' advances under IRDP

<table>
<thead>
<tr>
<th>Type of Borrower activity/Credit facility</th>
<th>Loan Amount</th>
<th>Security to be furnished</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. ISB Sector :-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Artisans, Village &amp; Cottage Industries</td>
<td>Composite loan upto Rs. 25000/-</td>
<td>Pledge/hypothecation of assets created out of the loan.</td>
</tr>
<tr>
<td>2. Others</td>
<td>-do-</td>
<td>-do</td>
</tr>
</tbody>
</table>

* Where there are genuine difficulties in mortgage of land, bank may take third party guarantee or such other security as considered appropriate for the purpose.

4.4.3 Security norms for Supplementary Assistance:

Supplementary dose of assistance need not be combined with the first dose for the purpose of applicability of the existing security norms if:

a. The loanee is a different member of the family i.e. not the same as the borrower for the first dose of assistance.

b. The activity to be assisted under the supplementary dose is different, even if the loanee is the same beneficiary.

4.4.4 Village Credit Camps:

For successful implementation of IRDP, effective coordination between Banks and Government officials at the field level is essential. For this purpose credit
camps at the village level or cluster of 3 to 4 villages where the beneficiaries can come without any difficulty have been found to be useful in completing formalities. All formalities upto the stage of sanction should be completed at these credit camps.

4.4.5 Distribution of Loan on Fixed days:

With a view to eliminate possible malpractices in the disbursement of IRDP loans and also to facilitate proper supervision and surprise inspections by higher officers, instruction have been issued by RBI that rural branches of banks should fix one day in a week for the disbursement of loans to IRDP beneficiaries in rural areas. Information regarding days fixed by each branch should also be furnished to the DRDA/BDO, the District Industries Centre, etc.

4.4.6 Number of instalments for repayment of loans:

Loans under IRDP are treated as medium term loans. The repayment period of the loan should atleast be 3 years. Instruction to this effect have been issued to all financial institutions by Government of India, RBI and NABARD.

4.4.7 Loan Pass books:

RBI has issued instruction to all banks to issue loan pass books to IRDP beneficiaries. These pass books should inter-alia, contain details such as the date of sanction of loan, amount of loan sanctioned, subsidy received, rate of interest, amount due under each instalment, due dates of instalments etc.
4.4.8 Recovery of IRDP loans:

The DRDAs may organise credit cum recovery camps periodically where the beneficiaries may be impressed upon to repay their dues promptly.

While computing the figures of advances and recoveries the banks are to exclude the amount of subsidy received so as to reflect the factual position. The banks are to report separately the amount of recoveries under IRDP. The recovery performance under IRDP is to be discussed in Block Level Consultative Committee (BLCC) and District Level Consultative Committee (DLCC) and a programme of action be finalised between bank officials and district, block and tehsil officials about the action to be taken to tackle the difficult cases.

4.4.9 Involvement of Bank Officials in Purchase of Assets:

The bank officials should not be involved directly in the selection of equipment/products or suppliers. The bank officials should not compel a borrower to purchase specific product from a particular dealer.

The DRDA can assist in consultation with concerned district authorities in the purchase of assets suited to the requirements of individual beneficiaries and DRDAs can also help beneficiaries in availing of bulk purchase discount and rate contract facilities.

4.4.10 Observance of non-banking day:

Banks are required to observe one day in a week as non-banking day to enable the bank officials to go to the field and attend to the problems of beneficiaries.
4.4.11 Risk Fund for Consumption Credit:

To meet the small consumption needs of weaker sections of society, a scheme of Risk Fund for consumption credit has been in operation as a non-plan scheme since 1977-78. The scheme is intended to enable commercial banks, co-operative banks and regional rural banks to provide consumption loans not exceeding to Rs. 1000 per borrower belonging to weaker sections of the society.

5. Refinance for IRDP Loans

Commercial banks (including Regional Rural Banks and Co-operative Banks) are eligible to get refinance from NABARD for the loans disburse under IRDP upto 90% of the total quantum of loans. The eligibility for refinance is related to the recovery position of the banks. The rate of interest charged by NABARD for refinance under schematic lending is 6.5%. In addition, insurance cover to Commercial Banks and Regional Rural Banks is also available through the Deposit Insurance and Credit Guarantee Corporation.

6. Summary

District Rural Development Programme was initially administered by the existing special programme agencies and later, when it was extended to all the blocks in the country, a new organisational structure named District Rural Development Agency (DRDA) was set up in all the districts. At national level, Department of Rural Development in the Ministry of Agriculture, Government of
India, has the overall responsibility of policy formulation, monitoring and evaluation of the programme.

A central committee on IRDP and allied programmes has been constituted with the Secretary, Department of Rural Development as its chairman. At state level, the Department of Rural Development is responsible for planning, implementation, monitoring and evaluation of IRDP. A State Level Co-ordination Committee (SLCC) has been constituted to assist this department in discharging these responsibilities. To administer the rural development programme effectively, administrative set up namely, DRDA was setup by the State Government. The DRDA has a Governing Body with Collector of the District as the Chairman, in the concerned district. The Chairman of the DRDA is empowered to form Executive Committee to assist the DRDA. For planning and implementation of IRDP, obviously, the block has been considered as a unit and therefore, financial allocations as well as fixing of targets has been done on that basis.

Administration of IRDP involves in the aspects of planning, implementation, monitoring and evaluation. The block planning has two broader aspects of formulation of perspective plan for the block for a period of 5 years and formulation of annual action plan each year for about 600 beneficiaries.

Implementation process includes scheduling the programme over a period of one year by the block office. The block has to monitor the programme activities for the impact on income and employment generation. The monitoring mechanisms are vikash patrika, annual physical verification of assets, periodical returns, review meetings, visits and beneficiaries meetings. In order to understand the impact of the programme, it is necessary to evaluate the programme periodically.
During Sixth Plan, funds were allocated to the states on a uniform basis according to the number of blocks. Allocations are now being done in relations to the incidents of poverty in the States. Funds devolved to districts are based on a formula evolved by the state government and approved by the Government of India. Further devolution to the blocks is done by the Governing Body of the DRDA based on level of poverty, opportunities and banking infrastructure facilities available.

The economic activities under the programme are financed through a package of subsidy and credit. The scheme is funded on 50:50 basis by the centre and states. The release of the first instalment can be made without any formal request from the DRDAs, if the second instalment in the previous years had been released without any condition. Ten percent of the IRDP allocation is allowed to be spent on filling up of critical gaps in the infrastructure directly related to the projects of IRDP beneficiaries. A part of the IRDP allocation can be utilised for meeting expenditure on administrative infrastructure at DRDA level as per state norms.

The assistance to beneficiaries under IRDP comprises of two components namely, loan and subsidy. The major part of the investment comprising the loan portion has to come through institutional credit. Lending to the beneficiaries should be on a project basis to be phased according to the nature of the project. The loan amount would be equal to the project cost minus the amount of subsidy admissible to the beneficiary. Commercial banks are eligible to get refinance from NABARD for the loan disbursed under IRDP upto 90 percent of the total quantum of loans. The eligibility for refinance is related to the recovery position of the banks.