CHAPTER - I

INTRODUCTION

What characterises rural India

Rural India is at the centre-stage of all growth in the future. However it continues to suffer from lack of basic infrastructure. Caught in the vicious poverty-cycle, rural India, in absence of adequate infrastructure, rural India finds it difficult to undertake activities that can accelerate economic growth. Home to close to 69 per cent of India’s total population, rural India faces the daunting task of providing sustainable income and employment opportunities to a major section of the population, especially the lower-income households. In absence of infrastructure facilities, there is lack of market-access to rural population, slow growth in organized retail and thus, limited livelihood opportunities, stagnation in agriculture and aggravation of rural poverty-levels. Absence of infrastructure also makes rural markets fragmented, characterized by high costs of transactions and high information asymmetry. The retail sector offers unprecedented opportunities for rural India and the only thing that can hold this sector back is the lack of infrastructure.

Two-thirds of India’s consumers live in rural areas and a little more than half the national income is generated here. Therefore it is not surprising that that rural markets form an important part of the Indian market. In more than 630000 villages, there are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas. Middle and high-income households in rural India are expected to grow from
80 million to 111 million by 2008. In urban India, the same is expected to grow from 46 million to 59 million. The size of the rural market therefore will soon be more than double the size of the urban market. In the modern world where technology is tradable and factor markets (labour and capital) have become integrated both locally (farm labour moves from Bihar to Punjab) and globally (through foreign direct investment), infrastructure plays an enabling role in bringing world markets to local areas. Since infrastructure enables growth, any growth strategy must actively plan for producing the necessary infrastructure to support growth targets. Indeed, instead of trying to engineer growth.

**Estimates from the National Council of Applied Economic Research**

Through interventions in the production of goods and services, governments are better off providing for the infrastructure that supports such growth. Numerous studies the world over have revealed that investments in rural infrastructure is one of the most potent tools that governments can use to enhance growth and reduce poverty in rural areas. Investments in roads, tele-communications, power supply, drinking water facilities, schools and health care facilities have a positive effect on the quality of life in rural areas. However, there has been stagnation in the level of public investment in rural infrastructure in India, as well as in most developing countries. Even post-reforms, in the period of 1993-94 to 2002-03, there has been a decline not only in the share of budgetary expenditure on all rural development and poverty alleviation programmes from 2.08 to 1.87 per cent, but also the share of rural infrastructure development in all social services and poverty alleviation programmes has declined from 32 per cent to 25 per cent. The decline in public investment in rural infrastructure development has been on account of the fact that total
government expenditure has been curtailed due to the ‘structural adjustment programmes’, and also due to the low priority attached to rural infrastructure by most governments in developing countries (Fan. 2000). In absence of complementary and supporting infrastructure from the government, even private investments in infrastructure in rural India have also not really taken-off.

**The Agricultural sector in India**

India’s reforms concentrated on industry and services, while the sectors that have been left untouched are agriculture, land, labour and retail. Leading the pack of problems that have been left unsolved is, ironically, the sector where a bulk of population resides. The rural sector in India got completely sidelined by the reform process. In India, rural is synonymous with agricultural and therefore, with the exception of a few issues that are non agricultural, the rural tragedy is indeed the agricultural tragedy. In the twentieth century, agricultural growth stagnated as a result of a series of droughts and famine. The Green Revolution in the 1960s raised productivity levels on the one hand, but was rather harshly criticized for widening income disparities between rich and poor farmers on the other. The late 1960s and early 1970s witnessed a modernized agriculture with new equipment and farm technology. New fertilizers led to high yielding varieties, tractors replaced cattle and the immediate result was that the production of crops such as wheat and rice increased remarkably. But growth was far from uniform. In this context, it is important to take a look at some of the critical areas of concern where the farmer and agriculture growth are concerned. Firstly, it is important to focus on the skewed nature of agriculture production in India. Despite oft-repeated declarations of intent on the importance of crop diversification, the agriculture sector is heavily dependent on food grains. The relationship between food grains and food security is
so strong that effectively nothing is done towards diversification. As food crops suffer because of monsoons and prices, the economy suffers. On the other hand stocks pile up and lead to some embarrassment for the policy maker. Productivity levels continue to stagnate putting greater pressure on land and other resources. Intensive agriculture gives way to an extensive route and yields do not show any growth.

Secondly, there is a need to look at the rural employment scenario, an issue much neglected so far. The pattern of employment as it has emerged is indeed a cause of concern. In 1951, 70 per cent of the total work force was engaged in agriculture and has dropped to 54 per cent. The proportion of laborers increased for 20 to 27 per cent and cultivators declined from 50 to 32 percent. However these figures pale in comparison to the developed world. In Australia, 6 per cent and in France, only 7 per cent of the work force is engaged in agriculture. In the US and UK, the percentages are 3 and 2 per cent respectively. Even in Egypt, the work force in agriculture is less than 35 per cent. Third is the disturbing trend in exports. Indian Agriculture, according to Tenth Plan estimates, contributes only 14.7% to total export earnings. What is worse is that almost all of this is due to export of primary goods and very little produce is processed. Even within this, there is a predominance of just five or six crops namely, tea, rice, oilseeds, tobacco, spices and sugar. If overall export growth rate should be taken to the target of 25 per cent a year, it is imperative that agriculture exports are increased and that processed food replaces primary farm commodities in the export basket.

However, these are but three of a large number of issues that confront any student of the agriculture sector. The number of problems is large and has been extensively discussed. Risk mitigation, credit availability, warehousing, infrastructure, marketing support,
information issues, irrigation needs, extension services, quality of seeds, rural industrialization, harsh regulation, movement controls and many others continue to haunt the farmer. What is important here is to realize that growth in agriculture and access to markets for the small farmer is critical if the agriculture sector is to grow. The growth rate needs to be sustained and given the pervasive role of agriculture, it is axiomatic that reforms in the agriculture sector are imperative. Input subsidies leading to misuse and over use, support prices causing market distortions and the absence of market information are some of the urgent reform issues that need to be tackled. Therefore, if one were to look at what needs to be done, is simply the enabling and integration of agriculture markets. The farmer deserves the same access that industry has been bestowed with. Granting to the farmer small mercies like markets across state boundaries, export markets, access to information, bank credit, freedom to install machinery including cold storages, warehouses and processing plans, would go a long way in modernising the sector and helping it grow.

**Does access to infrastructure matter?**

There is a wealth of literature in economics that debates the role of infrastructure in economic growth, and tries to establish the precedence of one over the other. Kessides (1993)\(^1\), the World Bank (1994, 2001), Canning and Bennathan (1999), and Jalan and Ravallion (2002) have all demonstrated through rigorous theoretical, statistical and econometric modeling the role played by infrastructure in poverty reduction. Kessides, in her paper ‘The Contributions of Infrastructure to Economic Development – A Review of Experience and Policy Implications’, highlights that infrastructure contributes to economic growth, both through demand and supply channels. It

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\(^1\)Kessides, The Contributions of infrastructure to Economic Development, A review of Experience and Policy Implications, World Bank - Discussion Papers with number 213
economy, provides access to application of modern technology and raises the economic returns to labour and capital. Infrastructure contributes to raising the quality of life by creating amenities, and provides consumption goods. She, however, argues that infrastructure does not create economic potential, but only develops it where appropriate conditions (inputs like labour and capital) exist.

Canning and Bennathan (2000)\(^2\) argue that a conducive macro-economic environment is essential for efficient resource allocation to reap the positive impacts of infrastructure development. An orientation to economic demand considerations like services prices and user charges is essential as the most enduring benefit of infrastructure is the reliability and quality of the services demanded by the users. User charges should reflect supply and demand conditions, and non-market externalities as far as possible, to ensure that infrastructure is more economically efficient and environmentally favourable. Canning and Bennathan, however, posit that physical infrastructure investment is a form of ‘complementary capital’ that supports services necessary for the operation of productive private capital.

Jalan and Ravollion (2002)\(^3\) have attempted to establish a direct link between infrastructure and economic growth through extensive studies in rural China. As per their estimates, every 1 per cent increase in the road density per capita, the private consumption expenditure increases by 0.08 per cent in rural China. Similarly, poor households living in communes with paved roads have a higher probability of escaping poverty than households living in communes without paved roads. The paper also highlights the importance of rural infrastructure such as public assets like roads in lowering

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'Infrastructure and Development’ stressed the importance of efficient utilisation of infrastructure facilities. While in most underdeveloped and developing regions, it is important to increase the existing stock of infrastructure facilities, there should also be a focus on improving the effective utilisation of infrastructure facilities. Take for instance, irrigation infrastructure. On the one hand, it is important to invest in expanding the network of irrigation facilities and bring more area under irrigation cover. On the other hand, it is equally important to improve the utilisation rate of the existing irrigation facilities. The effectiveness of infrastructure is significantly dependent on its quality at the time of inception, as well as how well it is maintained over time. Finally, there is the question of measuring infrastructure. While there do exist many infrastructure indices in India like the AKC Index, the CMIE Index and the India Today Index, each of these indices have some inherent contradictions. Take for instance, the CMIE Index. It is unable to capture an essential ingredient of such an index. Consider two districts with similar population size and the same number of schools, hospitals, road length, etc. In one all the infrastructure facilities are

Economics, Delhi School of Economics), K. L. Krishna (Centre for Development Economics, Delhi School of Economics) and Uma Roy Choudhary (National Institute of Public Finance and Policy) in and around the district headquarters (town) while in the other, they are more dispersed across the villages. For most of the CMIE variables that make up their index, the two districts will be judged to be similar. This is because the CMIE index normalizes every infrastructure variable they use by the size of the population. However, as one has learnt from Kerala, it is more important to uniformly disperse facilities rather than have them concentrated in one place. Indeed, the former Indian President’s call for the provision
of urban amenities in rural areas is of great significance in this regard.

**Wage employment programmes in India**

Direct provision of wage employment is obviously an attractive instrument for poverty alleviation wherever the poor depend heavily upon wage employment for their income and also suffer from considerable unemployment and underemployment. Wage employment Programmes have sought to achieve multiple objectives. They not only provide employment opportunities during lean agricultural seasons but also in times of floods, droughts and other natural calamities. They create rural infrastructure which supports further economic activity. These Programmes also put an upward pressure on market wage rates by attracting people to public works Programmes, thereby reducing labour supply and pushing up demand for labour. While public works Programmes to provide employment in times of distress have a long history, major thrust to wage employment Programmes in the country was provided only after the attainment of self-sufficiency in food grains in the 1970s. The National Rural Employment Programme (NREP) was started in 1980.

Employment Guarantee Programme (RLEG) in 1983. These were the first initiatives towards central government sponsored schemes for wage employment 1989: Jawahar rozgar yojana: The NREP and RLEG were merged in April 1989 under the Jawahar Rozgar Yojana (JRY). The JRY was meant to generate meaningful employment opportunities for the unemployed and underemployed in rural areas through the creation of economic infrastructure and community and social assets. 1993: Employment assurance scheme: The Employment Assurance Scheme (EAS) was launched on 2 October 1993 covering 1,778 drought-prone, desert and tribal and hill
area blocks. It was later extended to all the blocks in 1997-98. The EAS was designed to provide employment in the form of manual work in the lean agricultural season. 1999: Jawahar gram samridhi yojana: The JRY was revamped from 1 April 1999 as the Jawahar Gram Samridhi Yojana (JGSY). It now became a programme for the creation of rural economic infrastructure with employment generation as a secondary objective. The Programme is implemented by the village panchayats and provides for specific benefits to SC/STs, the disabled and the maintenance of community assets created in the past.

The Programme is self-targeting in nature with provisions for special emphasis on women, scheduled castes, scheduled tribes and parents of children withdrawn from hazardous occupations. The works taken up under the Programme are labour-intensive and the workers are paid the minimum wages notified by the states. Payment of wages is done partly in cash and partly in kind – 5 kg of food grains and the balance in cash. The Centre and the states share the cost of the cash component of the scheme in the ratio of 75:25 2004: National food for work programme: The Food for Work Programme was started in 2000-01 as a component of the EAS in eight notified drought-affected states of Chhattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Orissa, Rajasthan, Maharashtra and Uttarakhand. The Programme aims at augmenting food security through wage employment. Food grains are supplied to states free of cost. This programme is now subsumed under the NREGP.

Implementation of NREGA

NREGA was launched across 200 districts in February 2006. The Act was extended to 130 new districts from April 2007. An amount of Rs 11500 crore was allocated by the Union Government for 13 implementation during 2006-2007. The 27 states could spend only
about Rs 8800 crore. The allocation is non-lapsable. Rs 12000 crore was allocated by the Union Government for 2007-2008. The central Government provides 90 per cent of the fund and the rest is provided by the states. More than Rs 15000 crore is available for the current fiscal. Centre will have to provide additional allocation if there is additional demand as NREGA is an Act not a scheme.

Rural development generally refers to the process of improving the quality of life and economic wellbeing of people living in relatively isolated and sparsely populated areas. Moseley, Malcolm J. (2003) rural development: principles and practice. Rural development has traditionally centered on the exploitation of land-intensive natural resources such as agriculture and forestry. However, changes in global production networks and increased urbanization have changed the character of rural areas. Increasingly tourism, niche manufacturers, and recreation have replaced resource extraction and agriculture as dominant economic drivers.

Ward, Neil; Brown, David L. (1 December 2009)⁴. The need for rural communities to approach development from a wider perspective has created more focus on a broad range of development goals rather than merely creating incentive for agricultural or resource based businesses. Education, entrepreneurship, physical infrastructure, and social infrastructure all play an important role in developing rural regions. Rural development research: a foundation for policy. Westport, Conn.: Greenwood Press. Rural development is also characterized by its emphasis on locally produced economic development strategies. Moseley, Malcolm J.(2003)⁵ rural development: principles and practice.

In contrast to urban regions, which have many similarities, rural areas are highly distinctive from one another. For this reason there are a large variety of rural development approaches used globally.


http://www.tandfonline.com/doi/abs/10.1080/15575330.2011.575231#preview Rural development programs are usually top-down from the local or regional authorities, regional development agencies, NGOs, national governments or international development organizations. But then, local populations can also bring about endogenous initiatives for development. The term is not limited to the issues for developing countries. In fact many of the developed countries have very active rural development programs. The main aim of the rural government policy is to develop the undeveloped villages.

Rural development aims at finding the ways to improve the rural lives with participation of the rural people themselves so as to meet the required need of the rural area. The outsider may not understand the setting, culture, language and other things prevalent in the local area.

As such, general people themselves have to participate in their sustainable rural development. In developing countries like Nepal, India, integrated development approaches are being followed up. In the context of many approaches and ideas have been developed and
followed up, for instance, bottom-up approach, PRA- Participatory Rural Appraisal, RRA- Rapid Rural Appraisal etc.

The history of rural development can be traced back to the late nineteenth century, in the year 1866 an English lady by the name of Rachel Metcalfe brought Quaker Service to India with avowed objective of “Selfless Service” to human kind, the first of such acts by this Quaker and other Quakers were visible in the famines of 1895-96 & 1899-1900. Training of local ruraliites in furniture making in the Rasulua (Hoshangabad) workshop is the first recorded and organized effort at rural construction, later on more Quakers fanned out to other areas also and by the year 1920 a new pattern had arrived, Hilda Cashmore established a rural settlement and named it Quaker Ashram in 1932, the ashram provided a host of services to the villagers.

Some others consider that the first attempt for rural development in India was made in 1885 with an ultimate objective of bringing immediate relief and development of rural areas in Baroda. In 1922, the Swaraj Ashram was established at Baroda by Magan Lal Gandhi. The Ashram aimed at preparing for non-cooperation, and the civil disobedience movement launched by the Indian National Congress under the leadership of Gandhi. The resolution for non-cooperation was passed earlier in September 1920 at the Calcutta Congress under the presidentship of Lala Lajpat Rai. This resolution included mainly two things: boycott of foreign goods and mass publicity for use of home-made khadi clothes. It was thought that boycott of goods in particular might not affect adversely the British trade. But spinning and weaving as an instrument for training in the qualities of self-reliance and self-confidence would definitely bring about a favourable impact on rural development.
Moreover, with the start of the Reform Movement by Adivasis during the period 1915-20, the Government suffered heavy losses in revenue, sales of liquor by contractors reduced drastically and the Adivasis also refused to do the agricultural work on low wages. In 1935, reconstruction centres were organized at several places, but start of the Second World War in September 1939 thwarted the progress of achievements of these centres.

“Grow More Food” campaign was started in 1943 with a view to augmenting the level of food production through planning and implementation of short-term and long-term improvement programmes in agriculture. Besides, a good number of projects aiming at Community development were introduced in different parts of the country by the Government of States/Union Territories.

The action of the Kisan Sabha under the leadership of the Communist Party worker Mrs. Godavari Parulekar in 1945, as an important step against exploitation in rural areas, for the first time, Adivasis made slogans against exploitation by landlords, moneylenders and contractors. As a result, the Minimum Wages Act was brought under enforcement in Forties to safeguard the interest of Adivasis working for forest contractors and plantation owners. And since 1947, the Government started to encourage formation of cooperative Labour Contract Societies for forest workers.

While summing up, it is apparent that since start of the last decade of the nineteenth century, quite a few centres of rural reconstruction were started from time to time in different parts of the country. These centres made systematic efforts for development of life and society of specific rural communities and tried to make full use of technological knowledge. And by the end of the Forties of twentieth century a number of such centres based on well defined principles
and approaches of community development were going on in various parts of the country. Some of these centres were started by the Government of sub-national level and some others were initiated by the great individuals and private organizations including Christian missionaries. Gandhian Constructive Workers and independent voluntary associations.

After independence, in September 1948 the first and the foremost “Pilot Project” was started in an area of 64 villages scattered in the vicinity of Mahewa, located at a distance of about 8 miles from the Headquarters of Etawah district. Subsequently, in the year 1949, there was again a move for “Grow More Food” campaign with a view to attaining self-sufficiency in foodgrains by 1952. In the same year, on 18th April, the Bhoodan Movement was started under the leadership of Vinoba Bhave. The aim of the movement was to acquire land through donation from individual landowners and distribute it fairly among the landless families. A similar kinds of movements like “Gramdan” and “Shramdan” were also started in the direction of rural development during this period. But one of the major shortcoming of these efforts was that they were more or less ad hoc and in co-ordinated in nature without any conceptually broad-based strategy. Besides, these efforts were also more in nature of trials rather than experiments with well defined approaches and methods.

The first Five Year Plan conceived the National Extension Service (NES) as the agency and community development as the method through which it was envisaged that the successive Five Year Plans would create a better, richer and fuller life for the teeming millions living in thousands of rural communities in India. The National Extension Service (NES) was started in 1952 by the Government of India with the establishment of 55 Community Development Projects across the states in the country. By the year
1963, the Community Development Programme was extended to cover the entire country by a network of 5,265 community development blocks.

A development block consisted of about 100 villages and covered a rural population of about one lakh. It was the lowest administrative unit and one of the constituent parts of the district. The headquarters of the block provided a concentration of administrative functions and the block boundaries were decided purely on the basis of administrative conveniences. The staffing pattern for implementation of developmental programmes included specialists of various departments/disciplines and they had to work under the supervision and leadership of Block Development Officer. The programme aimed at achieving the all-round development in block. The various programmes launched for this purpose included: (a) substantial increase in agricultural production, (b) improvement in systems of communication, (c) improvement in rural health and hygiene and (d) improvement in village education. Through these programmes it was aimed at initiating and directing a process of integrated cultural change which could transform the social and economic structure of the rural society in India. This was the most applied programme of rural development in India. It was apprehended that this newly setup block development agency at the local level would better ensure the people’s participation in the overall development of rural India. However, the experience of the first decade of community development witnessed only partial achievements and several deficiencies were gradually noticed, the most glaring among them was the total compartmentalization between urban and rural areas. In sum, the programme failed to make a significant dent on the rural set up and rural economy.
The Panchayat or the village council was the basic institution in the three-tier scheme of Panchayat Raj. The village council had the overall responsibility of carrying out the major functions as follows: (a) drinking water supply, (b) sanitation, (c) maintenance of public street, local roads, drains, culverts, etc., (d) lighting of village streets, (e) maintenance of land and cattle records and vital statistics, (f) supervision of primary schools and (g) welfare of backward classes. Besides, it was also to collect land revenue for Panchayat Samiti and Zila Panchayat on commission basis. However, the Panchayat Raj System finally proved to be unsatisfactory obviously because of numerous evils like financial, political, sociological, constitutional and administrative.

In the field of rural development, we notice that the cooperative movement made the most remarkable progress and the number of cooperative societies rose to about 35,000 by the end of 1963. But members of these societies never took keen interest in making the societies a great success. Further, in the year 1961, a new strategy primarily for agricultural development was evolved consisting of the following elements: (a) the districts which could best promise for food production, were required to be selected for intensifying the agricultural activities. These districts were expected to have a considerable amount of assured means of irrigation, pre-dominance of cereal cultivation, experienced peasantry, better transportation facilities, besides the network of Mandies and markets, (b) the full package of services comprising improved seeds, fertilizers, pesticides/insecticides, implements, extension advice and credit based on a farm household plan was planned to be provided on priority basis with a view to promoting the introduction of modern practices in the principal cereal crops and finally augmenting the overall cropping and land use patterns and (c) strengthening of
administrative structure through expansion in staffing pattern and establishment of institutions for education, training, credit extension and agricultural research was to be taken up simultaneously as a part of the package programme. The programme incorporating this strategy was termed as Intensive Agricultural District Programme (IADP) and was started on experimental basis in 37 districts in 1961 with the assistance of the Ford Foundation. The results of the programme were quite revealing in some of the selected districts like Ludhiana and Tanjore, whereas in some other districts the results were not so attractive. But in sum, a potential promise was demonstrated.

During the year 1965-66, the Hybrid Seed varieties, which were already supported with proven research results, were chosen for widespread diffusion along with the package approach and infrastructure of Intensive Agricultural District Programme. Pursuing this, the Intensive Agricultural Area Programme (IAAP) was, therefore, launched subsequently in as many as 117 districts with a view to widening the courage of maximum possible area under high yielding varieties. This new approach was followed with such a grand success that the period of its implementation was termed as Green Revolution. In spite of this, the programme could not play any significant role in rural development. Rather, it quickened the process of economic polarization in rural areas and contributed to increasing social antagonisms between landlords and tenants and land owners and labourers.

With the advent of the Fourth Plan in 1969, it was realized by the Planning Commission that ideology of equity in spatial development could not be achieved through adoption of ad hoc and piecemeal planning for urban and rural areas separately. Further, a clamor was raised by the geographers, planners, policy makers and
social scientists for an urgency of introducing an integrated approach to planning.

Consequently, realizing that the benefits of various development programmes were, in the main, being taken by those better endow in terms of land resources, the programmes especially designed for the development of small and marginal farmers and the landless and agricultural labourers were taken up in the early seventies. A special programme for the development of Drought Prone Areas (DPAP) was introduced in the mid seventies and a programme of development of desert areas in the late seventies. A programme of “food for work” was launched in the year 1977 to extend opportunities of work to the rural poor especially in lean periods of agriculture which would, at the same time, help in creating the durable community assets. During 1974-77, special Sub-Plans of development were introduced with a view to removing regional disparities particularly in less endowed or disadvantaged areas, like the hill and tribal areas. Similarly, a National Programme of Minimum Needs was also started during this period to secure to the rural areas within a reasonable time frame certain basic amenities in the field of education, health, drinking water, electrification, roads and house sites.

At the close of seventies, it was, however, realized that the size of the problem, which above programmes had to deal with, was enormous. The manner, in which the problem of rural poverty was tried to be solved, left much to be desired both qualitatively and quantitatively. It was only a small fraction of the rural poor (mainly landowners) that was covered effectively by the various anti-poverty programmes. Among the rural poor especially those belonging to the bottom stratum (i.e., landless and rural artisans) were left untouched. The major constraint with these programmes was not of finance but organizational inadequacies and lack of a clear-cut plan of
development. Besides, the territorial overlapping of these programmes and their different funding patterns created considerable difficulties not only in effective monitoring but also thwarted achievements of the programme. In view of these, it was decided to combine these programmes into one and designate it as the Integrated Rural Development Programme (IRDP).

Conceptually, the Integrated Rural Development is a strategy designed to bring about an improvement in life style of the people particularly the rural poor. Rural poor constitute bulk of our population and to make them free from evils arising from socio-economic inequalities would largely depend upon the extent to which transformation in rural economy occurs. This would require regular flow of benefits of development to the people of the lower income strata particularly those seeking livelihood in the rural areas. The major constituents of this group are small and marginal farmers, artisans and the landless. Therefore, the objectives of rural development cannot be confined to a particular sector. Broadly, they aim at enhancing the levels of productivity and employment leading to higher incomes of target groups, besides minimum acceptable levels of food, shelter, education and health.

It is clear from the above discussion that the major aim of the integrated rural development is to assist the villagers especially the weaker sections in rural areas to enhance their productivity to earn more money, to have enough food to eat, buy clothes to wear, send their children to school, have a house to live and have means to provide medical care to the family. This all is designed to provide opportunities to the rural people to get them out of the poverty trap.

Based on the above conceptualization it was, therefore, decided before the start of the sixth Five Year Plan that the poorest sections
belonging to the families of landless labourers, small and marginal farmers, rural artisans, scheduled castes/scheduled tribes and socially and economically backward classes will have to be assisted through an appropriate package of technologies, services and asset transfer programme.

The IRD Programme was, thus, accepted as a multi-level, multi-sector and multi-section concept. As to a multi-level concept, it comprises rural development at various levels in the space, i.e., village, block and district. In terms of a multi-sector concept, it includes development of different sectors of the rural economy such as agriculture, industry, economic infrastructure and social services. Finally, in terms of a multi-section concept, it aims at ameliorating the conditions of the poorest section of the rural population such as small and marginal farmers, landless labourers, artisans, scheduled castes and scheduled tribes.

Thus, the main objective of the IRD Programme as laid down in the India’s sixth Five Year Plan was to evolve an operationally integrated strategy for augmenting production and productivity in agriculture and allied sectors based on better use of land and water and also enhancing resources and income of weaker sections of the population in all the blocks of the country. This would require creation of new productive assets for vulnerables. In this connection, it was deemed necessary to provide agricultural inputs like water, seed and fertilizer to those of the poor who own some land asset for higher agricultural productivity. An important plank of the programme was decided to be the diversification of agriculture through development of animal husbandry, dairying, forestry which would benefit both the landless and the landholders. Besides, an emphasis was to be laid on development of village and cottage industries and the service sectors offering considerable untapped
potential for self-wage employment. So far these sectors received only scant attention in the poverty amelioration programmes. These untapped potentials need to be exploited optimally by strengthening the arrangements for the supplies of raw materials, consumer based designs and marketing facilities.

1.2 Employment Generation in Rural Development Programmes

Employment generation has been an integral part of all the rural development programmes reflecting upon the concerns of Jawaharlal Nehru who had said as early as in April 29, “If we are to eradicate poverty, we must first do away with this wide spread unemployment” and Gandhi had even gone to the extent of maintaining that the unemployment had also been responsible for communal rights.

Employment is a vital indicator of rural development, particularly in thickly populated countries like India. Rural prosperity will not be judged merely by link roads, electric connections, Green revolution, White revolution, pump-sets and the like. The day our planners and statesmen succeed in offering employment opportunities to all able-bodied and job-seeking persons, the rural poverty shall get removed. “However, as a result of rural poverty and prevalence of unemployment as well as under-employment in villages, there is a continuous stream of villagers migrating to towns, cities and metropolitan centres.

Rural Development Programmes have laid great emphasizes on self employment as a result of some life supporting and sustaining training inputs to the beneficiaries, but as has been brought out by Prasad (2003) “Three schools of thought exist, each promoting the virtues of wage employment, asset and endowment for the self-employment, and land redistribution. Proponents of wage employment
argue that self-employment policies are constrained by the lack of adequate opportunities for their promotion through credit and the poor’s incapacity for business on the demand side: “..the strategy for helping the poor in rural society to get over poverty with the help of assets is largely misconceived only a very small production can be helped in this manner. Putting more burden on this approach will discredit the line of attack, generate wastage, corruption and ultimately cynicism”. They maintain that the scope of job creation at a subsistence wage has in contrast been seriously underestimated. The self-employment school questions a strategy that perpetuates dependence on employers: “It is premature and unwise to write off the strategy of self-employment as peripheral to the poverty problem and opt for a strategy which for all practical purpose relegates millions of the poor to the status of mere wage earners”.

The new economy policy has also added to the dimensions of the unemployment in rural areas as Parthasarathy and Nancharaiah (2003) has pointed out the withdrawal of subsidies for inputs in agriculture would reduce employment depending upon (a) price-elasticity of input-use (b) elasticity of crop yield to input-use and elasticity of employment to yield. He observes that 30 percent price raise in fertilizer prices given the daily status unemployment rate of the order of 8.0 per cent, unemployment rate is likely to rise by 17 per cent. At the same time even if agricultural exports are stepped up through promotion of agro-processing, their short-run effects on employment are unlikely to be favourable since the employment intensity of modern processing is likely to be less than the corresponding intensity of traditional industry. Therefore, rural development programmes, sponsored by public agencies will have to be on a much larger scale in the short and medium term of the operation of NEP. He also opined that “while the strengthening of the

R-D programmes is necessary, their success depends on an improved rate of agricultural growth, especially allied occupations, non agricultural employment in rural areas and an effective implementation of land reforms”. Parthasarathy further point out that 72.55 per cent of youth population lives in rural areas. Youth form 36.47 per cent of total labour force in rural areas.

It may be slightly paradoxical but a very important indicator in respect of vanishing of hunger from Himachal Pradesh is produced below (Parthasarathy & Nancharaiah, 2003)\(^7\). This may appear to be a misplaced kind of a thing but nonetheless it is a pointer towards the existence of hunger in Himachal Pradesh. Security of employment is essential for obtaining food security. A number of trends have been affecting security of employment. Of these, the major trend is the shift to agricultural and casual labour. The shift to agricultural labour affects the ability of these groups to obtain self provision of food. Besides, the trends in the labour market such as shift from kind of money wages subject the labour to food insecurity.

They further have gone on to say that the shift in processing from household enterprises to factories on an increasing scale, with adoption of more capital intensive technology is likely to reduce the elasticity of employment to output.

Similarly, changes in the structures of marketing with the entry of big business will imply reduced elasticity of employment to marketed output as trucks entering straight to the production centres replace the fruit and vegetable vendors who play a key role in shifting the primary produce to the assembling centres. Thus the entry of big business can be expected to displace both the petty producers and petty traders.

\(^7\)Ibid.,P169
These displacing effects in specific enterprises could however be compensated with increased momentum of growth and shift to higher rate of growth. In the medium term however, the displacing effects are likely to be more pronounced than the absorbing effects as shifts to far higher growth rates are likely to be slow. Safety nets for those who are likely to be thrown out of jobs within the unorganized sector are likely to be even more important than safety nets for the organized sector. The entry of big business houses into the retail markets may have serious implications for the state of Himachal Pradesh as the horticulture produce and off season vegetables employ a substantial number of rural folks. The employment requirements of the rural areas have been estimated 2.5 times the corresponding requirements of urban areas.

According to the writers rural development programmes required to be implemented at larger scales and the shift within the agriculture sector from cereals to allied enterprises such as sericulture, pisciculture, horticulture, dairy and poultry, as these are more employment intensive and add higher net values per hectare.

A brief history of the employment programmes is discussed in the subsequent paragraphs. While generation of adequate employment and substantial reduction in poverty has been the goal of successive plans in India, for quite sometime, it was thought that the growth in the overall production would take care of poverty and employment as increased production creates a capacity to deal with the problem of poverty, unemployment as well as under-employment.

Experience, has shown that there has been a slow growth in production and hence the “trickle down” effects were rather limited. The problem of unemployment and under-employment in rural areas is a serious one. This has been compounded by more than two –
thirds, of the population deriving its livelihood from agriculture, which still continues to be dependent on the vagaries of monsoon.

A grim pointer towards the contribution of agriculture which employees nearly 60 percent of the labour force has been brought out in a recent study.

The Rural Manpower Programme (RMP) had been started in the early 60’s followed by CSRE i.e. Crash Scheme for Rural Employment. The lessons learnt were visible in the Pilot Intensive Rural Employment Programme (PIREP). A review of this project resulted in recommendation of more labour intensive technologies and the strategy was adopted in Drought Prone Area Programme (DPAP). Food for Work Programme (FWP) was started in April 1977 as a non-plan scheme for the maintenance of public works by the state governments and also for generating gainful employment and a simultaneous utilization of foodgrains for the development of human resources. NREP and TRYSEM (Training of Rural Youth for Self Employment) were two major programmes for self-employment in the rural areas with the food for work programme becoming a part of the National Rural Employment Programme (NREP). The Rural Landless Employment Guarantee Programme which was fully funded was launched in 1983 and this programme envisaged employment to at least one member from each landless household upto 100 days in a year. The National Rural Employment Guarantee Scheme is an improvement on RLEGP. Subsequently, Jawahar Rozgar Yojna was started as a centrally sponsored programme of which Indira Awas Yojna and MWS i.e. Million Wells Scheme were earlier a components. JRY later was merged with the Employment Assurance Scheme (EAS), 1993.
The Rural Employment Guarantee Programme under the statutory provisions contained in the scheme and popularly known as National Rural Employment Guarantee Act, 2005 (NREGA-2005)\textsuperscript{8} is the latest and the most ambitious of all these programmes. The objective of the scheme is to provide for the enhancement of livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. This universal and enforceable legal right is the most basic form of employment. The work guarantee scheme has been applied to 200 notified districts only and is limited to 100 days per household per year.

This is an attempt to provide employment security in the rural areas as the unemployment is directly related to growth, development and absence of hunger from the rural areas. One of the major differences between the earlier employment programmes and the NREGA-2005 is the applicability of the programme to all rural households. The other noble feature of the scheme is that any adult member can contribute to the 100 days meaning that different persons can work on different days or even on the same day as long as their combined days of employment do not exceed 100. The role of the Panchayat is very important and it appears that the procedures have been made very simple.

The National Rural Employment Guarantee Programmes provides for the independent funds but conversance to avoid duplication has been authorized.

\textsuperscript{8} \url{www.pmindia.nic.in/ministry of rural development/nrega2005}
The National Rural Employment Guarantee Act, 2005 (NREGA)

The National Rural Employment Guarantee Act, 2005 (NREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The Act has come into force with effect from February, 2006 in 200 districts initially and later on extended to all the rural districts of India from the financial year 2008-09.

The Act is an important step towards realization of the right to work. It is also expected to enhance people’s livelihood on a sustained basis, by developing the economic and social infrastructure in rural areas. The choice of works seeks to address the causes of chronic poverty such as drought, deforestation and soil erosion. Effectively implemented, the employment guaranteed under the Act has the potential of transforming the geography of poverty.

NREGA is the most significant act in the history of Indian polity in many ways like grass-root level participation of every citizen and beneficiary through democratic process, multi-layered social audit and transparency mechanism by involvement of civil society, comprehensive planning at village level towards sustainable and equitable development etc. Important salient feature of the Act is to improve the quality of life of rural households who are vulnerable to out-migration in search of daily wage employment by channelising the wage workforce towards developmental activities at the village level itself.

The scheme was initially in progress in the first phase of 200 districts during its cognitive stage has generated lot of enthusiasm among social scientists, and NGOs and led them to initiate several
surveys on their own. The surveys as in the cases of any other scheme are centered around the end results such as targeting all the needy beneficiaries, and implementation of the Act in letter and spirit. The scheme is gigantic in nature and in the process of implementation and achieving the desired output, there are many issues which are straddling the implementing agencies right from District to Gram Panchayat.

The National Rural Employment Guarantee Scheme, besides, the main features mentioned in the above background note, also involves participatory planning and implementation of the scheme through (i) proactive role of Gram Sabha, (ii) rigorous & continuous monitoring by way of social audit, and (iii) involvement of ordinary people at the grass-roots level. It addresses (i) chronic poverty, (ii) drought, (iii) deforestation, (iv) soil erosion etc. It also aims at (i) generating productive assets, (ii) protecting the environment, (iii) empowering rural women, (iv) arresting rural-urban migration.

The scheme is implemented through collaborative partnership right from Grama Sabha to Central Government Community participation by way of (i) Grama Sabha, (ii) local vigilance & monitoring committees, and (iii) Self Help Groups (SHGs), and ensures active role by Civil Society Organisations. At official level, the scheme was embedded with inbuilt monitoring & evaluation mechanism at every layer of implementation including online monitoring through Monitoring and Information System (MIS).
The scheme is implicitly strengthened by mandatory and active participation of local community, and complete transparency in all operations and record keeping. Nevertheless, due to massive funding, extensive coverage of beneficiaries, there is a necessity to identify and assess the ground realities, channelizing labour-intensive activities into sustainable assets at village level, besides, studying the impact of the scheme on migration, quality of life etc.

Since the scheme is going to be in place for an undefined period of time, and is being enlarged in terms of scope and geographical coverage, there are many challenges like non-homogeneity in its effectiveness, region specific disparities and outcomes etc. It is exactly due to this reason, few NGOs have already done some surveys. However, they are very much confined to one or two districts, and more importantly centered around systemic defects, rather than probing the impact on beneficiaries. Against these background there is a need to carry out an empirical study taking into account all comprehensive coverages of all objectives and clauses enshrined in the National Rural Employment Guarantee Act in a broad manner.

**STATEMENT OF THE PROBLEM**

The present study on evaluation of the NREG Scheme is intended to assess the overall scenario i.e., the pros and cons associated with the scheme itself, the operational bottlenecks, the efficacy of social audit, and at last to assess the impact of the scheme on the targeted beneficiaries. This study analyzes the household status of beneficiaries of the program. An analysis of mechanism of job card registration and mode of receiving job card is an important aspect of the present study. The mode of registration of workers and
work allocation procedure under National Rural Employment Guarantee Scheme could be examined to find out the problem and prospects in executing the work. The National Rural Employment Guarantee Scheme stipulates to provide basic facilities such as crèche, first aid, drinking water, and shed for workers in the work site. An analysis required to what extent such facilities are provided in the work site and it can be assessed from the point of view of household beneficiaries. There is a need to examine the modes of dissemination of information, detailing the work allocation so as to inform all the households falling in the jurisdiction of Gram panchayat. Attention is needed to analyze the household data pertaining to average number of days of work provided to each and every household, time lag between application for job and allocation of job. In this study an attempt is made to analyze the mode of wage provision, impact of National Rural Employment Guarantee Scheme on wages, income and quality of life and impact on out migration.