CHAPTER V

I. R. D. P.
(INTEGRATED RURAL DEVELOPMENT PROGRAMME)

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CHAPTER V

I. R. D. P.
(INTEGRATED RURAL DEVELOPMENT PROGRAMME)

5.1 The Dream realized

5.1.1 In view of the large population from rural areas living in abject poverty, wider inequalities and massive unemployment, the Government has launched a number of programmes for rural development since the beginning of the planning in India. However, the approach of rural development went on changing.

5.1.2 The concept of Integrated Rural Development Programme based on the knowledge of local needs, resource endowment and potentialities was first introduced by the Finance Minister, Government of India in his Budget Speech in 1976. The Programme was initially launched in 20 selected districts of the country. The Programme was reviewed in 1978-79 to integrate the methodology and approach of the three major on-going special programmes of SFDA, Community Area Development (CAD) and Drought Prone Area Programme (DPAP). All the principal contents of these programmes were integrated into a new programme called Integrated Rural Development Programme (IRDP) and taken up in 2300 blocks of the country in 1978-79. Up to 1978-79, IRDP was a central sector scheme and 100% funds were provided by the Central Government. During 1979-80, this programme was made a centrally sponsored scheme in which funding was shared on 50:50 basis between the centre and the states. In case of UTs, however, 100% funds were provided by the central government. The coverage was extended to all the 5011 blocks of the country with effect from October 2, 1980. Since then, IRDP continues to be a major instrument of poverty alleviation in the rural areas.
5.2 Features of the Programme

The features of IRDP are as under:

- To provide full and gainful employment to skilled, semi-skilled and unskilled persons in the rural sector and thus discourage the drift from the villages to the towns
- To increase the agricultural production
- To revive/intensify traditional rural industries and trades
- To facilitate development of cottage, small-scale and agro-based industries and also ancillary industries
- To fully develop the local resources
- To ensure the participation of the weaker sections of the rural society in the development process.

5.3 Aims of the Programme

The I.R.D.P. is a beneficiary oriented programme aiming to assist selected families below the poverty line to cross it by taking up self-employment ventures as also to enable them to acquire productive assets, technology and skill by providing them help through the various schemes started by the Central and State Governments, Nationalized and Cooperative banks, voluntary agencies. Besides, the IRDP aims to bring about an all round development of the rural areas and to solve the problem of unemployment and mass poverty over a period of time rather than just trying to augment production or include larger number of the rural poor under the institutional credit fold or assist the poor by subsidies as is the common notion of the rural people.

5.4 Strategy of Integrated Rural Development Programme

5.4.1 The programme aims to achieve the stated objective by providing productive/income generating assets and inputs to the target group. The assets could be in primary, secondary or tertiary sectors. The beneficiaries from target group are to acquire these assets through a package of financial assistance in the form of subsidy by the Government and credit by the financial institutions.
5.4.2 TARGET GROUP

5.4.2.1 The target group consists of the small farmers, marginal farmers, agricultural/landless labourers, rural artisans and others whose annual family income is below the cut off line i.e. poverty line. A family with an annual income of Rs. 6,400 or less for an average family of 5 members was considered to be below the poverty line for the Seventh Five Year Plan. Families below this income were categorized as poor (Rs. 5,001 - Rs. 6,400), very poor (Rs. 3,501 - Rs. 5,000), very very poor (Rs. 2,266 - Rs. 3,500) and destitutes (Up to Rs. 2,265). This annual family income limit has since been upwardly revised to Rs. 11,000/- since 1992-93. The small and marginal farmers and agricultural labourers have been defined as under:

5.4.2.1.1 SMALL FARMER

A cultivator with a land holding of 2 hectares or below (now raised to 3 hectares) is a small farmer. Where a farmer has Class I irrigated land, as defined in the State Land Ceilings Legislation with 1 hectare or less (now raised to 1.5 hectares), he will also be considered as small farmer. Where the land is irrigated but not of the Class I variety, a suitable conversion ratio may be adopted by the State Government with a ceiling of 2 hectares (now raised to 3 hectares).

5.4.2.1.2 MARGINAL FARMER

A person with a land holding of 1 hectare or below (now raised to 1.5 hectares) is a marginal farmer. In the case of class I irrigated land, the ceiling is 0.5 hectare (now raised to 0.75 hectares).

5.4.2.1.3 LAND HOLDING FOR DPAP/DDP DISTRICTS

A separate limit for Drought Prone Areas Programme/Desert Development Programme areas for small and marginal farmers have been fixed State-wise for particular districts falling under DPAP/DDP.

5.4.2.1.4 AGRICULTURAL LABOURERS

A person without any land other than homestead and deriving more than 50% of his income from agricultural wages is an agricultural labourer.
5.4.2.1.5 PRINCIPLE OF ANTODAYA

In view of the I.R.D.P. approach to assist the poorest of the poor first, the assistance was to be given to the rural families of target group having annual income below the cut-off line of Rs. 4,800/-.
Families with an annual income up to Rs. 3,500 were to be assisted first. After all such families having been assisted, the Block Development Officer (BDO) was to report to the District Rural Development Agency (DRDA) that all the families with annual income up to Rs. 3,500 have been assisted. The DRDA, after verifying the position by issuing public notices, was to give sanction to the Block to assist the families in Rs. 3,501 - Rs. 4,800 income bracket in the area of the respective Gram Panchayat.

5.4.3 SAFEGUARDS

5.4.3.1 SAFEGUARDS FOR SCHEDULED CASTES AND SCHEDULED TRIBES

As the families belonging to Scheduled Castes and Scheduled Tribes constitute the bulk of the poverty group and to ensure that these families are not denied their due share, the scheme envisages that at least 50% of the assisted families should be drawn from the Scheduled Castes and Scheduled Tribes. This minimum percentage of 50 is to operate in macro terms at the District as well as State level. The targets for the Blocks are to be determined as under:

1. 50% wherever percentage of Scheduled Castes and Scheduled Tribes population in the Block is less than 50.

2. Wherever percentage of the Scheduled Castes and Scheduled Tribes population to the population of the Block is 50 or more, the target for SC/ST families to be assisted should be equal to that percentage.

5.4.3.2 SAFEGUARDS FOR WOMEN

The scheme lays down that at least 40% of the total beneficiaries should be women. Women headed households must be given priority. Similarly, women members of the households should also be given preference.
5.4.3.3 SAFEGUARDS FOR PHYSICALLY HANDICAPPED

The minimum percentage laid down in the scheme for the beneficiaries from the category of physically handicapped persons is 3.

5.4.4 PRIORITY

5.4.4.1 PRIORITY TO CERTAIN CATEGORIES

1. Subject to other conditions being equal, the priority is to be given to the people from the following categories:

   i) Ceiling surplus land assignees

   ii) Green Card holders of Family Welfare Programme irrespective of the date of adopting small family norm.

5.4.4.2 OVERRIDING PRIORITY TO RELEASED BONDED LABOURERS

The DRDAs should obtain the list of released bonded labourers from the District authorities. Such persons should be assisted on an overriding priority basis. While IRDP benefits would be in addition to the benefits that such persons may get under other programmes of the Government, the responsibility to provide IRDP assistance is on the "DRDA Jurisdiction" in which such labourers choose to settle after their release.

5.4.5 FAMILY AS A UNIT

For the purposes of giving assets, family is treated as a unit. It means that depending upon the income gap of the family required to be bridged and the absorption capacity of its members, more than one member of the family could be given assistance. However, the overall subsidy ceiling for the family as a unit would be applicable, meaning that the total subsidy of all the members put together should be within this overall ceiling limit.

5.4.6 FINANCIAL ASSISTANCE VIS-À-VIS PHYSICAL COVERAGE

The flow of financial investment (subsidy plus credit) to the categories described above should be commensurate with the percentage of their physical coverage.
5.4.7 PHYSICAL TARGETS

A uniform target of assisting 3,000 families per block at the rate of 600 families per year was set for the Sixth Plan. In view of the inter-State variations and disparities in the incidence of poverty, the financial allocations and fixation of targets for assisting the families in the Seventh Plan was in relation to the incidence of poverty in the States. The global and State-wise figures of the incidence of poverty given by the 38th round survey of the National Sample Survey Organization have been adopted to arrive at the State-wise targets.

5.4.8 IDENTIFICATION OF BENEFICIARY FAMILIES

For identification of new families to be assisted, a survey is conducted to identify the families with an annual income up to the stipulated amount. The list of the poorest of poor families are prepared by the BDO staff. The said list is then to be placed for approval in the meeting of the Village Assembly (Gram Sabha). The BDO is to convene such meeting after giving sufficient advance publicity through local means. Local people, non-officials, Block officials, and Bank officers are to attend such meeting. The list of the beneficiaries selected in this Village Assembly is to be displayed on the notice board of the Village Panchayat and Block office. Opportunity is also given for filing objections. In case of any dispute regarding any name in the list, it is to be decided by the Project Director, DRDA in consultation with the BDO. The Master List i.e. the list of beneficiaries finally selected is to be got printed Blockwise by the DRDA and copies are to be made available to the field staff, Block officials, bankers and all other concerned agencies. The forum of the Village Assembly is also to be utilised for ascertaining the choice, willingness and ability of the identified beneficiaries for economic activities and the need for up graduation of skills and entrepreneurship. A survey with annual family income up to Rs. 6,400 was conducted in 1982-83 and another survey with the limit of annual family income up to Rs. 11,000 for 1992-93 has been since carried out. The survey with annual family income of Rs. 13,000 to Rs. 19,650 (varying from State to State) for IX Plan is under progress.
5.4.9 ELIGIBLE ACTIVITIES UNDER THE PROGRAMME

5.4.9.1 As a matter of fact, any activity which is economically viable and technically feasible with favourable incremental capital output ratio (ICOR) is an eligible activity for financial assistance under the Programme. It may be from primary sector, secondary sector or tertiary sector. An illustrative but not exhaustive list of the specific activities under this sector may be as under:\(^1\):

- **PRIMARY SECTOR**
  1. Seed Production and Marketing
  2. Fruit nursery production
  3. Training and pruning of fruit trees
  4. Gardening and floriculture
  5. Production of mushrooms
  6. Fish culture in fresh water ponds and lakes
  7. Fish seed production and rearing
  8. Fish and prawn culture in brackish water areas
  9. Fish and prawn seed collection
  10. Honey processing
  11. Cultivation of herbs and plants for medicinal purposes
  12. Poultry
  13. Piggery
  14. Sheep and Goat rearing
  15. Agriculture
  16. Minor Irrigation Scheme
  17. Land Purchase

\(^1\)Department of Rural Development, Ministry of Agriculture, Government of India, New Delhi; Manual for IRDP and Allied Programmes of TRYSEM & DWCRA, April, 1991, p. 97-99
SECONDARY SECTOR

1. Cottage Match
2. Manufacture of Fireworks
3. Manufacture of Agarbattis
4. Non-edible Oils and Soap Industry
5. Leather Products Industry
6. Village Pottery Industry
7. Ghani Oil Industry
8. Handmade Paper
9. Manufacture of Canegur and Khandsari
10. Palm Gur making and other Palm-based Products
11. Manufacture of Katha, Gum resin and other products from forest products
12. Processing of Cereals and Pulses
13. Post-harvest handling of primary produce
14. Processing, preservation and canning of fruits and vegetables
15. Bakery and Confectionery
16. Processing of Honey
17. Handlooms
18. Handicrafts
19. Khadi (Cotton, Woolen and Silk)
20. Coir Products
21. Flaying, curing and tanning of Hides and Skins
22. Silk spinning & weaving
23. Lime stone, Lime Shell and other Lime Products Industry
24. Manufacture of household utensils in Aluminium
25. Manufacture of household articles made of Wood and Iron
26. Manufacture of Shell
27. Manufacture of Lokvastra Cloth
28. Manufacture of Polyvastra
29. Bamboo and Cane Industry
30. Sericulture

- **Tertiary Sector**

**AGRICULTURE**
1. Supply of inputs like seeds, fertilisers, pesticides etc.
2. Supply, repair and maintenance of agricultural and irrigation equipments
3. Digging of wells and boring of tube wells
4. Integrated pest control management on custom service basis
5. Laying and lining of irrigation channels and laying of irrigation pipes
6. Water management
7. Collection, storage and marketing of agricultural and horticultural produce

Note: If a farmer engages himself in an activity for his own sake, it will not be termed as a tertiary activity. It would be a primary sector activity.

**ANIMAL HUSBANDRY**
1. Artificial insemination and veterinary services on custom basis
2. Supply of fodder and feed
3. Supply of animals of improved breeds
4. Sale of milk and milk products
5. Collection, storage and marketing of eggs, meat, hides, skins and bones

**SERICULTURE**
1. Supply of silk worm eggs
2. Collection, storage and marketing of cocoons

**FOREST**
1. Supply of seeds, seedling, plants and saplings
2. Collection, storage and marketing of forests products
FISHERIES
1. Supply of fingerlings, feed etc.
2. Collection, storage and marketing of fishes/fish products
3. Supply and repairing of fishing nets

VILLAGE INDUSTRIES
1. Supply of Inputs for village Industries
2. Collection, storage and marketing of finished products
3. Repair and maintenance of services relating to carpentry, blacksmith etc.
4. Assembly line production, repair and maintenance of household machinery and gadgets like TV., Radio, Watches, Electric Appliances, Cycle, Motorized Vehicles, Stoves, Sewing Machines etc.
5. Installation, repair and maintenance of bio-gas plants
6. Collection of cow-dung and other raw materials for bio-gas plants

CONSTRUCTION
1. Construction, repair and maintenance of building
2. Mason, plumbers, carpenters, blacksmiths, electrician etc.

TRANSPORT
1. Animal-driven carts
2. Cycle-rickshaws
3. Hand-carts
4. Auto-rickshaws
5. Matador vans and tempos (on cooperative basis only)
6. Boats
7. Mechanized boats (on cooperative basis only)
8. Drivers, conductors, cleaners and auto-mechanics
RETAIL TRADE

1. Any retail trade which involves annual sale turn-over not exceeding Rs. 50,000/-
2. Small business with investment not more than Rs. 10,000
3. Fair-price shops
4. Marketing entrepreneurs who take up agency work on behalf of products and artisans

BANKING AND INSURANCE

5. Collection agents for banks
6. Rural career agents for life and general insurance

ENTERTAINMENT AND MISCELLANEOUS

7. Band Players
8. Circulating Libraries
9. Hiring of loud speakers
10. Gas batti wallahs

In order to off-load the farm sector, activities under secondary and tertiary sector activities are encouraged.

5.4.9.2 LAND PURCHASE

The Expert Committee on IRDP under chairmanship of Shri D.R.Mehta has recommended that banks should provide loans under IRDP for acquisition of land, together with short term credit for meeting current farm expenditure. The basis for valuation of land for purpose of purchase under IRDP is 8 times of net post-developmental income from the land or 80% of recorded price of the land, wherever record of sale price is maintained by State Governments. There should be uniformity in the unit cost of land within the districts or approved zone as well as in the adjoining districts or the districts falling in the same zone. The District Collector or officer authorized by him will verify quality and reasonableness of price of land being offered for sale. Land purchase under IRDP is allowed only for IRDP target group landless families. It should not be purchased...
from marginal farmers and SC/ST landholders. The land should preferably have potential for irrigation. The land should be of the choice of the beneficiary and negotiations with the vendor will be done by him. The Mamlatadar/Tahsildar should certify that the land to be so purchased is not involved in land ceiling proceedings and division of the land consequent on such purchase does not violate the prevention of fragmentation laws in vogue in the State. Land purchase could be dovetailed with governmental programmes like Million Wells Scheme, Community Irrigation Projects, land development work and other permissible programmes under Jawahar Rozgar Yojana. Every effort is made to see that the new landholder becomes a viable agriculturist by obtaining benefits of as many Government Schemes as possible and thus in a position to make the repayment of the loan taken for land purchase as also raise his income level.

5.4.10 PLANNING FOR AND IMPLEMENTATION OF IRDP

5.4.10.1 SELECTION OF PROJECTS FOR IDENTIFIED FAMILIES

The projects/activities chosen for the families should match their needs and aptitudes and the local resource profile. This selection is governed by the following principles:

1. The choice of the selected family for the activity to the extent possible
2. The existing aptitude and technical skills or the scope of acquiring other skills by the family
3. Backward and forward linkages available or proposed to be made available for the successful operation of the scheme.

5.4.10.2 SIZE OF INVESTMENT

The size and the number of activities is determined in relation to the income gap required to be covered to bring the family above the poverty line. Where this objective can be achieved through different alternative activities, the less costly alternative is preferred to ensure the optimum use of the available resources. In order to discourage low investments which have poor returns and do not cause any visible impact on poverty, the Government has decided to increase the level of investment per family to at least Rs. 12,000.
5.4.10.3 BACKWARD AND FORWARD LINKAGES

As the projects, without adequate infrastructural support and backward and forward linkages, have less chances of success, due weightage is given to them while selecting the activities. The Programme has provision of funds for infrastructure support. But they are primarily meant for bridging small gaps in infrastructure which can make programme implementation more effective. They should not be used for creation of an altogether non-existent infrastructure in the area.

5.4.10.4 CLUSTER APPROACH AND GROUP ACTIVITIES

Provision of infrastructure support and administrative supervision becomes easier when cluster approach is adopted in the selection of beneficiaries and activities. Further, as it is easier to provide back-up support and marketing linkages for group activities, they stand a better chance of success. Further a forceful bargaining power is available to a group because of the collective strength of the beneficiaries. It is because of these reasons that cluster approach and group activities should be given preference and encouragement.

5.4.10.5 SUPPLEMENTARY ASSISTANCE TO INADEQUATELY ASSISTED BENEFICIARIES

5.4.10.5.1 The scheme also provides for supplementary assistance to the families who have been already assisted earlier but could not cross the poverty line. A systematic survey needs to be conducted to identify those who can be considered for supplementary dose of assistance. The beneficiaries who are defaulters and failed to repay the Bank loan despite adequate repaying capacity or those who have misutilised the loan by not acquiring the asset at all or by disposing of the asset after acquisition are not eligible for supplementary dose. Those families who were wrongly identified at the time of first assistance are also not eligible for supplementary assistance.

5.4.10.5.2 The following families are eligible for the supplementary assistance:

- Firstly, the families who could not cross the poverty line despite maintaining their assets acquired under the programme in good condition and are not defaulters to the banks.
• Secondly, the families in whose cases the norms prescribed by NABARD/RBI regarding gestation period, repayment period etc. have not been followed. In such cases, the repayment instalments are to be rescheduled first and if it is found that on the basis of this rephased repayment schedule, the family-borrower is not defaulter, the supplementary assistance can be considered.

• Thirdly, the families who did not receive adequate working capital, in view of the norms prescribed by NABARD/RBI, they are deemed to be eligible for adequate working capital and the same should be sanctioned as a term loan.

• Fourthly, the families to whom the minimum size/number of units of assets as prescribed by NABARD was not given. In such cases, the beneficiaries are eligible for supplementary assistance to the extent of the shortfalls in the assistance. However, the supplementary assistance is to be given only if viability of the additional input together with the previously financed asset is demonstrated and necessary facilities for maintenance of asset on a day-to-day basis and assured arrangements for marketing of produce are available.

• Fifthly, the families whose assets were destroyed by natural calamity or death of animal or accident by fire and the rescheduling of the outstanding loan and replacement of asset with the help of supplementary assistance will enable the family to cross the poverty line.

5.4.10.5.3 Before considering the supplementary assistance, it is to be ensured that adequate infrastructural facilities and backward and forward linkages such as availability of raw materials, marketing facilities etc. are available. It is also to be ensured that the balance outstanding in the existing loan together with the proposed second loan would be within the repaying capacity of the beneficiary.

5.4.10.5.4 A committee comprising of the BDO, the Bank manager and the DRDA official determines the eligibility of the beneficiaries for supplementary assistance by undertaking case
by case analysis on the basis of data thrown up by the survey and recommends on merits of each case whether the family should be given further assistance and if so, with what kind of complementary support.

5.4.10.5.5 The supplementary assistance is subject to the subsidy ceiling applicable to the new families.

5.4.11 PLANNING

5.4.11.1 Two types of plans for the Block and the District are formulated for a meaningful implementation of the programme. First is the Perspective Plan and the second is the Annual Action Plan.

5.4.11.1.1 PERSPECTIVE PLAN

The role of the perspective plans is to give indications about the local resource profile for preparation of annual action plans.

5.4.11.1.1.1 BLOCK PERSPECTIVE PLANS

5.4.11.1.1.1 The following information is normally available from the perspective plan:

(a) An inventory of local resources
   - Demographic trends and human resources
   - Area and location specific resource data
   - Economic activities with details of institutions engaged in these activities
   - Social and institutional infrastructure including the status of voluntary action groups

(b) Information about the ongoing programmes, both under plan and non-plan schemes; analysis of the potential of these programmes in terms of offering opportunities for economically viable activities either through creation of direct employment opportunities or through provision of backward forward linkages and infrastructural support

(c) Assessment of the likely activities under the programmes of the development departments in the next five years
(d) Impact of IRDP activities on the economic environment

5.4.11.1.1.2 The above-stated information in the perspective plan is analyzed to give broad indications of the sector of the economy which are capable of throwing up employment opportunities. The identification of the gaps in infrastructures and the departments and programmes that can fill up these gaps is also possible from this plan.

5.4.11.1.2 DISTRICT PERSPECTIVE PLAN

The perspective block plans are aggregated and coordinated at the district level into the District Perspective Plan.

5.4.11.1.3 APPROVAL OF THE PERSPECTIVE PLAN

The Perspective Plans are scrutinized, approved and adopted by the Governing Body of the District Rural Development Agency. The Expert Committee on IRDP has recommended that DRDA must prepare a detailed perspective plan of infrastructure in consultation with District Consultative Committee and Block Level Bankers Committees, taking into account their resources availability and the felt needs of the rural population. Special attention should be paid to the infrastructure arrangement for supply of good quality animals, supply of feed and for marketing as animal husbandry has been an important component of IRDP.

5.4.11.1.2 THE ANNUAL PLAN

5.4.11.1.2.1 The preparation of Annual Plan should succeed the perspective plan and the identification of the beneficiaries. This plan has to match the resource profile and the needs of the beneficiaries to provide them income generating activities. It should contain the following details:

(a) The economic profile of the Block/District spelling out the thrust areas proposed to be adopted giving reasons for such choice

(b) The profile of the beneficiary families categorizing them according to their aptitudes and choices for the remunerative projects and the projects actually proposed for them. In case the proposed projects are different from the beneficiary choices, the detailed justification should be given for such deviations.
(c) The spatial distribution and the time-scheduling of beneficiaries over the year assigning reasons for such distribution. The reasons can be the availability of assets, mechanisms operating in the market effecting the procurement of raw-materials and the nature of schemes etc.

(d) The areas of coordination with the other departments and the extent of the involvement of the other agencies and departments

(e) Sources and mechanism for procurement of raw materials and disposal of finished goods

(f) Linkages with the DPAP, DDP, JRY, Land Reforms and MNP and Scheduled Castes Component and Tribal Development plans and the infrastructure support drawn from these programmes.

(g) An overall assessment of the impact of the proposed activities on the incomes of the assisted families and the economy of the area

(h) Model Projects

(i) A list of the beneficiaries proposed to be benefited in the year.

5.4.11.1.2.2 The Annual Plan for a financial year should be ready by the month of February of the preceding year. For this purpose, financial allocations for this plan could be taken at the same level as in that year. Adjustments for additions, if any, could be made later.

5.4.11.1.2.3 APPROVAL OF THE ANNUAL PLAN

The Governing Body of the DRDA approves the District/Block plans and implements them thereafter. While approving the plans for the year, the DRDA undertakes a critical analysis of the Plan of the previous year, its implementation and its impact on the economy of the beneficiary families on the one hand and the overall economy of the area on the other. In approving the plans, the following principles are kept in mind:

1. The activities chosen for the beneficiaries are justified by the local economic profile.

2. The back-up support is either already available or has been provided for in the Plan and it would be available to the beneficiaries as and when they get the assets.
3. The forward linkages, particularly the marketing support, are either already available or have been provided for in the Plan to be available to the beneficiaries as and when the assets generate marketable goods and services.

4. The distribution of activities is not tilted in favour of some easily distributable activities alone, disregarding sound economic principles.

5. The family approach has been followed in proposing the assistance. The size and number of projects to a family has been determined in relation to the income gap to be bridged to enable the family to cross the poverty line.

5.4.11.2.4 A copy of the approved District/Block plans is sent to the State Department of Rural Development to enable them to see that the plans conform to the guidelines.

5.4.11.2.5 CALENDAR OF ACTIVITIES

The State Governments and DRDAs prepare Annual calendar of activities for IRDP. It is a detailed action calendar indicating, on a fortnightly/monthly basis, the activities to be taken up and completed.

5.4.11.3 DISTRICT CREDIT PLANS

5.4.11.3.1 FORMULATION

District Credit Plans (DCPs) and Annual Action Plans (AAPs) are formulated by the Lead Banks according to the guidelines issued by the Reserve Bank of India from time to time. The District Credit Plans are normally prepared for the period of three to five years. Annual Credit Plans are prepared for each year. Potential-linked Credit Plans (PLCPs) are prepared by NABARD normally for a period of five years. While preparing the District Credit Plans, the targets laid down by Government of India and the Reserve Bank of India (RBI) with regard to the share of lending to the priority sectors, weaker sections, small scale industries etc. are kept in view.
5.4.11.1.3.2 CONTENTS

The District Credit Plans normally include:

i. District/Block Profile

ii. Development Programmes in the Districts

iii. IRDP and other Special Programmes

iv. Arrangements for infrastructure and other supporting services

v. Bankable schemes and adjustment of credit demand

vi. Resources: Financial and Manpower

vii. Implementation: Responsibilities of different agencies

5.4.11.1.3.3 INTEGRATION OF ANNUAL PLAN WITH ANNUAL CREDIT PLAN

DRDAs have to ensure that the Annual Plan prepared by them for IRDP are integrated into the District Credit Plan/Annual Credit Plan prepared by NABARD/Lead Bank so that necessary credit support for the IRDP is made available.

5.4.12 PUBLIC PARTICIPATION

5.4.12.1 The World Conference on Agrarian Reform and Rural Development (WCARRD) held at Rome in 1979 stated, "Participation by the people in the institutions and systems which govern their lives is a basic human right and also essential for realignment of political power in favour of disadvantaged groups and for social and economic benefit. Rural Development strategies can realize their full potential only through the motivation, active involvement and organization at the grassroots level of rural people." The Government is fully conscious that the task of rural development can be accelerated by involving voluntary agencies. These agencies act as catalysts as well as facilitators. They play a very important and useful role by providing a basis for ensuring feedback regarding impact of various programmes and securing the involvement of local communities particularly those below the poverty line. Active participation of the local people in the implementation of the programme starts with the association of the entire village community with the procedure for identification of the beneficiaries. Voluntary Action Groups
and Bodies engaged in socio-economic activities with the objective of rural upliftment are also actively associated with the programme.

5.4.12.2 INVOLVEMENT OF VOLUNTARY ORGANIZATIONS

The voluntary organizations (VOs) can play a very important role in rural development programmes to help the borrowers who are destitutes or from very poor strata of the society and need continuous guidance to raise bank loans and utilise the same in a profitable manner. Besides, direct involvement of the VOs in project formulation and identification of beneficiaries to be assisted under IRDP, the VOs can help the borrowers in proper management of the assets, marketing of the produce, repayment of loan instalments etc. VOs can also act as a catalyst for rural development.

5.4.12.3 The State Governments earmark some funds from IRDP allocation for the implementation of the programme through VOs. These organizations function through People's Action for Development (PAD) of the State. They perform all the functions of DRDA for the VOs. Where there are no PADs, the DRDAs administer the funds for the voluntary sector and involve such agencies in the implementation of the programme. The areas/villages for implementation of the programmes by VOs can also be earmarked.

5.4.12.4 ASSISTANCE THROUGH COUNCIL FOR ADVANCEMENT OF PEOPLE'S ACTION AND RURAL TECHNOLOGY (CAPART)

Some financial assistance is given to VOs through Council for Advancement of People's Action and Rural Technology (CAPART). VOs working in the rural areas and having legal status as a Society registered under the Societies Registration Act, 1860 or any corresponding State Act or as a Trust registered under the Indian Trust Act, 1882 or the Charitable and Religious Trust Act, 1980 are eligible to obtain financial assistance from CAPART. The VOs must be registered at least for three years at the time of sponsoring the beneficiaries for assistance under IRDP. Till January, 1994, CAPART has sanctioned 11,733 projects assisting about 4,285 voluntary agencies and sanctioned an amount of Rs. 233 crore.
5.4.12.5 PANCHAYAT BENEFICIARIES’ SUB-COMMITTEE (PBSC)

5.4.12.5.1 All the beneficiaries assisted under IRDP in a Panchayat meet and elect a small group to be called Panchayat Beneficiaries’ Sub-Committee (PBSC). A President from amongst the members of PBSC is then elected and he represents the PBSC on the Bank/Block Level Committees of the beneficiaries.

5.4.12.5.2 PBSC should meet every three months to discuss the felt needs and problems of the beneficiaries and convey these to the VLW and higher level Committees through its President. VLW provides secretarial assistance for these meetings.

5.4.12.6 BANK AREA BENEFICIARY ADVISORY COMMITTEE (BABAC)

5.4.12.6.1 The Presidents of PBSCs under the area of a Bank branch constitute the Bank Area Beneficiary Advisory Committee (BABAC). This Committee elects a President who represents BABAC on the Block Level Committee.

5.4.12.6.2 BABAC meets once in three months to discuss the problems of the beneficiaries. Representative of the concerned Bank should attend these meetings to understand and address the problems presented therein.

5.4.12.7 BLOCK LEVEL BENEFICIARIES’ ADVISORY COMMITTEE (BLBAC)

5.4.12.7.1 The Presidents of BABAC constitute the Block Level Beneficiaries’ Advisory Committee (BLBAC). This Committee elects a Chairman and Vice-Chairman 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 should attend the meetings of this Committee.

5.4.12.7.2 MEETINGS OF BLBAC

The Committee meets at least once in every quarter. The Committee, in its first meeting, decides a day of the month on which the meetings are always to be held. Only in case of a change in the date, a formal notice of the changed date is issued.
5.4.12.7.3 FUNCTIONS OF BLBAC

The Committee performs the following functions:

i. Discuss the programme procedures and arrangements in the light of the experience of the beneficiaries and suggest ways of improvements, wherever necessary.

ii. Discuss areas of coordination and interaction amongst various departments and non-Government Agencies in order to secure better support for IRDP activities.

iii. 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.

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

v. Identify the areas of leakage in the programme and suggest ways of plugging them.

vi. Undertake steps for increasing the awareness of beneficiaries.

5.4.12.7.4 EXPENDITURE AND ADMINISTRATIVE ASSISTANCE TO BLBAC

BDO provides the Secretarial assistance to the Committee. The expenditure on the conduct of the meetings, the stationery and other items, travel expenses of the elected members of the Committee should be met from the allocations apportionable to expenditure on administrative infrastructure under the programme.

5.4.12.7.5 TENURE OF THE COMMITTEES

The tenure of all the Committees and their office bearers should be one year. The new Committees should be constituted every year following the prescribed procedure of election etc.
5.4.13 TRAINING OF RURAL YOUTH FOR SELF EMPLOYMENT (TRYSEM)

5.4.13.1 A centrally sponsored scheme, "Training of Rural Youth for self employment" was launched by the Government of India in the Department of Rural Development on 15th August, 1979. TRYSEM is a facilitating component of the Integrated Rural Development Programme (IRDP).

5.4.13.2 OBJECTIVE AND APPROACH

The objective of TRYSEM is to provide technical and entrepreneurial skills to rural youth from families below poverty line to enable them to take up self employment in the broad fields of agriculture and allied activities, industries, services and business activities and wage employment.

5.4.13.3 TARGET GROUP

The target group comprises of rural youth between the ages of 18-35 from families living below the poverty line. Minimum age for providing training under TRYSEM is 16 years for inmates of orphanages in rural areas. The upper age limit of 35 years is relaxed to 45 years in case of widows, free bonded labourers, freed convicts, persons displaced due to large development projects and cured leprosy patients for receiving TRYSEM training. As the process of skill endowment under TRYSEM to members of target group is an integral part of the IRDP, it is based on actual need and requirement.

5.4.13.4 SAFEGUARDS FOR CERTAIN SECTIONS

A minimum of 50% of trained youths from the Scheduled Castes (SC) and Scheduled Tribes (ST) communities, a minimum of 50% of youth trained from women category and at least 3% from physically handicapped have been stipulated.

5.4.13.5 STRATEGY

The identified youth are to be put through a period of training, either with a training institution or a master craftsman to provide necessary technical and entrepreneurial skills. On the successful completion of training, they receive a combination of subsidy and institutional credit under IRDP.
for acquisition of income generating assets, if they so desire. Care is taken to ensure that IRDP activity provided to the beneficiary has relevance to the training imparted under TRYSEM.

5.4.13.6 COMPONENTS OF THE PROGRAMME

5.4.13.6.1 IDENTIFICATION OF BENEFICIARIES

The Block Development Officer (BDO) invites applications from youth belonging to the target group in his area. A preliminary scrutiny is made to find out how many can be provided assistance under TRYSEM. Such assessment can also be done at the time of household survey so that a wide base of potential beneficiaries is available. Application by the youth is not a necessary condition for inclusion in the list.

5.4.13.6.2 SELECTION OF TRAINEES

A Committee presided over by the BDO and including members from training institutions of the area, banks, KVI's, Panchayat Raj Institutions and any other which it may wish to co-opt, finalizes selection on the basis of the following criteria:

1. An attempt should be made to select the members of the poorest families first.
2. At least 50 percent of the candidates should be women.
3. At least 50 per cent of the candidates should be members of Scheduled Caste/Tribes.
4. At least 3 per cent of the benefits be earmarked for physically handicapped persons.
5. Preference should be given to persons who have been made literate under the National Literacy Mission.

There are no educational qualifications prescribed for selection of trainees.

5.4.13.6.3 IDENTIFICATION OF VOCATIONS

The District Rural Development Agency (DRDA) identifies the necessary vocation in consultation with the District-level officers of different departments, keeping in mind their sectoral plans. The DRDAs get area skill survey initiated in their districts to establish demand for various skills to give TRYSEM a market orientation. The demand for skills in the near by urban areas, industrial
estates, growth centres and major project areas is also kept in view. The final selection of vocations is done keeping in mind the demand for skills, goods and services required.

5.4.13.6.4 IDENTIFICATION OF TRAINING FACILITIES

The DRDA prepares a resource inventory of training facilities. The facilities include institutions such as ITIs, Poly-technics, Krishi Vigyan Kendras, Nehru Yuvak Kendras, Khadi and Village Industries Boards, State Institutes of Rural Development, Extension Training Centres, reputed voluntary organizations and any departmental facilities available in that area. Reputed master craftsmen are also utilised for training on a limited scale after adequately ascertaining the quality of instructions they are capable of imparting. Before selection, it is ensured that they have adequate facilities in terms of faculty, buildings etc.

5.4.13.7 TRAINING

5.4.13.7.1 SYLLABUS

Syllabus for each trade is approved by the DRDA. The syllabus includes training in job skills as well as managerial and entrepreneurial skills such as

- elements of book keeping
- simple knowledge of marketing
- acquaintance with product costing
- familiarization with project financing by banks

Training module for each physical skill is formulated and maximum emphasis is on learning by doing. The successful trainees with their own ventures of self-employment are also associated with a new batch of trainees.

5.4.13.7.2 DURATION

The duration of the training normally does not exceed six months. However, SLCC can change the duration and prescribe duration for new trades.

5.4.13.7.3 AWARDING OF CERTIFICATES

DRDAs issue certificates to TRYSEM trainees after successful completion of training.
5.4.13.7.4 STIPEND TO TRAINEES

Stipends to trainees under TRYSEM used to be given earlier as under:

- Up to Rs. 150/- per trainee per month if the training is conducted in the village of the trainee.
- Up to Rs. 250 per trainee per month if the training is conducted in a place other than the trainee's village and arrangements for free accommodation have been made. In case the period of training is less than one month, daily stipend of Rs. 10 is given subject to a maximum of Rs. 125.
- Up to Rs. 300 per trainee per month if the training is conducted in a place other than the trainee's village and no arrangements for free accommodation have been made. In case the period of training is less than one month, daily stipend of Rs. 12 is given subject to a maximum of Rs. 150.
- The present rates of stipend are as under:
  - Rs. 500 per month per trainee undergoing training in Government Institution
  - Rs. 350 per month per trainee undergoing training in Government Recognised Institution
  - Rs. 200 per month per trainee undergoing the training from master craftsman.

5.4.13.7.5 SUPPLY OF A FREE TOOL KIT TO TRAINEES

A free tool kit costing not more than Rs. 800/- (increased from Rs. 600/-) is given in kind to the trainees during the course of the training itself but after they have acquired some proficiency to enable them to get experience in the use of their own tool kits.

5.4.13.7.6 HONORARIUM TO INSTITUTION/MASTER CRAFTSMEN

A sum of Rs. 300/- to Government Institution and Rs. 200/- to Government Recognised Institution (increased from Rs. 100) per trainee per month is payable to the training institution for the duration of the training. An amount of Rs. 100 (increased from Rs. 75) per trainee is payable to master craftsman per month as honorarium with a limit of 10 trainees at a time per master-craftsman. A sum of Rs. 60 per trainee per month subject to a limit of Rs. 500 per trainee per
course is paid for the purchase of raw materials during training. On successful completion of training, another sum of Rs. 50 per trainee is paid to the master craftsman only.

5.4.13.7.7 SALE PROCEEDS

50% of the sale proceeds of articles produced by the trainees during the training period is given to the trainees and the remaining 50% is given to the trainer/training institution.

5.4.13.7.8 PERFORMANCE TEST

On completion of training, the trainee is subjected to a performance test to see whether he has acquired the skills and is proficient in them. There is no financial provision in the scheme for a period of apprenticeship.

5.4.13.8 FINANCING PROJECTS FOR SELF-EMPLOYMENT

Loan application for assistance under IRDP of TRYSEM trainee is completed and processed while training is still in progress so that loan is disbursed immediately upon completion of the course.

5.4.13.9 ORGANIZATIONAL SUPPORT

5.4.13.9.1 CENTRAL LEVEL

The Central Committee on IRDP and Allied Programmes, presided over by the Secretary, Union Department of Rural Development, oversees the implementation of the programme and provides the policy guidelines.

5.4.13.9.2 STATE LEVEL

A sub-committee of the SLCC is constituted exclusively for TRYSEM. A Director (TRYSEM), who is of the rank of Project Director (DRDA), functions at State Headquarters as part of the IRDP monitoring cell. The expenditure on this post is shared equally by the Centre and by the State Government.

5.4.13.9.3 DISTRICT & BLOCK LEVELS

5.4.13.9.3.1 The DRDA looks after the implementation of TRYSEM.
5.4.13.9.3.2 DISTRICT LEVEL COMMITTEE

5.4.13.9.3.2.1 A District Level Committee is formed exclusively for TRYSEM follow up. This Committee is a part of the DRDAs administrative organization. The main objective of the Committee is to take all necessary action for settling TRYSEM trainees in ventures of self-employment or suitable wage-employment on a substantive and long-term basis. The composition of the District Level Committee is as under:

- Chairman of DRDA as Chairman
- All formal Training Institutions which have in the last 3 years imparted training and are presently imparting training under TRYSEM e.g. ITIs and Polytechnics
- All Training Institutions which are run by Voluntary Agencies
- All Voluntary Agencies which are directly providing training
- The Lead Bank Officer
- The General Manager, District Industries Centre
- Local representative of KVIC and State KVIB
- District Planning Officer
- District Employment Officer
- Project Director - Secretary of the Committee

5.4.13.9.3.2.2 Training Institutions which are members of this Committee give detailed report about all the TRYSEM trainees who have passed out from the Institution and who are likely to pass out in the near future. The Committee analyses these reports in details and gives the necessary instructions to the Institutions.

5.4.13.10 BACKWARD AND FORWARD LINKAGES

5.4.13.10.1 Backward and Forward Linkages have to come from sectoral departments in the form of development of appropriate technology, production and supply of good quality assets, provision of other inputs and services and marketing facilities.

5.4.13.10.2 State Government identifies a Nodal Agency with a responsibility of providing backward and forward linkages to a majority of self employed beneficiary families. Funds
 earmarked for infrastructure development under IRDP can be utilised for developing such assistance. The use of local *Haats* and *Bazars*, retail outlets of cooperative societies, *Khadi Bhandars*, Regulated Agricultural markets and *Mandis* are also made use of for marketing. The DRDA is responsible for coordinating/providing backward and forward linkages to the trainees.

**5.4.13.10.2** The progress since inception under the Programme is given hereunder:

**PROGRESS UNDER TRYSEM SINCE INCEPTION**

<table>
<thead>
<tr>
<th>Period</th>
<th>Number of youth to be trained</th>
<th>Number of youth trained</th>
<th>Trained Youth Employed</th>
<th>Wage Employed</th>
<th>Total</th>
<th>Coverage of SCs/STs Nos.</th>
<th>Coverage of Women Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-85</td>
<td>1009440</td>
<td>1014695</td>
<td>478396</td>
<td>102097</td>
<td>580493</td>
<td>333928</td>
<td>342744</td>
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<tr>
<td>1985-90</td>
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<td>464036</td>
<td>131096</td>
<td>595132</td>
<td>422145</td>
<td>459505</td>
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<td>105441</td>
<td>116623</td>
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<tr>
<td>1991-92</td>
<td>425314</td>
<td>307044</td>
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<td>138697</td>
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<td>141392</td>
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<td>1993-94</td>
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<td>145298</td>
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<tr>
<td>1994-95</td>
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<td>86466</td>
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<td>126978</td>
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<td>133930</td>
<td>124462</td>
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<tr>
<td>1996-97</td>
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<td>182537</td>
<td>173502</td>
<td>195522</td>
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<tr>
<td>1997-98+</td>
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<td>51987</td>
<td>24668</td>
<td>76655</td>
<td>78012</td>
<td>87077</td>
</tr>
<tr>
<td>Total</td>
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<td>4148425</td>
<td>1755359</td>
<td>577015</td>
<td>2332374</td>
<td>1774395</td>
<td>1912514</td>
</tr>
</tbody>
</table>

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Table No. 5.1

**5.4.14 DEVELOPMENT OF WOMEN AND CHILDREN IN RURAL AREAS (DWCRA)**

**5.4.14.1** Development of Women and Children in Rural Areas (DWCRA), a sub-scheme of IRDP, was started in 1982-83 with the primary objective of focusing attention on the women members of rural families below poverty line with a view to provide them with opportunities of Self-Employment on a sustained basis. The need for a special programme designed exclusively for women was felt as it was noticed that women members of IRDP families were not availing of the benefits of that programme in adequate measure. DWCRA and IRDP are not mutually exclusive. Women belonging to identified rural families can become members of DWCRA and
also avail of subsidy and credit under IRDP subject to overall subsidy ceilings. The target group for DWCRA is same as for IRDP.

5.4.14.2 STRATEGY

DWCRA is based on a group strategy. Women members of DWCRA form groups of 10-15 women, each for taking up economic activities suited to their skill, aptitude and the local conditions. The group approach has been extended to all districts with effect from 01-01-1990 for greater coverage of women under IRDP. The group strategy has been adopted to motivate the rural women to come together and to break social bonds.

5.4.14.3 COVERAGE

DWCRA was started in 1982-83 with UNICEF assistance as a pilot project in 50 selected districts. Since then, the programme has extended to more districts in a phased manner. It is now being implemented all over the country.

5.4.14.4 FORMATION OF GROUPS

The group normally consists of 10-15 women. In difficult terrain and far-flung areas, groups with small number of women may be formed. Before starting an income generating activity, the women are made aware of the objectives and benefits of DWCRA and how they can supplement the family income with the help of economic activity and thereby raise the health, nutritional and educational standards of their children. The group members try to know each other well, understand the group strategy and recognize the strength and potential of the group. One woman member is selected by the members as a Group Organizer. The Group Organizer helps in the choice of activity, procurement of raw materials, marketing of products. As a matter of fact, the Group Organizer is the friend and guide of the other members of the group. The functional pattern of the group is as shown below:
5.4.14.5 SELECTION OF ACTIVITY

The selection of activity is left to group members. However, it is ensured that the activity being so selected is viable one with requisite forward and backward linkages. Technical feasibility studies may precede the selection of activities to ensure the necessary inputs. The following is an illustrative list of activities under DWCRA:

1. Tailoring
2. Knitting
3. Embroidery
4. Weaving
5. Ready-made Garments
6. Carpet Weaving
7. Khadi spinning
8. Fibre making
9. Hand printing
10. Bed making
11. Palm leaf mat making
12. Bamboo basket making
13. Pickles making
14. Food processing
15. Bakery
16. Vegetable growing
17. Fish net making
18. Fishery
19. Poultry
20. Goat rearing
21. Duckery
22. Dairy
23. Piggery
24. Bee keeping
25. Paddy pouncing
26. Brush making
27. Book Binding
28. Hand made paper making
29. Candle making
30. Leather works
31. Plastic/polythene works
32. Agarbatti making
33. Match making
34. Stone cutting
35. Pottery
36. Leaf plate making
37. Chalk making
38. Paper bag making
39. Envelope making
40. Basket making
41. Soap making
42. Fruit & vegetable/fish preservation
43. Decoration pieces/toys etc.
44. Wood works

5.4.14.6 FINANCIAL PATTERN

5.4.14.6.1 Each group is given a lump sum grant of Rs. 22,500 (increased from Rs. 15,000) as Revolving Fund. This amount is contributed in equal shares by Government of India, State Government. (Earlier, this was contributed in equal shares by Government of India, State Government and UNICEF). In the case of Union Territory, the Government of India contributes the entire amount. (Earlier, the Government of India used to contribute Rs. 10,000 and the UNICEF used to contribute Rs. 5,000/-). The revolving fund per group has also been increased from Rs. 15,000 to Rs. 22,500 to those groups which have stabilized and are in need of additional funds for increasing production and for diversification.

5.4.14.6.2 The Revolving Fund amount is meant for the use by the group for purposes like

- Purchase of raw materials and marketing
- Honorarium to Group Organizer @ Rs. 50 per month for a period of one year
- Infrastructure support for income generating and other group activities
- One time expenditure on child care activities
- One time expenditure not exceeding Rs. 500 to meet travel allowance of group members for visits to banks etc.

5.4.14.6.3 In addition, the Group Organizer is entitled to Rs. 200/- towards travelling allowance for a period of one year. This is shared equally by Government of India and State Government.

5.4.14.7 BANK CREDIT FOR DWCRA GROUPS

5.4.14.7.1 A group which is registered under the Societies Registration Act or State Cooperative Societies Act can approach a bank for getting a loan in the name of the group for production purpose. However, a majority of groups under DWCRA are unregistered or informal. For them
a pilot project was introduced in May 1990 in 16 selected districts. The salient features of this scheme is as under:

5.4.14.7.2 The minimum number of women members of the informal group is 5. Each group is entitled to revolving fund amount on pro-rata basis @ Rs. 1,000 per member subject to a maximum of Rs. 25,000 (increased from Rs. 15,000) per group.

5.4.14.7.3 The group is also entitled to subsidy @ 50% under IRDP subject to the monetary ceilings.

5.4.14.7.4 The availability of bank credit has enabled the groups to take up productive activities with higher investments. The pilot project has shown encouraging results.

5.4.14.8 STAFFING PATTERN

5.4.14.8.1 In every block covered under DWCRA, one Gram Sevika looks after the activities of the groups. She is in addition to the Community Development Block staff of one Mukhya Sevika and two Gram Sevikas. Where these posts have been abolished or diverted, they are to be revived by State Governments.

5.4.14.8.2 At District level, there is one post of Assistant Project Officer (Women's Development) who should be a woman officer. She is in charge of the Programme in the District and works under the supervision and guidance of the Project Director of DRDA. She is provided with a vehicle by UNICEF so that she can discharge her field duties efficiently. The cost of driver's salary and running and maintenance of vehicle are to be met out of funds under IRDP infrastructure.

5.4.14.8.3 At State level, one Deputy Secretary/Director is the in-charge of DWCRA. She is provided with supporting staff of one Assistant, one Stenographer and a messenger. She reviews the progress of implementation of DWCRA with particular reference to the achievement of physical and financial targets, and also ensures that all sanctioned staff at Block and District level is in position. Periodic meetings and visits are arranged in the project areas to oversee qualitative aspects.
5.4.14.9 SKILL TRAINING FOR BENEFICIARIES

The nature and level of training depends upon the type of economic activity selected by the group. The training is imparted under TRYSEM either through the master craftsman or in an institute. Mobile training can be provided in view of the difficulties of moving away from home faced by women. For women over 35 years, not covered under TRYSEM, training is provided and charged to IRDP administrative overheads. Refresher training for upgrading skills is also permissible.

5.4.14.10 TRAINING OF PROGRAMME STAFF

The proper training of staff at various levels for motivation, attitudinal change and awareness building is arranged. The knowledge imparted relates to philosophy of DWCRA, the various policy guidelines issued from time to time, the tasks expected from each functionary, the procedures of bank credit, marketing, role of voluntary agencies, coordination with other developmental programmes for women and children. UNICEF provides financial assistance for this purpose. DWCRA has a provision for construction of Multipurpose Community Centres (MCC) at the rate of one centre per Block. The women's groups may assemble and carry on their activities at such multipurpose community centres. The centre provides facilities for training, production and child care and includes residential accommodation for the Additional Gram Sevika. The construction of MCC is an approved activity under Jawahar Rozgar Yojana. The additional material cost can be met from the interest earnings of DRDAs, up to Rs. 50,000 per centre. UNICEF provides supplies and equipments up to the value of Rs. 50,000 per centre when they are completed.

5.4.14.11 BUDGET PROVISION UNDER DWCRA

Budget provision is made under DWCRA to meet expenditure on the following items:

1. A revolving fund to stimulate income generation activities/child care facilities to be shared equally by Government of India, State Governments and UNICEF (now Government of India and State Governments only). In case of Union Territory, it is
shared by Government of India and UNICEF in the ratio of 2:1. (now fully by
Government of India only).

2. Travelling allowance to group organizer of Rs. 200/- (lumpsum) to be funded by the
Government of India and State Government on 50:50 basis and in case of UT,
wholly by the centre.

3. In addition, UNICEF funds are available for
   i. Salaries of approved staff for a period of 5 years from the date of filling up
      of the post. Thereafter, till 1995, the cost of salaries were to be met from
      the provision for administrative infrastructure under IRDP.
   ii. supplies and equipments for multi-purpose centres (up to Rs. 50,000 per
        centre).
   iii. Training workshops and seminars
   iv. Training publicity/inputs

5.4.14.12 SUPPORTIVE SERVICES

State Governments are expected to initiate steps for convergence of DWCRA with other
programmes. For better coordination, an Advisory Committee for DWCRA is constituted in
every DRDA. The committee comprises of the following:

1. Collector/Chief Executive Officer as Chairman
2. Project Director, DRDA as Convener
3. District Officer l/c of ICDS
4. District Health and Medical Officer
5. District Education Officer
6. District Officer, NABARD
7. Lead Bank Officer
8. Principal, ITI
9. Principal, Polytechnic
10. Principal/Representative of Women's College
11. Representatives of two prominent voluntary agencies working in the area

12. Representative of prominent Research Bodies working in the area of Women's studies

Coordination Committees are also set up at State and Block level.

5.4.14.13 MONITORING AND EVALUATION

An on-going participative evaluation of the Programme is conducted by the Gram Sevika, Mukhya Sevika and members of the group. At half yearly intervals, the group along with the Gram Sevika and Mukhya Sevika meets to discuss the achievements and the bottlenecks and problems encountered and how best they can be surmounted.

5.4.14.14 ROLE OF VOLUNTARY AGENCIES

Voluntary agencies are encouraged to participate in the DWCRA programme.

5.4.14.15 CONSCIENTISATION OF WOMEN

As considerable efforts are needed to be made for gender sensitization, removal of misapprehensions and information sharing before an effective group can be formed, the field functionaries visit the houses of the identified families and arrange a number of meetings before the group emerges.

5.4.14.16 THRIFT AND CREDIT GROUPS

An effective strategy tried out for generating group activity is of promoting thrift and credit amongst the group members. Group members are encouraged to save small amounts and pool them periodically. The corpus of funds thus generated is available for use by the members of the group as per terms and conditions evolved by members themselves. The DRDAs have been authorized to give matching contribution equal to the savings made by such groups up to Rs. 15,000 per group. This is drawn from IRDP infrastructure funds.
5.4.14.17 The progress under DWCRA since inception is presented in the following table:

**PROGRESS UNDER DWCRA SINCE INCEPTION**

<table>
<thead>
<tr>
<th>Period</th>
<th>Target Number of Groups</th>
<th>Number of Groups Formed</th>
<th>Number of Women Benefited</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-85</td>
<td>6035</td>
<td>3308</td>
<td>52170</td>
</tr>
<tr>
<td>1985-90</td>
<td>35000</td>
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<tr>
<td>1990-91</td>
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</tr>
<tr>
<td>1997-98*</td>
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<td>30367</td>
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</tr>
<tr>
<td>Total</td>
<td>147935</td>
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<td>3500247</td>
</tr>
</tbody>
</table>

* Provisional

Table No. 5.2

5.5 **THE FUNCTIONING OF THE PROGRAMME**

5.5.1 **ADMINISTRATIVE SET UP FOR IMPLEMENTATION OF IRDP**

5.5.1.1 **CENTRAL LEVEL**

5.5.1.1.1 Department of Rural Development in the Ministry of Agriculture, Government of India, New Delhi has the over-all responsibility of policy formulation, monitoring and evaluation of the programme and for release of central share of funds.

5.5.1.1.2 **CENTRAL LEVEL COORDINATION COMMITTEE**

5.5.1.1.2.1 **COMPOSITION OF CLCC**

A Central Level Coordination Committee (CLCC) on IRDP and allied programmes of TRYSEM and DWCRA has been constituted to assist the Department. The composition of the Committee is as under:

1. Secretary, Department of Rural Development, Chairman

2. Secretary, Department of Agriculture & Cooperation or his nominee not below the rank of Joint Secretary

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3. Adviser (Rural Development), Planning Commission or his nominee not below the rank of Joint Secretary
4. Secretary, Expenditure or his nominee not below the rank of Joint Secretary
5. Secretary, Department of Women and Child Development or his nominee not below the rank of Joint Secretary
6. Secretary, Department of Small Scale Industries or his nominee not below the rank of Joint Secretary
7. Secretary, Ministry of Welfare or his nominee not below the rank of Joint Secretary
8. Director General, CAPART
9. Additional Secretary, Department of Rural Development
10. Additional Secretary, Banking Division, Ministry of Finance
11. Chief Executive Officer, KVIC
12. Managing Director, NABARD
13. Executive Director, RBI
14. Joint Secretary, Finance, Department of Rural Development
15. State Secretaries of Rural Development of selected States
16. Joint Secretary, IRD, Department of Rural Development, Member Secretary

Other officials/non-officials may be invited to the meetings of this committee if their presence is felt necessary by the Chairman.

**5.5.1.2.2 FUNCTIONS OF CLCC**

The functions of CLCC are as under:

1. Framing and revision of guidelines for the IRDP and allied programmes
2. To ensure effective implementation of the programmes
3. To review preparation of Block Plans, District Plans, Annual Plans and Credit Plans etc.
4. To review linkages for supporting services for the IRDP beneficiaries
5. To consider changes in administrative set up under IRDP and for other rural development programmes

6. To review progress of these programmes in physical, financial and qualitative terms

7. To consider concurrent evaluation reports

8. To provide a forum for a continuous dialogue with the State Governments

9. To consider proposals for strengthening of infrastructure of training institutions, establishment of new training institutions, modifications in the norms prescribed for grant of stipend and in the pattern of training institutions etc. under TRYSEM.

5.5.1.2 STATE LEVEL

5.5.1.2.1 The Department of Rural Development or any other Department to which subject of Rural Development has been allocated is responsible for planning, implementation, monitoring and evaluation of the programme at the State Level. A **State Level Coordination Committee** (SLCC) has been provided to assist this Department in discharging these responsibilities.

5.5.1.2.2 COMPOSITION OF SLCC

The composition of the SLCC is broadly as under:

Chairman

1. Chief Secretary/Agricultural Production Commissioner/Development Commissioner

Members

2. Secretary, Department of Rural Development
3. Secretary, Department of Finance
4. Secretary, Department of Planning
5. Secretary, Incharge of Women's Programme
6. Head of the Department of Agriculture
7. Head of the Department of Animal Husbandry
8. Head of the Department of Irrigation
9. Head of the Department of Cooperation
10. Head of the Department of Forest
11. Head of the Department of Fisheries
12. Head of the Department of Industries and Mines
13. Director, Institutional Finance
14. Managing Director, SC/ST Development Corporation
15. Managing Director, Women's Development Corporation
16. Representative of KVIC
17. Chief Executive Officer of State KVIB
18. A representative of the Government of India, not below the rank of Deputy Secretary

Member Secretary

19. Joint/Deputy Secretary, Department of Rural Development

The State may include other officials/non-officials whose presence they deem necessary in the meetings.

5.5.1.2.3 FUNCTIONS OF SLCC

The functions of the State Level Coordination Committee are as under:

1. To provide leadership and guidance to the DRDAs in the planning, implementation and monitoring of the programme

2. To secure inter-departmental co-ordination between various implementing agencies of programmes like Operation Flood, Operation Blackboard, Applied Nutrition Programmes, SLPP etc. and to ensure development of strong backward and forward linkages for the programme.

3. To consider needs and changes in the administrative set up for the implementation of the programme and approve the establishment pattern and sanction the posts according to them
4. Fix norms for office expenses, equipment, vehicles, hiring of accommodation etc. where necessary and to revenue expenditure on these items to ensure that it remains within the prescribed limits.

5. To review the physical targets and achievements of the districts keeping in view the objective conditions affecting the provision and operation of viable schemes and modify the targets accordingly, keeping in view the overall objectives.

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

7. To review implementation of IRDP and allied programmes by voluntary agencies and other NGOs.

8. To provide a forum for a meaningful dialogue between the policy makers at the State level and the implementors at the field level.

5.5.1.2.4 The SLCC meets every quarter.

5.5.1.3 DISTRICT LEVEL

5.5.1.3.1 The Programme is implemented through District Rural Development Agencies (DRDAs) at the District level. These agencies are registered societies under the Registration of Societies Act. They are generally headed by the Collector/Deputy Commissioner/Chief Executive Officer or Sabhapati of Zilla Parishad depending upon the practice prevailing in the State.

5.5.1.3.2 COMPOSITION OF DRDAs

The DRDAs have Governing Bodies. The constitution of Governing Body is broadly as under:

Chairman

1. Collector

Members

2. All MPs and MLAs of the District

3. Head of the Central Cooperative Bank

4. Chairman, Regional Rural Bank
5. Chairman of Zilla Parishad or his representative
6. Lead Bank Officer
7. NABARD representative at District Level
8. General Manager, DIC
9. Representative of KVIB
10. District Officer-in-Charge of Family Welfare Programme
11. District Employment Officer
12. Project Officer, ITDP
13. Regional/District Officer, Scheduled Caste Finance Corporation
14. APO (Women Development)
15. One Woman Worker/Organization with actual experience of organizing rural poor
16. Representative of District Milk Union
17. Two representatives of the weaker section, one of whom may be drawn from SCs and STs. These representatives may be the beneficiaries of the programme
18. One representative of rural women, preferably a beneficiary

Member Secretary

19. Project Officer/Director, DRDA

5.5.1.3.3 EXECUTIVE COMMITTEE OF DRDA

The Chairman/President 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 meets once a quarter and the Executive Committee once a month.
5.5.1.3.4 FUNCTIONS OF THE DRDAs

The DRDAs are the overall in-charge of the planning, implementation, monitoring and evaluation of the Programme in the District. The main functions of the DRDAs are as under:

i. To keep the District and Block level agencies informed of the basic parameters and the requirements of the Programme and the tasks to be performed by all these agencies

ii. To coordinate and oversee the survey, preparation of perspective plans and Annual Plan of the blocks and finally prepare a District Plan

iii. To monitor and evaluate the Programme implementation by Government and non-governmental agencies to ensure its effectiveness

iv. To secure inter-sectoral and inter-departmental coordination and cooperation

v. To give publicity to the achievements made under the Programme and disseminate knowledge and build up awareness about the Programme

vi. To send periodical returns to the State Government in the prescribed formats
5.5.1.3.5 STAFFING PATTERN FOR DRDAs

A new staffing pattern has been provided for DRDAs.

NEW STAFFING PATTERNS FOR DRDAS

Chart No. 5.2

This new staffing pattern makes a compact team and the DRDAs have been restructured according to the new staffing pattern. While no retrenchments have been made, the post not conforming to the new pattern and falling vacant are not to be filled in. Any deviations from the broad staffing pattern is to be considered and approved by the SLCC, keeping in view the State norms. The expenditure on these posts is borne from within the administrative infrastructure allocation of the DRDAs.
5.5.1.4 BLOCK LEVEL

5.5.1.4.1 The Block is a basic unit for preparation of perspective and annual plans, implementation of the Programme as per the approved plan and providing feedback on the impact of the programme. The Block Development Officer is required to perform the role of the chief coordinator in the Block and also to see that plans are prepared in time and implemented effectively.

5.5.1.4.2 STAFFING PATTERN FOR BLOCKS

5.5.1.4.2.1 The BDOs are assisted by Extension Officers whose number is determined according to the need of the area. Usually, there is an Extension Officer each for every core discipline. The discipline should include women’s programmes. One post of a joint BDO per Block may be created for the blocks having a population of more than one lakh. The number of VLWs and extension officers are determined according to the needs of the area. Ordinarily, there are 10 village level workers per Block. In addition, at least 2 women VLWs are to be provided to facilitate assistance to women beneficiaries.

5.5.1.4.2.2 In the ITDP areas and the North Eastern region, the Joint BDO is posted irrespective of the population size. In these blocks, the strength of Gram Sewaks and Gram Sevikas can be augmented by 50% of the existing strength subject to such additional staff being not more than 5 VLWs and one VLW (Women) per Block.

5.5.1.5 EXPENDITURE ON STAFF AT STATE, DISTRICT, AND BLOCK

The expenditure on staff for IRDP and allied programmes at the State, District and Block level has normally to be met by the concerned State Governments.

5.5.1.6 SCHEMES UNDER WHICH CENTRE SHARES EXPENDITURE WITH STATES

However, there are two schemes under which the Central Government shares 50% of the cost.
5.5.1.6.1 PROJECT FORMULATION-CUM-MONITORING CELL AT STATE HEADQUARTERS

5.5.1.6.1.1 PROJECT FORMULATION-CUM-MONITORING CELL

5.5.1.6.1.1.1 For the posts created under this scheme, with the prior approval of the Government of India, 50% of the expenditure on account of salaries and other related expenses is shared by the Central Government.

5.5.1.6.1.1.2 The cell may consist of experts/officers as under:

- Planning including credit planning
- Subject matter specialists in animal husbandry, rural industries etc.
- Accounts
- Economics/Statistics

5.5.1.6.1.1.3 In addition to these, one post of Director (TRYSEM) can also be created under this cell.

5.5.1.6.1.1.4 The number of experts in the cell may not be more than seven inclusive of the Officer-in-Charge of TRYSEM.

5.5.1.6.1.2 INTERNAL AUDIT CELL

5.5.1.6.1.2.1 An internal audit Cell at State Headquarters has been visualized for the purpose of making periodic visits to check irregularities in coverage of ineligible beneficiaries, treating advances as expenditure, non adjustment of subsidy in time, release of excess subsidy etc.

5.5.1.6.1.2.2 The staffing pattern for the Internal Audit Cell is as follows:

<table>
<thead>
<tr>
<th></th>
<th>20 or less</th>
<th>21-35</th>
<th>36 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Officer</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Accountant</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>L.D.C.</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Group D</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Table No. 5.3
5.5.1.6.1.2.3 Internal Audit Cell is a part of the scheme of project formulation-cum-Monitoring Cell. 50% of the expenditure on account of salaries and other related expenses in respect of posts created under this Cell with prior approval of the Government of India is shared by Centre.

5.5.1.6.2 STRENGTHENING OF BLOCK LEVEL ADMINISTRATION SCHEME

Under this scheme, efforts are made to fill up some gaps in the existing staff availability at Block and village level to ensure effective implementation of IRDP. 50% of the expenditure on this account is shared by the Central Government in respect of post created under this scheme with the prior approval of the Government of India.

5.5.1.7 DISCONTINUATION OF SCHEMES UNDER WHICH CENTRE SHARES EXPENDITURE WITH STATES

Central assistance under both the Schemes mentioned above were to discontinue at the end of the VIII Five Year Plan. No new posts were to be sanctioned under these Schemes.

5.5.2 FUNDING PATTERN AND FINANCIAL PROCEDURE

5.5.2.1 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. Allocations are now being done in relation to the incidence of poverty in the States. Funds devoted to District 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 available and banking infrastructure available.

5.5.2.2 PROVISION OF FUNDS

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.

5.5.2.3 ELIGIBLE ITEMS OF EXPENDITURE

5.5.2.3.1 The items of expenditure charged to the budgetary provision are:

1. Subsidy for the economic activities
2. Programme infrastructure
3. Administrative infrastructure

5.5.2.3.2 Recurring expenditure under TRYSEM is met from a separate budget provision specific for the purpose and delinked from IRDP allocation.

5.5.2.4 QUARTERLY BUDGETING/TARGETING

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

QUARTER-WISE UTILISATION OF THE ALLOCATION

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>April to June</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Second Quarter</td>
<td>July to September</td>
<td>25%</td>
</tr>
<tr>
<td>3</td>
<td>Third Quarter</td>
<td>October to December</td>
<td>35%</td>
</tr>
<tr>
<td>4</td>
<td>Fourth Quarter</td>
<td>January to March</td>
<td>25%</td>
</tr>
</tbody>
</table>

Table No. 5.4

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

5.5.2.5 RELEASE OF FUNDS

5.5.2.5.1 The funds are released to DRDAs. The principles governing the release are:

1. The expenditure should be equally shared by the Centre and States.
2. For Union Territories, the entire expenditure is met by Government of India.
3. The expenditure should not be repugnant to the objective and the needs of the programme.

5.5.2.5.2 The funds are released in two instalments by the Centre. In the case of cold snow bound districts viz. Lahul and Spiti, Leh and Kargil, where the working period is limited to a few months, the entire central share of assistance can be released in one instalment.
5.5.2.5.3 These releases are to be matched with the releases by the States.

5.5.2.5.4 RELEASE PROCEDURE FOR CENTRAL SHARE OF IRDP FUND

5.5.2.5.4.1 NORMAL AREAS

5.5.2.5.4.1.1 RELEASE OF FIRST INSTALMENT

5.5.2.5.4.1.1.1 The first instalment is released without any formal request from the DRDAs provided 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 request 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.

5.5.2.5.4.1.2 The release of the first instalment is ordinarily completed by the end of the second month of the financial year.

5.5.2.5.4.2 RELEASE OF SECOND INSTALMENT

5.5.2.5.4.2.1 The second instalment of Central funds is released on the request of the DRDAs on the fulfillment of the following conditions:

1. Budget provision for the current year may be indicated by the State Governments. The Central release does not exceed this.

2. The State Government should have released matching contribution during the previous year. Deficiency in release of matching share is 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 is 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% as the case may be, of the final allocations 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, is deducted at the time of release of 2nd instalment. One time capital investment on installation of computer and telex does not form a part of administrative infrastructure for the purpose of such deductions.

5. Utilization of available funds including carry forward funds.

6. Audit reports and utilization 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 are made from the Central share of second instalment.

5.5.2.5.4.1.2.2 The States should ideally get the release of second instalment latest by the end of December.

5.5.2.5.4.2 COLD DESERT DISTRICTS

Funds are released in one instalment provided the following conditions are satisfied before the next release:

1. Conditions laid down at the time of release of funds during the previous year should have been satisfied.

2. Budget provisions for the current year should have been indicated and Central release does not exceed it.
3. State Government should have released matching share during the previous year. Deficiency in the release of the matching State contribution is deducted from the current year's release.

4. Utilization of available funds including carry forward funds.

5. Annual plan should have been approved by the Governing Body of the DRDA.

6. Audit Report and Utilisation Certificate for the year before last should have been received.

5.5.2.6 PROGRAMME INFRASTRUCTURE

5.5.2.6.1 The general infrastructural support to the activities under the programme should come from the regular sectoral departments of these States. 10% of the IRDP allocation is allowed to be spent on filling up the critical gaps in the infrastructure directly related to the projects of IRDP beneficiaries. In view of the critical importance of infrastructure development, the ceiling limit on such expenditure under IRDP has been raised from 10 per cent to 20 per cent.\(^2\) Funds for infrastructural development are not to be used to augment resources of the State Government for development of general infrastructure. The proposals for infrastructural development should form part of the Annual Plan of the Block and District. The broad principles in this respect are as under:

- The infrastructural activities should enable IRDP beneficiaries full utilisation of their assets. Marketing linkages should be given priority.
- The proposals should emerge out of the specific activities being taken up by the beneficiaries and the locational decisions should be made by the Blocks/DRDAs.
- Only village or Block or District level infrastructure should be planned. In no case should the proposals envisage development of infrastructure at the

State or regional level. The per capita investment should not exceed Rs. 3,000/-.

- Only the fixed cost, and not the recurring expenditure, should be met out of IRDP funds. There should be an undertaking that the recurring expenditure on staff and other items would be met by the State Government or the organization concerned.

- In the case of assistance for development of infrastructure to cooperative societies, it should be ensured that at least 50% of the members are IRDP beneficiaries.

5.5.2.6.2 The proposal should clearly spell out the time span envisaged for building up the infrastructure, its impact on the activities of the beneficiaries in particular and economic environment in general, the agency charged with the implementation of the project and the monitoring system provided to see that the projects are executed in given time at the given cost. The funds to the executing agency should be given in phases depending on the progress of the work. The decision on the phasing of the release should be taken by the Chairman, DRDA.

5.5.2.7 ADMINISTRATIVE INFRASTRUCTURE

5.5.2.7.1 A part of the IRDP allocation can be utilised for meeting expenditure on administrative infrastructure at DRDA level as per State norms. The proportion is as under:

<table>
<thead>
<tr>
<th>DRDA having</th>
<th>4 or fewer blocks</th>
<th>5 to 7 blocks</th>
<th>8 or more blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15%</td>
<td>12.5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

5.5.2.7.2 Where there are no State norms, these may be laid down with the approval of SLCC. While working out these norms, a coordinated 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 is not to be taken outside the
District jurisdiction. The DRDA vehicles should not be fitted with luxury items like air
conditioners, cassette players, costly upholstery etc.

5.5.2.7.3 ITEMS ADMISSIBLE FOR EXPENDITURE UNDER ADMINISTRATIVE
INFRASTRUCTURE

1. The expenditure on establishment created in DRDAs and Blocks

2. To facilitate preparation of loan application forms and for getting the project
   for women sanctioned from banks under IRDP, the DRDAs are authorized to
   engage the services of women functionaries of other Departments such as
   Anganwadi workers etc. These functionaries are eligible to get a
   remuneration of Rs. 25 per women assisted subject to a maximum of Rs.
   150 per functionary per year. Expenses on this are to be met out of funds
   available for administrative infrastructure under IRDP.

3. Office expenses of the DRDAs.

4. Expenditure on office equipment, vehicles, office furniture including rent of
   office building etc.

5. Expenditure on the seminars, workshops, meetings and training of the
   DRDAs/Block officers/officials.

6. Training other than TRYSEM training of the beneficiaries.

7. Evaluation studies to be got conducted by the DRDAs.

8. Household survey for identification of beneficiaries

9. Salaries of approved DWCRA staff to the extent it is not supported by
   UNICEF funding.

5.5.2.7.4 NORMS FOR ADMINISTRATIVE INFRASTRUCTURE

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

5.5.2.8 OTHER ADMISSIBLE ITEMS OF EXPENDITURE

- Expenditure on account of premium for insurance and risk fund to cooperatives is also met under this head.

- Expenditure on account of commissioning studies for the purpose of local resource and skill based integrated projects for IRDP subject to a maximum of Rs. 50,000 per annum per District approved by Governing Body of the DRDA could also be made.

- With a view to promote the habit of saving among women, they may be encouraged to form thrift and credit groups. The Government would contribute matching share equal to the amount of saving generated by a group, subject to a ceiling of Rs. 15,000 per group. Expenditure on account of matching share for this purpose is met under this head.

5.5.2.9 UTILISATION OF INTEREST EARNED BY DRDA

The interest earning of the DRDAs is to be utilised for augmenting programme resources. However, it can be utilised for the following items also:

I. Meeting balance material cost of construction of multi-purpose centre for DWCRA Groups under JRY

II. Construction of office building

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

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

V. Loans to DRDA staff for purchase of two wheelers and other short term loans/advances.

VI. Construction of residential building/staff quarters for DRDA/Block staff in exceptional circumstances in certain specially difficult and backward
districts e.g. desert, tribal and mountainous. The prior approval of the Central Government is a-must for this. Local administration will have to provide the land required for this purpose.

VII. Innovative schemes for implementation in the field subject to approval by the Governing Body of DRDA. Expenditure on such schemes is not to exceed Rs. 50000 per annum.

VIII. Consumption credit for marriages, births and deaths, religious ceremonies etc. to IRDP beneficiaries who are not defaulters in repayment of IRDP loans.

5.5.2.10 MAINTENANCE OF ACCOUNTS

5.5.2.10.1 PRINCIPLES

5.5.2.10.1.1 Maintenance of accounts of the programme is governed by the principles to see that the expenditure incurred is not repugnant to the objective of the programme and is made, in accordance with the prescribed procedures. The accounts are maintained on double entry system.

5.5.2.10.1.2 Internal Audit Cells are specifically charged with the responsibility of overseeing and the observance of these principles.

5.5.2.10.2 AUDIT OF THE ACCOUNTS

5.5.2.10.2.1 The Project Director causes the annual account of the DRDA comprising Receipt and Payment Account, Income and Expenditure Account and Balance Sheet. These are to be prepared latest by 30th June. After approval by the Governing Body, the accounts are got audited by the Chartered Accountant or any other auditor appointed for the purpose.

5.5.2.10.2.2 A copy of such audit report, duly signed by the auditor, along with the annual statement of accounts certified by the auditor and the Chairman of the DRDA are furnished simultaneously to Government of India and the State Government latest by 30th September.

5.5.2.10.2.3 The Comptroller and Auditor General (CAG) has the right to conduct the audit of the accounts of the society.
5.5.2.10.2.4 All the agencies have to send a utilisation certificate to the Government of India along with annual statement of accounts.

5.5.2.10.3 DEVELOPMENT AUDIT

The government introduced from 1994-95 the development audit of its prestigious poverty alleviation schemes being implemented all over the country under the Integrated Rural Development Programme. TRYSEM and DWCRA have also been made subject to development audit to identify constraints in achieving their objectives and taking corrective action. The development audit reports add a new dimension to monitoring the implementation of the schemes, enabling assessment of village profiles of the assets created under the self-employment programmes. These would also indicate the extent to which the programmes had added to additional income generation of beneficiaries. Development audit is necessary not only to assess the success and failures but also to assess the quality and durability of the assets being created under these programmes.

5.5.3 INSTITUTIONAL FINANCE FOR IRDP

5.5.3.1 PREPARATION OF LOAN APPLICATIONS

In order to save the time of the beneficiaries in running from office to office to get no-dues certificates and other requisite documents etc., the camp system is advisable. The camp may be organised at the village level or cluster of 3 to 4 villages. The camp is attended by the beneficiaries, the Block functionaries, the other concerned departments including the revenue Department and the bankers. The application forms of the beneficiaries for loans are prepared in such camps. The Reserve Bank of India has approved uniform application forms for IRD beneficiaries. Applications for loans are forwarded in this form alone. All formalities up to the stage of sanction should be completed at these credit camps.
5.5.3.2 DOCUMENTATION

5.5.3.2.1 The following forms are required to be filled in by the beneficiaries:

i. Application-cum-appraisal form for IRDP loans
ii. Nomination form for Group Life Insurance Scheme
iii. Agreement-cum-hypothecation of assets along with undertaking for paying higher rate of interest
iv. Stamped receipt of the amount
v. Pronote

5.5.3.2.2 Nomination for Group Life Insurance Scheme has been made a part of the Application-cum-Appraisal Form.

5.5.3.3 TRANSMISSION OF APPLICATIONS TO THE BANKS

All applications are serially numbered before issue by DRDAs. Care is required to be taken to see that the applications are not sent to the banks in a bunch; instead, they are sent regularly. A register is kept at the Block office to keep record of the preparation and movement of these applications. This record also includes the details of the scheme proposed and the amount applied for. After the sanction is intimated by the bank, it is recorded in the register along with the amount finally sanctioned. The flow of applications to the banks should be consistent with the quarterly targets in the annual plan.

5.5.3.4 SERVICE AREA APPROACH

Under the service area approach introduced by the RBI with effect from 01-04-1989, each rural and semi-urban branch of commercial banks and Regional Rural Bank has been allotted a designated service area comprising of 15 to 25 villages. The financing for IRDP in those villages is, therefore, to be done by the Bank-Branch to which they have been allocated. Some of the RRBs have been subsequently exempted from the responsibility of the service area.

5.5.3.5 SCRUTINY AND DISPOSAL OF APPLICATIONS BY THE BANKS

The banks have the responsibility of processing the loan applications sponsored by the BDOs without delay. The RBI has enjoined upon all the banks that these applications must be disposed
off within a fortnight. It should be done even if it entails a modification of the Annual Action Plans of the banks. While sanctioning projects, the Banks have to ensure that the projects and the unit costs, terms of the loan and repayment schedules are in accordance with the guidelines laid down by the NABARD and RBI. Part-financing and under financing should not be resorted to under any circumstances. If a particular case is rejected, the reasons for rejection are to be clearly recorded on the application form itself and the relevant application is returned to the sponsoring authorities for their information and further action as they deem necessary.

5.5.3.6 PROJECT BASED LENDING

5.5.3.6.1 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. In case both the elements of fixed capital and working capital are involved in the project, a composite loan has to be sanctioned. The size of the working capital component is determined by the nature of the project. There is no ceiling for this but where the project has the element of working capital alone, the project cost in such cases should not normally exceed Rs. 1,000/- inclusive of subsidy.

5.5.3.6.2 PILOT PROJECTS FOR VARIOUS ACTIVITIES UNDER IRDP

In order to facilitate the process of appraisal of loan application of IRDP beneficiaries, project profiles are prepared for some major activities in the District, indicating there in the unit cost, repayment period, moratorium period etc. For the purpose, a small group consisting of representatives of NABARD, Lead Bank, other major banks operating in the District, DRDA and District Industries Centre (DIC) may be formed. The project profiles so compiled may be adopted by all the financing banks in each district. As the most of the activities would be location specific, this exercise is done separately for each district. State Governments, in consultation with NABARD and the Banks, may prepare some model schemes which can be adopted for use in a district/region. A built-in flexibility in the project profiles may take care of local variations. In terms of the recommendations of the Expert Committee on IRDP, District Level Technical Groups consisting of Lead District Officers of Reserve Bank of India, District Development Officers of NABARD (wherever posted), Lead Bank Manager, Technical Official of State
Government and non-Government consultants are being set up for preparation of bankable project profiles.

5.5.3.7 UNIT COST

5.5.3.7.1 UNIT COST FOR FARM SECTOR

In order to avoid under financing and purchase of sub-standard assets resulting in low incremental income, Unit Cost Committees for the farm sector have been constituted in the various Regional Offices of NABARD. The unit cost of investment under various activities are to be reviewed every half year by the State Level Committee on Unit Cost set for this purpose and updated wherever found necessary. The regional offices of NABARD have delegated powers to revise unit cost where the cost of escalation is within 20% of the unit cost approved earlier. After the unit costs are approved, these are communicated to the State Governments, Banks and DRDAs. The State Government associate themselves with the Regional Committees on Unit Cost. The District Consultative Committees (DCC) may discuss this subject in advance and give their suggestions to the NABARD Regional Office as well as State Governments for placing the same before the Committee on Unit Cost.

5.5.3.7.2 UNIT COST FOR NON-FARM SECTOR

In regard to the loans for various purposes falling under ISB sector of IRDP, the responsibility of fixing the unit cost and other techno-economic parameters has been left to the financing banks/DRDA/District Level Consultative Committee (DLCC) set up under the Lead Bank Scheme. The DRDA can also recommend the unit cost for different items under ISB sector in the District for ratification by the DLCC. With a view to achieve a degree of uniformity, project profiles are prepared for major activities in each District, indicating therein unit cost, repayment period, moratorium period etc.

5.5.3.7.3 RELAXATION IN UNIT COST

NABARD has clarified that unit cost approved by them are average unit cost and not the maximum or the minimum ones. The cost of each item of investment needs to be determined by the financing bank in each individual case with reference to the realistic cost estimates at the
time of appraisal of individual loan proposals. Variation up to 15% at the Branch level are acceptable for the purpose of refinance by NABARD.

5.5.3.8 SUBSIDY PATTERN

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

5.5.3.8.2 INDIVIDUAL/FAMILY

| CATEGORY-WISE PERCENTAGE OF SUBSIDY WITH CEILING AMOUNT |
|---------------------------------|-----------------|-------------------|
| CATEGORY                        | PERCENTAGE      | CEILING ON MAXIMUM |
| OF BENEFICIARY                  | OF SUBSIDY TO    | SUBSIDY           |
| PROJECr COST                    | PROJECT COST     |                    |
| (a) Small Farmer                | 25%             | Rs. 5,000/-       |
| (b) Marginal Farmer             | 33 1/3%         |                   |
| Agricultural Labourer           |                 |                   |
| Non-Agricultural Labourer       |                 |                   |
| Rural Artisan                   |                 |                   |
| (c) Scheduled Caste,            | 50%             | Rs. 6,000/-       |
| Scheduled Tribe &               |                 |                   |
| Physically Handicapped          |                 |                   |

Table No. 5.5

5.5.3.8.3 INDIVIDUAL MINOR IRRIGATION PROJECTS UNDER IRDP

<table>
<thead>
<tr>
<th>CATEGORY OF BENEFICIARY</th>
<th>PERCENTAGE OF SUBSIDY TO PROJECT COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Small Farmer</td>
<td>25%</td>
</tr>
<tr>
<td>(b) Marginal Farmer</td>
<td>33 1/3%</td>
</tr>
<tr>
<td>Agricultural Labourer</td>
<td></td>
</tr>
<tr>
<td>Non-Agricultural Labourer</td>
<td></td>
</tr>
<tr>
<td>Rural Artisan</td>
<td></td>
</tr>
<tr>
<td>(c) Scheduled Caste,</td>
<td>50%</td>
</tr>
<tr>
<td>Scheduled Tribe &amp;</td>
<td></td>
</tr>
<tr>
<td>Physically Handicapped</td>
<td></td>
</tr>
</tbody>
</table>

Table No. 5.6
Absolute monetary ceilings are not applicable in these cases.

5.5.3.8.4 COMMUNITY MINOR IRRIGATION

5.5.3.8.4.1 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. The total number of farmers covered by any such work should not be less than 10. 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 ceiling are applicable on the amount of subsidy in such cases. The balance amount can be contributed by the beneficiary out of his own resources or through bank credit or some other institutional link up. Whenever it is difficult to achieve an institutional link up for credit for nallah construction, bunding etc., community based composite irrigation projects under IRDP may be taken up. These may be supplemented by State Government funds which include State Plan resources, Ground Water Tube Well Corporations' funds, Zilla Parishads (ZPs) and Local body funds. For these projects, the subsidy portion of capital investment relating to small and marginal farmers is shared equally by the Centre and State governments.

5.5.3.8.4.2 For distribution of water from community irrigation works, water rates fixed by the State Government is charged from all farmers but in case of marginal and small farmers, the rates should be 50% of the rates fixed for other farmers.

5.5.3.8.5 COOPERATIVE/REGISTERED SOCIETY OF BENEFICIARIES

To provide incentive for group activities of IRDP beneficiaries, 50% of the capital cost subject to individual ceiling as mentioned is subsidised in case of cooperative/registered society of beneficiaries. All members of the cooperative/registered society should be IRDP beneficiaries.
5.5.3.8.6 REARING OF HEIFER

5.5.3.8.6.1 To improve the productivity of milch animals reared by IRDP beneficiaries, assistance is given for heifer rearing as under:

SUBSIDY FOR HEIFER REARING

<table>
<thead>
<tr>
<th>CATEGORY OF BENEFICIARY</th>
<th>PERCENTAGE OF SUBSIDY TO PROJECT COST</th>
<th>CEILING ON MAXIMUM SUBSIDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Small Farmer</td>
<td>50%</td>
<td>General Area: Rs. 4,000/-</td>
</tr>
<tr>
<td>(b) Marginal Farmer</td>
<td>66 2/3%</td>
<td>DPAP Area: Rs. 5,000/-</td>
</tr>
<tr>
<td>Agricultural Labourer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Agricultural Labourer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Artisan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Scheduled Caste,</td>
<td>50%</td>
<td>SC/ST/PH: Rs. 6,000/-</td>
</tr>
<tr>
<td>Scheduled Tribe &amp;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physically Handicapped</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table No. 5.7

5.5.3.8.6.2 The elements of cost provided under this item pertain to concentrated feed for a maximum of two heifers, from 4th to 32nd months of age for a female cross bred calf, from 4th to 20th month for a male cross bred calf and from 6th to 45th month for a female buffalo calf respectively. An indicative normal requirement of 19 quintals for a female cross bred calf, 11.85 quintals for a male cross bred calf and 17.30 quintals for a female buffalo calf for the entire period for which subsidy is admissible, the beneficiary is entitled to subsidised cattle feed to the extent of his entitlement i.e. 50%, 66.66% subject to individual monetary ceilings. The subsidy is not paid in cash to the beneficiary. The balance is required to be met by the beneficiary from his own sources. The Project Director(PD), DRDA has to identify the agency for providing concentrated feed to IRDP beneficiaries e.g. District Animal Husbandry Officer, Project Officer, Special Livestock Breeding Programme(SLBP), Dairy Cooperative Union etc. The designated agency arranges for purchase and supply of cattle feed from sources such as Cooperative Dairy Federations/State Agro Industries Cooperatives and other institutional Agencies. Advance of 90% subsidy may be made to the designated agency. The remaining 10% may be paid on report.
and presentation of final accounts. The final accounts need to be supported by receipts/statements of the beneficiaries.

5.5.3.8.6.3 This pattern of subsidy also applies to the groups of women from families below poverty line formed under Development of Women and Children in Rural Areas (DWCRA) programme.

5.5.3.8.7 RELEASE OF SUBSIDY

5.5.3.8.7.1 OLD PROCEDURE

The subsidy was disbursed along with the loan amount to ensure that the interest liability of the beneficiary remained limited to the loan amount only. The funds received by the DRDAs were kept in savings bank account with the principal participating bank branches in the field. The final authority to open/close these accounts with banks rested with the Chairman/President of the DRDA. The funds deposited in the savings bank account earned interest at usual rates. The bank branches used to debit the subsidy amount to these accounts at the time of the disbursement of the package of assistance. The earlier requirement of giving 15 days notice by the bank to the DRDA before adjustment of subsidy amount was discontinued. The adjustment of subsidy by debiting the account of DRDA was to take place only at the time of disbursement which used to coincide with the handing over of asset/cash to the beneficiary. In case of non adjustment of subsidy due to paucity of funds in the account of DRDA, the latter had to bear the interest on the subsidy portion. After the completion of the transaction, the participating bank used to provide the particulars of the beneficiary, the project and the amount of subsidy adjusted in his favour for the record of Block/DRDA.

5.5.3.8.7.2 SYSTEM OF BACK-END SUBSIDY : NEW PROCEDURE

The recommendation of Expert Committee on IRDP for introduction of back-end subsidy was examined by Reserve Bank of India and Government of India, Ministry of Rural Areas and Employment who decided to introduce the same. As a result, now the full project cost including subsidy is disbursed to the borrowers as loan by banks and the loan documents are taken by the bank for the full project cost and it is inter alia stipulated that in case of misutilisation of the loan,
the entire amount of subsidy will be forfeited. At the time of disbursal of loan, the subsidy amount available is brought to the books of the disbursing branch by debiting the link branch account as per the existing practice. The amount of subsidy is kept in the form of fixed deposit in the name of the beneficiary for the period coinciding with currency of the loan and the interest is offered to fixed deposit as per the rates in force. The banks charge interest on the full amount of the project cost disbursed to the beneficiary as a loan and instalments are also worked out for the full project cost. The repayment schedule of loan is drawn in such a way that the fixed deposit along with the interest accrued for the entire period of the deposit in compounded manner is sufficient for adjustment towards the last few instalments. The borrower is not entitled to any benefit of subsidy, if the loan is fully repaid before a certain fixed period specified by NABARD depending upon the activity. In case of repayment after lock in period but before the currency period, the borrower is entitled only to pro-rata subsidy. The availability of the benefit of subsidy to borrowers is contingent on their proper utilisation of loan as also its prompt repayment and maintaining the asset in good condition. The benefit of subsidy is also available to borrowers who prefer to avail themselves of required working capital in the form of cash credit. The amount of subsidy which the borrower is entitled to in such cases is also kept in the form of a fixed deposit in the borrower's name and interest accruing on such fixed deposits periodically credited to the cash credit accounts. In case of misutilisation or any other malpractice also, the subsidy is forfeited. Such forfeited amount of subsidy is available to the bank for adjustment against the borrower's dues. If the bank is able to realise any amount from the borrower subsequently over and above the amount due to it, the amount must be returned to DRDA. Banks have to ensure that consequent to introduction of back-end system of subsidy, the borrowers under IRDP are not required to meet any additional interest burden.
5.5.3.9 SIZE OF LOAN

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

5.5.3.10 INTEREST RATES

Credit is available to IRDP beneficiaries at 12.5% per annum, inclusive of interest tax up to a loan amount of Rs. 25,000/-. Where the loan amount is more than Rs. 25,000 but less than Rs. 2 Lakh, the rate of interest applicable will be 15% p.a.

5.5.3.11 SECURITY COVER

5.5.3.11.1 The security norms for IRDP loans are given below.

5.5.3.11.2 SECURITY NORMS FOR LOANS UP TO Rs. 25,000/-

For loans up to Rs. 25,000/- under IRDP for all activities, the security is only hypothecation of assets created out of bank loan, mortgage of land should not be obtained.

5.5.3.11.3 SECURITY NORMS FOR LOANS ABOVE Rs. 25,000

However for loans above Rs. 25,000 but up to Rs. 50,000/-, mortgage of land can be obtained. Where there are genuine difficulties in mortgage of land, bank may accept third party guarantee or such other security as considered appropriate for the purpose.

5.5.3.11.4 SECURITY NORMS FOR SUPPLEMENTARY ASSISTANCE

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

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

ii. the activity to be assisted under the supplementary dose is different, even if the loanee is the same beneficiary.
5.5.3.12 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, RBI has issued instructions that the rural branches of banks should fix one day in a week for disbursement of loans to IRDP beneficiaries in rural areas. In fixing these days, due weightage is to be given to factors such as local customs, days of local market/shandy etc. If any of these days falls on a holiday, the previous working day should be treated as the day for disbursement. It is necessary that wide publicity is given about dates of disbursement through display on the notice board, local newspapers and other media. Information regarding days fixed by each branch is also furnished to the DRDA/BDO, the District Industries Centre etc. Changes in the days announced for loan disbursement once fixed should not ordinarily be made. Branches of all banks in the same locality should follow the same fixed days. While disbursement of loans should be made on specific days, various formalities such as scrutiny of applications, issue of sanction etc. should continue throughout the month.

5.5.3.13 REPAYMENT OF LOAN

5.5.3.13.1 MINIMUM REPAYMENT PERIOD

Loans under IRDP are treated as medium term loans. The minimum repayment period of the loan has since been increased from 3 years to 5 years in view of the Mehta Committee Report.

5.5.3.13.2 REALISTIC REPAYMENT PERIOD

The repayment period should be fixed in a realistic manner having regard to all relevant factors such as the type of activity, quantum of loan, income generating capacity of the assets/net incremental income, life of assets, gestation period and repayment period fixed by NABARD for similar activities.

5.5.3.13.3 GESTATION PERIOD

As the tight repayment schedule is one of the main reasons for non-viability of the projects, the repayment schedule should be so drawn by the banks as to provide relief during the gestation period of the project. Wherever required adequate gestation period or moratorium should be
allowed in such a way that the commencement of recovery coincides with accrual of incremental income from the activity.

5.5.3.13.4 QUANTUM OF REPAYMENT INSTALMENT

The amount of repayment instalment should be arrived at on the net loan amount excluding subsidy and should not be more than 50% of the incremental net income expected from the asset/project. This will enable the borrower in utilizing a fair percentage of incremental income for his own consumption. In case of projects where accrual of income is low in the beginning but goes up over a period of time, the amount of the repayment instalments in the initial period should be suitably reduced.

5.5.3.14 LOAN PASS BOOKS

All banks should issue pass books in regional languages to the IRDP beneficiaries. The pass book should contain details such as loan sanctioned, amount of loan sanctioned, subsidy received, rate of interest, amount due under each instalment, due dates of instalments etc. Banks should ensure that all the columns in the pass books are invariably filled in.

5.5.3.15 PROCUREMENT OF ASSETS

5.5.3.15.1 The assets to be procured should be of standard quality, at economic prices and to the satisfaction of beneficiary. The DRDA should make the assets available to the beneficiaries on these principles. A Purchase Committee, comprising of the beneficiary and a representative each of the DRDA, the financing institution, the concerned Department and a public representative of Scheduled Castes/Scheduled Tribes, may be set up for the purpose. The Bank officials should not involve themselves directly in the selection of equipment/products or suppliers. They can use the forum of DLCCs to express their opinions about the quality and suitability of products. They may also convey their views to DRDAs. The officials should not compel a borrower to purchase specific product from a particular dealer. The DRDAs 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.
5.5.3.15.2 CASH DISBURSEMENT BLOCKS

In order to give greater choice to the beneficiaries in purchasing assets, the instructions on purchase committees have been revised from 1991-92. An experiment to introduce the cash disbursement system was tried in 51 Blocks earlier and this has now been extended to at least half the number of Blocks in every district. These blocks have to be selected in the DLCC, keeping in mind the location of the Block, availability of infrastructure, backward and forward linkages, past experience of utilisation, recovery and other local factors. In such selected blocks, disbursement of loan and subsidy is to be made in cash to the beneficiaries subject to the prescribed terms. When the asset is of a standard type, make or brand name, the beneficiary should have the freedom to select the product which he wishes to buy. Regarding the purchase of animals, the Purchase Committee is dispensed with and the beneficiary is allowed on his own to select an animal of his choice and make payment to the supplier against cash receipt. A rural borrower can himself assess the quality of an animal and buy the best available at suitable price according to his choice. The banks can either open a savings bank account in the name of borrower or may give him the amount in cash. The borrower should subsequently furnish to the bank a receipt of the items purchased. Branch Managers must verify actual purchase of assets within one month of disbursement. DRDA/Block staff also must make follow up arrangements. Annual physical verification must invariably be done in cash disbursement blocks. Spread of the cash disbursement system should be more cautious so as to avoid unsupervised loaning.

5.5.3.15.3 NON-CASH DISBURSEMENT BLOCKS

In the remaining blocks, subsidy and loans should not be disbursed by the banks in cash to the beneficiaries. The banks should make payments on behalf of the beneficiary to the approved suppliers or bodies or organizations supplying goods and services or to an agency authorized by the DRDAs to execute the work.

5.5.3.15.4 CASH DISBURSEMENT UNDER ISB SECTOR

In the case of IRDP beneficiaries under ISB sector when a number of sundry items are to be bought, disbursement up to Rs. 10,000/- (since raised from Rs. 5,000/- vide decision in the
meeting of the High Level Committee on Credit (HLCC) for IRDP set up by the Government of India under the Chairmanship of Secretary, Ministry of Rural Areas and Employment (MRAE) held on 29th December, 1995) may be made in cash. This can be done either in one lump sum or in stages depending upon the items to be purchased. This gives the beneficiary requisite freedom to negotiate and settle the price for the asset and will also give him the satisfaction that he has purchased goods of his own choice. It is not necessary for the beneficiary to produce cash memos, invoices, vouchers etc. to the bank. Only a "Utilisation Certificate" given by the beneficiary is sufficient. However, a follow up visit by the field staff of bank is necessary within one month of the disbursement.

5.5.3.16 MARKING OF ASSETS
The assets so purchased with the financial assistance of the Bank/Government are marked to check the misutilisation or transfer of the assets. In the eventuality of filing insurance claim and physical verification of assets etc., this becomes crucial.

5.5.3.17 INSURANCE COVER FOR VARIOUS ASSETS

5.5.3.17.1 Insurance cover at present is available for livestock assets given under the Programme. The General Insurance Corporation (GIC) provides this cover on the terms and conditions as reflected in the Master Policy and Long Term Master Policy Agreement.

5.5.3.17.2 TERMS & CONDITIONS OF LIVESTOCK INSURANCE
The Master Policy Agreement contains the details of the age group of the animals to be covered, the rates of premium, sum and period of insurance, payment of the premium, identification and veterinary examination of the animal.

5.5.3.17.3 SCOPE OF COVER
The livestock policy provides indemnity in the event of death of animal/bird due to accident inclusive of fire, lightning, riot & strike, flood, cyclone, earthquake, famine or due to any fortuitous cause of disease contracted or occurring during the period of insurance subject to certain exclusions.
5.5.3.17.4 SUM INSURED

The price fixed by the Purchase Committee is treated as the sum insured for the settlement of claims. For permanent total disablement (PTD) claims, 75% of the sum insured is payable.

5.5.3.17.5 CLAIM PROCEDURE

The claim procedures have been simplified to secure expeditious disposal of claims. The requirement of post-mortem certificate has been dispensed with. The Bank/DRDA forwards a certificate of death given jointly by any two of the following within 30 days of the date of occurrence of death/PTD:
- Sarpanch/Upsarpanch of Village
- President or any other officer of the cooperative credit society
- Official of Milk Collection Centre or Government Veterinary Surgeon/Veterinary Assistant
- Supervisor/Inspector of Cooperative Central Bank
- Authorized nominee of DRDA
- Secretary of Panchayat
- Village Revenue Officer
- Village Accountant
- Head master of Primary School

5.5.3.17.6 ADJUSTMENT OF INSURANCE CLAIM MONEY

5.5.3.17.6.1 The procedure for adjustment of insurance claim of animals with IRDP is as under.

5.5.3.17.6.2 Where the borrower has been regular in repayment of interest/repayment of instalments and is willing to receive a replacement animal, the claim proceeds are utilised to purchase a new animal.

5.5.3.17.6.3 Where the beneficiary was a wilful defaulter and has additional dues to the bank by way of interest, the claim proceeds are to be adjusted to the bank loan liability and the balance is paid to the DRDA. But if the default is not wilful, replacement animal is provided out of claim proceeds.
5.5.3.17.6.4 Where the beneficiary has been regular in payment of loan and interest but is unwilling to take a replacement animal, he is offered assistance for some other activity and claim proceeds utilised for financing the same. If he is unwilling to take any other activity, the claim money is utilised by giving to the bank an amount equal to the balance outstanding in the loan account. The DRDA also gets subsidy amount proportionate to the balance loan outstanding and balance, if any, is given to the beneficiary. Here, the beneficiary is entitled to share the claim proceeds to the extent of loan repaid by him because he has utilised the asset properly and has paid the banks dues until the death of animal and has fulfilled the programme objective to that extent.

5.5.3.17.7 OTHER FACILITIES

The IRDP beneficiary, having other milch animals where no loan or subsidy is involved, can insure such animals at the concessional rates of premium. In case he has closed the loan account, the animal acquired by him through loan and subsidy, can be insured at the concessional rates of premium for a further period of three years after closing the loan account provided the animals do not exceed the insurable age limit.

5.5.3.17.8 EXPENDITURE ON PREMIUM

5.5.3.17.8.1 The expenditure on the premium is shared by the Government, bank and the beneficiary in the following proportions:

<table>
<thead>
<tr>
<th></th>
<th>When the banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>do not participate</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>1.25%</td>
</tr>
<tr>
<td>Government</td>
<td>1.00%</td>
</tr>
<tr>
<td>Bank</td>
<td>-</td>
</tr>
</tbody>
</table>

Table No. 5.8
5.5.3.17.8.2 The expenditure to be borne by the Government is shared equally between the State and the Centre. It is met out of IRDP funds but is not to be included in the individual subsidy ceiling applicable to the beneficiary.

5.5.3.18 RECOVERY OF IRDP LOANS

5.5.3.18.1 Since recovery of loans is of great importance for recycling of bank funds, the State Governments have been advised to render all possible assistance to Bank Officials in recovering the dues from IRDP beneficiaries. The DRDAs may organize Credit-cum-Recovery camps periodically where the beneficiaries may be impressed upon to repay their dues promptly.

5.5.3.18.2 The figures of subsidy received is to be excluded while computing the figures of loans and recovery under IRDP. This will reflect a factual position. The banks are to report the amount of recoveries under IRDP separately. The recovery performance may also be discussed in BLBC/DCC.

5.5.3.19 SUPPLEMENTARY ASSISTANCE

The second loan is to be granted by the same bank which has given the initial loan or nearby branch of that bank or any other bank. Where the first loan was provided by a cooperative bank who is not in a position to provide the second loan, the same may be provided by a branch of a commercial or a Regional Rural Bank. The co-operative banks in such cases should issue a 'no objection certificate' and certify in writing the eligibility of the selected borrowers for the second dose of assistance as per the guidelines. It should also furnish the borrower with a loan passbook in the prescribed form for facilitating verification by the Commercial bank/RRB for providing the second dose of assistance. Where a bank from which the borrower had secured the first loan has opened a new branch which is more convenient to the borrower and the first loan account of the borrower is transferred to the new branch, there is no objection to the second loan being disbursed by the new branch as that will facilitate monitoring and supervision of both the loans.
5.5.3.20 OBSERVANCE OF NON-BANKING DAY

Banks in rural areas observe one day in a week as non-banking day for going to field and attend to the problems of beneficiaries. Cooperative Banks need not resort to this practice since they have adequate field staff.

5.5.3.21 CONSUMPTION LOANS

5.5.3.21.1 CONSUMPTION LOANS BY BANKS

5.5.3.21.1.1 Banks sanction consumption loans to the borrowers from weaker section. The purposes and the maximum amount of loan are as under:

CONSUMPTION LOAN : PURPOSE-WISE MONETARY CEILING

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Monetary Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Consumption</td>
<td>Rs. 150.00</td>
</tr>
<tr>
<td>Medical Expenses</td>
<td>Rs. 500.00</td>
</tr>
<tr>
<td>Educational Needs</td>
<td>Rs. 200.00</td>
</tr>
<tr>
<td>Marriage ceremonies</td>
<td>Rs. 500.00</td>
</tr>
<tr>
<td>Funeral/Births etc.</td>
<td>Rs. 150.00</td>
</tr>
<tr>
<td>Certain religious ceremonies</td>
<td>Rs. 150.00</td>
</tr>
</tbody>
</table>

Table No. 5.9

5.5.3.21.1.2 Aggregate finance for 2 or more purposes should not exceed Rs. 1,000.00 per family per year. If gold is offered as security, the consumption loan can be given up to Rs. 2,000/-. The rate of interest will be the rate of interest for short term loan given to the borrower.

5.5.3.21.2 RISK FUND FOR CONSUMPTION CREDIT

5.5.3.21.2.1 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, Cooperative Banks and Regional Rural Banks to provide consumption loans, not exceeding Rs. 1,000 per borrower to weaker sections of society.
5.5.3.21.2.2 Risk fund assistance is provided to the banks to the extent of 10% of the total consumption loans disbursed by them during the year to the weaker sections. The expenditure on risk fund assistance is shared on 50:50 basis between Government of India and State Governments. The State Government initially contributes the entire amount of Risk Fund assistance i.e. 10% of the total consumption loans disbursed to the target group. Later, 50% of this risk fund assistance i.e. 5% of total consumption loan is reimbursed by Government of India.

5.5.3.21.3 CONSUMPTION LOANS BY DRDAs

The DRDAs have been authorized to grant consumption loans to non-defaulter IRDP beneficiaries up to Rs. 1,000/- in each case from their interest earnings. These loans will carry interest at 10% (Simple). Procedure for this purpose has to be specified by the concerned State/UT Governments.

5.5.3.22 GROUP LOANING UNDER IRDP

The Expert Committee on IRDP has recommended that the formation of Self Help Groups (SHGs) and their involvement in credit disbursal under IRDP should be encouraged and for this purpose the possibility of routing assistance to BPL families through SHGs on a large scale should be explored. The recommendations have been accepted. The group loaning system under IRDP is implemented in all the States/UTs. The target group for group loans would be Below Poverty Line (BPL) families ranging from 5 to 15. The Group is formed voluntarily by the BPL families. However, a Screening Committee, consisting of Bank Officials, Block Development Officer (Convener) or his representative, Village Pradhan and Ward Members (including women representatives and members of SC/ST), visits villages after due publicity and interacts with the prospective group members about their aptitude and skill and formally approves the constitution of the group and the activities to be undertaken. It is ensured that one or two members of the group are literate or educated so that one of them can function as group organizer or group leader. NGOs are also allowed to help in the formation of groups. The Group selected may form a Society under the Registration of Societies Act or a Co-operative Society or a Registered Company or a Partnership. However, in order to simplify the procedures, the
partnerships are preferable. The articles of association/bye laws/partnership deed should specifically indicate that each and every member thereof belongs to a BPL family. The Gram Sabha and the BDO's Office then publishes the list of groups so formed for purposes of record and transparency. A maximum limit of 25% of the total allocation of funds to each District Rural Development Agency (DRDA) is permitted to be utilised as subsidy under group ventures with no such ceiling on the quantum of credit. The Project Report/Profiles are prepared by the District Level Technical Committee (DLTC) constituted as per the recommendation of the Expert Committee on IRDP. It is headed by the DDMs of NABARD/LBO. The Project Report are prepared after taking into account all the relevant factors such as aptitude and skills of the beneficiaries, training infrastructure, availability of raw materials and market for the product etc. with proper backward and forward linkages. The DRDA takes the initiative for constitution of DLTC as also meets all the expenses in connection with the preparation of project reports under this scheme. Since the main objective of promoting group ventures is to ensure higher returns through higher investments, the cost of a project financed under the scheme should not normally be less than Rs. 1 lakh. It is ensured that the group members are given adequate training in the activity chosen before disbursement of subsidy/credit. Training is provided by reputed institutions or block level Mini-ITIs. The services of reputed NGOs can also be obtained for this purpose. In order to ensure that the duration between the initial selection of groups and final disbursement of loan including training period does not exceed six months, the pre-sanction formalities should be completed by the Banks by the time training is over. Working capital loan is disbursed in cash in the presence of a Small Committee of non-officials. Wherever the cost of capital asset is above Rs. 10,000/-, the same is paid by the Bank directly to supplier of the beneficiary's choice by cheques. However, the supplier should be a reputed one and the asset should be of ISI mark. The rate of interest and security requirements are related to per capita quantum of loan. The assets created are hypothecated to the Bank. The subsidy to be disbursed through the back ending mechanism, does not exceed more than Rs. 1.25 lakh per project and per group. The entire system of group loaning under IRDP is monitored by the
DRDA and is regularly discussed in the BLBC/DCC/SLBC meetings. The progress is reported to the Government of India, Ministry of Rural Areas & Employment.

5.5.3.23 REFINANCE FOR IRDP LOANS

Commercial banks (including Regional Rural Banks and Cooperative Banks) are eligible to get refinance from NABARD for the loans disbursed under IRDP up to 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%.

5.5.3.24 D.I.&C.G.C. COVER

Guarantee cover to the extent of 60% of outstandings as on relevant date subject to certain conditions is also available to Commercial Banks and Regional Rural Banks from the Deposit Insurance and Credit Guarantee Corporation.

5.5.3.25 GROUP LIFE INSURANCE SCHEME

A group life insurance scheme for IRDP beneficiaries aged not less than 18 years and not more than 60 years has been introduced with effect from 01-04-1988. This scheme applies to those assisted under IRDP from 01-04-1988 and insurance cover commences from the date on which the asset is disbursed to the beneficiary and is operative till the date on which the beneficiary completes the age of 60 years or a period of 5 years from the date of commencement of cover, whichever is earlier. A sum of Rs. 5,000 (raised from Rs. 3,000 from 1-1-94) becomes payable by Life Insurance Corporation of India to the nominee of the deceased in case of natural death. In the event of death due to accident, a sum of Rs. 10,000 (raised from Rs. 6,000 from 1-1-94) becomes payable.

5.5.3.26 MONTHLY REPORTS FROM BANKS TO BDOs

The bank managers are to send monthly reports in the pro-forma prescribed by RBI to BDOs about the number of IRDP applications received, approved and rejected.
5.5.3.27 NURTURING IRDP FAMILIES ON A CONTINUING BASIS

The goal of IRDP is to enable selected poor families in rural areas to cross the poverty line. This involves initial project based investment as well as multiple assets to a family in many doses till such time as the family is able to cross the poverty line. Even after the project financing is over and the family has crossed the poverty line, it may need continued access to institutional finance for further expansion and working capital under normal terms and conditions for lending. This should continue to be made available to a family.

5.5.3.28 INNOVATIONS

Each IRDP selected family has its own potential for crossing the poverty line. The DRDAs and the banks should constantly review procedures and methods of providing income generation opportunities to the BPL families. Initiatives by beneficiaries, banks, NGOs and the development functionaries from BDO/DRDA offices need to be encouraged.

5.5.3.29 MISUTILISATION/MISAPPROPRIATION OF ASSISTANCE

Cases of misutilisation should be strictly dealt with. A Bond/Pronote is filled up for the subsidy portion exclusively by the beneficiary to guard against misutilisation of subsidy or misappropriation of the asset. State may make this Bond/Pronote enforceable under the provisions of the local law to enable recovery of the misutilised/mis-appropriated amount from the erring beneficiaries. Suitable modifications may be made under Land Revenue Recovery Act or Public Demand Recovery Act or any other such Act by the States. In cases of blatant misutilisation, penal action should be initiated. The DRDAs and State Governments must designate officers to monitor action. Cases of misutilisation are also periodically reviewed by BLBC, DLCC and SLCC. Quarterly report of action taken on misutilisation, malpractices and corruption under IRDP is to be sent by all the States/UTs to the Centre in the prescribed pro-forma.
5.5.3.30 MISREPRESENTATION OF FACTS

If a beneficiary obtains benefits by misrepresenting facts about the economic status of his family, penal action may be taken against him under the existing provisions in the criminal laws. In cases of misrepresentation in collusion with official hierarchy, penal action may be taken against such erring officers/officials also.

5.5.3.31 SETTING UP OF IRD CELLS IN BANKS

For the purpose of effective monitoring of the implementation of IRD Programme, the banks have set up IRDP cells in their controlling offices such as Zonal/Regional Offices. The cells make periodical review of the flow of credit to IRDP beneficiaries, ensure the implementation of the guidelines issued by Reserve Bank of India and the Government of India, collect data from the branches and make available consolidated data to the Head Office of the Bank.

5.5.4 CONSULTATIVE ARRANGEMENTS FOR CREDIT

5.5.4.1 HIGH LEVEL COMMITTEE AT CENTRAL LEVEL (HLCC)

A High Level Committee on Credit (HLCC) for IRDP, headed by the Secretary, Department of Rural Development, Government of India and including senior representatives from the Government of India, State Governments, Commercial Banks, NABARD and RBI has been constituted to consider the various problems arising from time to time in the course of implementation of the programme and review the credit arrangements to recommend changes and improvements as and when necessary. This Committee meets regularly.

5.5.4.2 STATE LEVEL BANKERS’ COMMITTEE (SLBC)

State Level Bankers' Committee have been set up as inter-institutional fora for coordination and joint implementation of development programmes. The meetings of this committee are convened by the designated convener bank (which is usually the bank with substantial lead responsibility in the State). The agenda items discussed by SLBC relate mainly to branch expansion, implementation of Annual Action Plan/District Credit Plans, support from government agencies, inter-bank differences, problems raised at District Consultative Committees which require attention at State level etc.
5.5.4.3 DISTRICT LEVEL CONSULTATIVE COMMITTEE (DLCC)

At the District Level, a District Level Consultative Committee (DLCC) has been provided under the Chairmanship of the District Collector. All the banks and the District level officers of the Government, NABARD, DRDA and DIC are represented on this Committee. This forum is utilised for allocating share of credit disbursement to various banks, monitoring and reviewing the overall progress in physical and financial terms, ironing out inter-agency differences and to prepare items for consideration of State Level Committee.

5.5.4.4 BLOCK LEVEL CONSULTATIVE COMMITTEE (BLCC)

5.5.4.4.1 COMPOSITION OF BLCC

Block Level Consultative Committees (BLCC) are constituted in every Block. The Block Development Officer is the convener of this meeting. It is presided over by the Sub Divisional Officer and in his absence, by the BDO. The members are the branch managers of all commercial banks, Chairman/Secretary of the Primary Land Development Bank, District Cooperative Bank, Tahsildar and APO(Credit). The Project Officer/Director of DRDA, the Lead Bank Officer and the Lead District Officer may attend the meeting as special invitees. The BLCC should meet once every month.

5.5.4.4.2 FUNCTIONS OF BLCC

The main functions of BLCC are:

1. Acceptance of branch-wise, scheme-wise targets;
2. Selection of clusters of villages and allocation of villages to various banks
3. Fixing dates for credit camps
4. Monitoring the progress of sanction - number of applications sponsored by BDO to each branch, numbers rejected, reasons for rejection etc.
5. Fix up dates for meeting of Purchase Committees for assets procurement
6. Monitor progress of IRDP recoveries and fix dates for recovery camps etc.

7. Review of implementation of schemes, conduct sample checks or verification of assets

5.5.4.5 BLOCK LEVEL BANKERS’ COMMITTEE (BLBC)

5.5.4.5.1 COMPOSITION

Under Service Area Approach, a Block Level Bankers’ Committee (BLBC) is to be constituted in each Block. All the banks operating in the Block including the District Central Cooperative Bank and RRB are the members of the committee. The BDO and other technical officers in the Block such as Extension Officers for agriculture, industries and cooperatives are also the members. The Chairman of the Committee is the Lead Bank Officer and in his absence, the senior most Branch Manager of Lead Bank presides over. The Lead District Officer (LDO) of the Reserve Bank of India and the concerned officer from NABARD also attend some of the meetings of the BLBC. The BLBC meetings are held once in a quarter and the Lead Bank Officer is the convener of these meetings.

5.5.4.5.2 FUNCTIONS OF BLBC

The main functions of BLBC are

i. To discuss the action plans of different bank branches and their aggregation into Block Credit Plans

ii. To consider operational problems in implementation of credit programmes of banks, particularly in regard to ensuring availability of inputs and linkages

iii. To review the progress in implementation of Government sponsored schemes i.e. IRDP, SEEUY, SEPUP, PMRY etc.

iv. To review the implementation of the Block Credit Plan and the provision of other inputs required so that bank credit becomes more productive

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v. Allocation of service area of a new branch to be opened in the Block as and when licenses for new branches are issued by the Reserve Bank of India.

5.5.4.5.3 AVOIDANCE OF DUPLICATION

In order to avoid the duplication, the meetings of BLCC may not be held in those months in which BLBC meetings take place. Further, the Reserve Bank of India has suggested the discontinuance of BLCC in view of BLBC under Service Area Approach.

5.5.5 FOLLOW-UP, MONITORING AND EVALUATION

5.5.5.1 In order to ensure that the IRDP beneficiary crosses the poverty line, the progress of management of his assets for generation of incremental income has to be continuously followed-up, monitored and evaluated.

5.5.5.2 FOLLOW-UP

The follow-up on the projects given to the beneficiaries is done by DRDA/Block officials and the Bankers to see that the beneficiary is properly managing his assets and is able to generate sufficient incremental income. The efforts are made to remove the difficulties faced by the beneficiary. Every IRDP beneficiary is given Vikas Patrika and is kept continuously updated regarding the health of the project. Two copies of this document are prepared - one copy is given to the beneficiary family and the other is kept at the Block headquarters. An annual physical verification of assets is also undertaken on a campaign basis at the end of every year and the results of such verification are to be incorporated in the Annual Plan for the next year.

5.5.5.3 MONITORING

5.5.5.3.1 The performance of the implementation of IRDP is to be monitored continuously at all levels. At the Block and District levels, this is done through reports and physical verification of the assets. 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 generation reports. The States send consolidated information received from the DRDAs
such as telex, telegraphic report, Monthly Key Indicator Report, Annual Progress Report, Annual Income Generation Report etc. in the prescribed proformas.

5.5.5.3.2 TELEX/TELEGRAPHIC REPORT

The monthly report contains information on number of families assisted - old, new, SCs, STs, Women, Handicapped; State release, Funds utilised and credit disbursed. This report is to be sent by the States to the Centre by the 5th of the succeeding month.

5.5.5.3.3 MONTHLY KEY INDICATOR REPORT

This is a detailed report containing receipts, expenditure, physical progress, disbursement of subsidy, credit disbursement by various financial institutions such as commercial banks, cooperative banks, Regional Rural banks, number of applications pending over a month, pending for disbursement, applications rejected, sector-wise break up of beneficiaries such as primary sector, secondary sector, tertiary sector, Group Insurance etc. Break up is given on new families, old families, SCs, STs, women, physically handicapped etc. This report is to reach the Centre by the 20th of every succeeding month.

5.5.5.3.4 ANNUAL PROGRESS REPORT

The report contains physical achievements under IRDP beneficiaries category-wise such as small farmers, marginal farmers, agricultural labourers, non-agricultural labourers, others, women beneficiaries, beneficiaries assisted more than once and detailed sector-wise and activity-wise achievements. An analytical note on the implementation of the IRDP in the State covering following points is also sent along with annual progress report:

- The physical and financial progress during the year
- The linkages provided and availed of for various activities
- General comments on the implementation of the programme including suggestions, if any.

This report is to be submitted by the end of the succeeding month of the year ending.
5.5.5.3.5 ANNUAL INCOME GENERATION REPORT

This report is prepared in respect of the beneficiaries assisted one year before the year under report. It contains the details of families achieving higher income level. An analytical note giving the qualitative performance of the programmes is also sent along with the report. This report is to be submitted by 30th June of the succeeding year.

5.5.5.3.6 QUALITATIVE MONITORING OF IRDP AT BLOCK/DRDA LEVEL

5.5.5.3.6.1 In order to develop a consistent system of monitoring the implementation of IRDP at Block/DRDA level through monthly field visits and physical verification of assets is done as under:

SCHEDULE OF INSPECTION OF FAMILIES BY VARIOUS OFFICERS

<table>
<thead>
<tr>
<th>Level of Officer</th>
<th>Number of Monthly Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Magistrate/Chairman DRDA</td>
<td>10</td>
</tr>
<tr>
<td>Project Officer, DRDA</td>
<td>20</td>
</tr>
<tr>
<td>APO (Monitoring)</td>
<td>40</td>
</tr>
<tr>
<td>SDMs</td>
<td>20</td>
</tr>
<tr>
<td>BDOs</td>
<td>20</td>
</tr>
<tr>
<td>ADOs/Joint BDOs</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 5.10

5.5.5.3.6.2 The data on prescribed proformas is collected during such field visits/inspections.

5.5.5.3.6.3 The Chairman, DRDA prescribes suitable number of field visits for the officers of the line Department and obtain their inspection reports.

5.5.5.3.6.4 DRDAs prepare a consolidated report on the basis of these inspection reports. They are discussed in the meetings of the Governing Bodies of DRDAs and necessary corrective action is taken wherever necessary. A consolidated report along with summary of comments on salient observations and follow up action taken on these issues is sent to State Government by
5.5.5.4 EVALUATION

5.5.5.4.1 CONCURRENT EVALUATION

The Government of India carries out concurrent evaluation of IRDP on a regular basis. Reputed institutes and organizations in the State are engaged to carry out survey of the new and repeated beneficiaries in a given number in the given Blocks and DRDAs. The findings are analyzed and results shared with State Governments for suitable follow up action.

5.5.5.4.2 EVALUATION STUDIES

States get evaluation studies through the reputed institutions and organizations on the areas of the programme thrown up by the concurrent evaluation as meriting detailed studies. The States may commission such evaluation studies subject to the condition that the expenditure per DRDA per year is not more than Rs. 40,000. The proposals for evaluation studies by the DRDAs are considered and cleared by the SLCC. The Centre may also commission such studies. The following chart shows the cycle from planning to evaluation of IRDP projects:
CYCLE FROM PLANNING TO EVALUATION OF IRDP PROJECTS

Chart No. 5.3
5.5.6 AWARENESS BUILDING & PUBLICITY

5.5.6.1 AWARENESS BUILDING

The Village Assembly meetings, the loan application camps and the occasion of the procurement of assets are utilised to impart information to the beneficiaries and the local public about the programme. The beneficiaries are made aware of their own responsibilities in making the projects succeed financially. They are also informed about the channels and agencies they have to approach when required. Special camps are also held to disseminate information to the beneficiaries. Beneficiaries' Advisory Committees are also involved in these efforts.

5.5.6.2 PUBLICITY

The services of the State Publicity Department and other departments are utilised to provide publicity to the programme through mass media. This is done to disseminate information about the programme and highlighting the achievements of the programme. The examples of beneficiaries with successful operation of their projects and registering significant growth in their annual incomes are also brought to the notice of public.

5.6 PRE-REQUISITES FOR THE SUCCESS OF STRATEGY

5.6.1 The rural development efforts in terms of political tones, economic objectives, organizational process, plan formulation and programme implementation are a new kind of experiences for the people and the development agencies. There is a universal need to look back and take stock of things to have a clearer perspective of the situation, avoid the pitfall, overcome the barriers and discover effective approaches and alternatives toward substantial and sustained development in rural areas. We have to find and learn new and better ways of doing things.

5.6.2 Organizing the poor at the recipient level and adaptation by the delivery system to the requirements of the small producers and borrowers is expected to result in low transaction costs.

5.6.3 One of the basic principles of democracy is that decisions shall be made by those who are affected by them. People's participation in development creates a sense of awareness, a sense
of involvement, a sense of belongingness and a sense of possession or ownership. It develops self-reliance, self-confidence, competence and managerial capacity. It makes them thinkers, decision makers, doers and implementors. They are enabled to discover their innate potential, increase their aspiration level and mobilize their resources for productive purposes.

5.6.4 Necessary training should be given to the beneficiaries in efficient and proper use of assets provided under the scheme. Special emphasis should be laid on adult education programme so as to eradicate mass illiteracy among beneficiaries. Literacy and economic development are highly correlated. In his book, "Making of a Just Society", Chester Bowles reports that a population which can read and write is far better than a population which cannot. A literate farmer can read, understand and adopt scientific farm practices. A literate housewife can ensure improved house-making through adoption of small family norms, better child and health care, promotion of small savings etc.

5.6.5 The required infrastructural support should be given well in advance before providing any financial assistance. The inputs should be available at remunerative prices at the doorstep of the rural poor. Massive production-oriented investment in rural infrastructure covering rural electrification and energisation of pump sets, rural roads, rural communication, soil conservation, social forestry is necessary to improve capital formation and to increase employment opportunities for the rural poor.

5.6.6 The proper coordination of different departments and programmes is the necessity of the hour for better results.

5.6.7 A reliable data base at the grassroot level is a must if the development programmes are to deliver the goods. Inventory of human resources (fully employed, partly employed and fully unemployed) and physical resources (land, water, minerals, material, forest resources, agricultural produce, horticultural produce, livestock produce) has to be undertaken systematically so that a happy wedlock between the unemployed/under-employed manpower resources and the physical/material resources can take place and develop. The UNO's book,
"Measures for the Development of Underdeveloped Countries" speaks of such a wedlock for ensuring maximum employment and quick development.

5.7 OBSERVATIONS

5.7.1 The performance - physical and financial - under IRDP since its inception is presented in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Physical Target (Number in Lakh)</th>
<th>Achievement (Number in Lakh)</th>
<th>Allocation (Rs. in Lakh)</th>
<th>Utilisation (Rs. in Lakh)</th>
<th>Credit Mobilized (Rs. in Crore)</th>
<th>Subsidy Disbursed (Rs. in Crore)</th>
<th>Investment (Rs. in Crore)</th>
<th>Per Family Investment (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>30.07</td>
<td>27.27</td>
<td>250.55</td>
<td>158.64</td>
<td>289.05</td>
<td>447.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981-82</td>
<td>30.07</td>
<td>27.13</td>
<td>300.66</td>
<td>264.65</td>
<td>467.59</td>
<td>732.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982-83</td>
<td>30.07</td>
<td>34.55</td>
<td>400.88</td>
<td>359.59</td>
<td>713.98</td>
<td>1073.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983-84</td>
<td>30.54</td>
<td>36.85</td>
<td>407.36</td>
<td>406.09</td>
<td>773.51</td>
<td>1179.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984-85</td>
<td>30.27</td>
<td>39.82</td>
<td>407.36</td>
<td>472.20</td>
<td>857.48</td>
<td>1329.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>151.02</td>
<td>165.62</td>
<td>1766.81</td>
<td>1661.17</td>
<td>5310.61</td>
<td>4762.78</td>
<td></td>
<td>2876.41</td>
</tr>
<tr>
<td>1985-86</td>
<td>24.71</td>
<td>30.60</td>
<td>407.36</td>
<td>441.10</td>
<td>730.15</td>
<td>1171.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>35.00</td>
<td>37.47</td>
<td>543.33</td>
<td>613.38</td>
<td>1014.88</td>
<td>1628.26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987-88</td>
<td>39.64</td>
<td>42.47</td>
<td>613.88</td>
<td>727.44</td>
<td>1175.35</td>
<td>1902.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988-89</td>
<td>31.94</td>
<td>37.72</td>
<td>687.95</td>
<td>768.47</td>
<td>1231.62</td>
<td>2000.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989-90</td>
<td>20.09</td>
<td>33.51</td>
<td>747.75</td>
<td>765.43</td>
<td>1220.53</td>
<td>1985.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>151.38</td>
<td>181.77</td>
<td>3000.27</td>
<td>3315.82</td>
<td>5372.53</td>
<td>8080.56</td>
<td></td>
<td>4445.58</td>
</tr>
<tr>
<td>1990-91</td>
<td>23.71</td>
<td>28.98</td>
<td>747.31</td>
<td>809.49</td>
<td>1190.03</td>
<td>1858.18</td>
<td></td>
<td>6412.82</td>
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<tr>
<td>1991-92</td>
<td>22.52</td>
<td>25.37</td>
<td>703.61</td>
<td>773.09</td>
<td>1147.34</td>
<td>1805.07</td>
<td></td>
<td>7115.78</td>
</tr>
<tr>
<td>1992-93</td>
<td>18.75</td>
<td>20.69</td>
<td>662.22</td>
<td>693.08</td>
<td>1036.80</td>
<td>1616.48</td>
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<td>7813.38</td>
</tr>
<tr>
<td>1993-94</td>
<td>25.70</td>
<td>25.39</td>
<td>1093.43</td>
<td>956.65</td>
<td>1408.44</td>
<td>2209.26</td>
<td></td>
<td>8701.92</td>
</tr>
<tr>
<td>1994-95</td>
<td>21.15</td>
<td>22.15</td>
<td>1098.22</td>
<td>1008.32</td>
<td>1450.58</td>
<td>2268.88</td>
<td></td>
<td>10243.78</td>
</tr>
<tr>
<td>1995-96</td>
<td>@</td>
<td>20.89</td>
<td>1097.21</td>
<td>1077.16</td>
<td>1701.33</td>
<td>2571.53</td>
<td></td>
<td>12310.48</td>
</tr>
<tr>
<td>1996-97</td>
<td>@</td>
<td>19.24</td>
<td>1097.21</td>
<td>1139.54</td>
<td>1969.16</td>
<td>2875.10</td>
<td></td>
<td>14943.78</td>
</tr>
<tr>
<td>1997-98</td>
<td>@</td>
<td>16.71</td>
<td>1133.51</td>
<td>1086.59</td>
<td>1974.81</td>
<td>2823.95</td>
<td></td>
<td>16900.79</td>
</tr>
<tr>
<td>Total</td>
<td>526.81</td>
<td>12399.80</td>
<td>12520.91</td>
<td>20352.63</td>
<td>10519.16</td>
<td>30871.79</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

@ Figures not available.

Table No. 5.11

It may be seen from the above table that since inception till March, 1998, 526.81 lakh families have been assisted with a total investment of Rs. 30,871.79 crore. The credit component comes

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to Rs. 20,352.63 crore and subsidy comes to Rs. 10,519.16 crore. The level of per family investment currently is Rs. 16,900 as against Rs. 1,642 during 1980-81 and Rs. 7,813 during 1992-93. The coverage of SC/ST families was about 46 per cent of the total families assisted during 1997-98. The coverage of women under IRDP has been on consistent rise from about 10 per cent during 1985-86 to about 34 per cent during 1997-98.  

![Recovery to Demand of Public Sector Banks Under IRDP](image)

<table>
<thead>
<tr>
<th>Year ended</th>
<th>Demand</th>
<th>Recovery</th>
<th>Recovery as Percentage of Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>June, 1990</td>
<td>@</td>
<td>@</td>
<td>30.8</td>
</tr>
<tr>
<td>June, 1991</td>
<td>@</td>
<td>@</td>
<td>41.4</td>
</tr>
<tr>
<td>June, 1992</td>
<td>@</td>
<td>@</td>
<td>31.8</td>
</tr>
<tr>
<td>June, 1993</td>
<td>1657.0</td>
<td>502.6</td>
<td>30.3</td>
</tr>
<tr>
<td>June, 1994</td>
<td>1729.0</td>
<td>497.3</td>
<td>28.8</td>
</tr>
<tr>
<td>June, 1995</td>
<td>2135.0</td>
<td>625.0</td>
<td>29.3</td>
</tr>
<tr>
<td>June, 1996*</td>
<td>1741.6</td>
<td>531.1</td>
<td>30.5</td>
</tr>
</tbody>
</table>

* Provisional @ Figures not available

Table No. 5.12

It may be seen from the above table that the recovery percentage at around 30% is very poor.

5.7.2 A plethora of studies by various agencies like RBI, NABARD, IFMR (Institute of Financial and Management Research) and PEO to evaluate the much adored populist programme of IRDP launched during the Sixth Plan and the concurrent evaluation studies conducted during the subsequent plan periods have identified several bottlenecks in the programme implementation. Connotationally sounding comprehensive, Integrated Rural Development Programme operationally aims at redressing and alleviating the problems of the poorer segments of the rural population.

5.7.3 The interim report of the Expert Committee on Integrated Rural Development Programme by RBI more or less makes the point that those below the poverty line still need a strong helping hand. The report is candid enough to admit the IRDP has failed in its efforts. "At
the outset, it is necessary to candidly admit that, despite the general acceptance of the objectives and the extensive organizational apparatus built to translate them into actuality, the IRDP has not achieved the desired results. In fact, the Concurrent Evaluation of IRDP for 1989 conducted by the Government, revealed that only in 28 per cent cases of the old beneficiaries had been able to cross the then existing poverty line of Rs. 6,400 per annum. There is no further evidence to suggest any subsequent improvement." The percentage of beneficiaries moving over the poverty line of Rs. 6,400 has been better at 33 per cent and 26 per cent in the secondary and tertiary sectors respectively as compared to 23 per cent in the primary sector.

5.7.4 Integrated Rural Development Programme has aroused great expectations and hopes amongst rural poor and as a result, resulted in the increased dependency of the people on the development agencies. In stead of becoming a people's programme with government participation, it has become a government-administered programme with people's participation.

5.7.5 Bureaucratic compulsions of target achievement have oriented officials to pay foremost attention on targets rather than on promotion and fostering of popular participation in decision-making and implementation. More emphasis is given to the achievement of targets, making it target oriented. The right means, methods and process to bring about change in the attitudes of the people is overlooked. Targets were fixed without realistically understanding the magnitude of poverty in a specific region resulting in benefits being liberally passed on to the well-off sections. The concept of integrating and mobilizing the material and human resources at the community level disappears.

5.7.6 The lack of commitment and dedication on the part of officials connected with identification, formulation, appraisal, monitoring and evaluation of various rural development schemes has resulted in the tardy performance of IRDP.

5.7.7 Population growth is the major factor diluting the achievements of the Programme.

5.7.8 Lack of integration of block/district level and individual household level schemes has resulted in a great confusion regarding the target unit of development.
5.7.9. High costs and limited benefits of the Programmes and the large 'leakages' due to non-poor trying to pre-empt the benefits meant for the poor have been observed.

5.7.10. Numerous but small transactions in the product and credit markets have resulted in high transaction costs and lack of congruence between the recipient system and the delivery system.

5.7.11. Lack of coordination between institutions involved in the eradication of the evil of the poverty or in the implementation of poverty alleviation programmes is a common thing. On account of deficiencies in the mode of functioning of three implementors of the IRDP, namely, the development administration, credit institutions and Panchayati Raj institution, the non-poor were able to grab the loans and subsidies available under the Programme by either getting themselves identified as poor or by using poor persons for acquiring assets by paying them a nominal amount. The emergence of a system of brokerage and widespread corruption was also observed. Influential members of the village community in collusion with the bureaucracy and officials of cooperative department and other credit agencies were reported having charged a brokerage for getting subsidies and credit sanctioned to poor villagers. In many situations, it was the story of the same animal going round with different beneficiaries and the net benefit being the subsidy.

5.7.12. The much needed after-care is lacking. The beneficiaries require outside help in the procurement of inputs, repair of equipment and marketing of their produce. Government Officials want to avoid regular visits to the beneficiaries. They do not want to create any awareness among the beneficiaries so that their chances of getting the share in the development fund might not be hampered. In many cases, the entire exercise was found reduced to a money-making game for the so-called beneficiaries, the government officials and certain other intermediaries. There is a communication gap between the authorities and beneficiaries and this results in under-utilisation of the available facilities.

5.7.13. Perspective planning based on the local resources were not framed properly. The annual planning exercise at the district level was carried out in a routine manner without adequate attempt at proper integration of target and linking them with the local resources. The
district authorities selected easily identified schemes without much effort at innovation or making a systematic study of potential or demand. Large number of activities were taken up only on the basis of adhocism. In the absence of the inventory of manpower as also physical/material resources available in villages, what was done amounted to taking up projects/financing in adhoc manner which became synonymous with relief or rehabilitation measures and not development programmes.

5.7.14. A large portion of the assets distributed under IRDP was overpriced and a considerable portion of the assets was lost i.e. not in the possession of the beneficiaries just after a couple of years. Beneficiaries in many cases collided with the local and low paid staff of the Programme to obtain the assets and later sell away the same, for better money, thus misappropriating the subsidies. Much of the assets provided for the individual poor and their families ended up through a “trickle-up” process in the hands of the rural rich and powerful. The tale of diversion of funds is limited not only to beneficiaries but to Governments also. The Expert Committee on IRDP says, "What is most disturbing is that though funds under the programme were to be utilized for filling up the critical gaps in the infrastructure which were directly related to the projects of IRDP beneficiaries, in some States, IRDP funds were used or diverted to augment the resources of the State Government for creating general infrastructure."

5.7.15 Misuse of loans, missing assets and poor repayment were also significant. Low per family investment, wrong identification of beneficiaries were also observed. DRDAs appeared to have never bothered about the viability of the various self-employment programmes sponsored under IRDP - whether agricultural development programmes or livestock development programmes or small industrial and business enterprises as per the unit cost norms prescribed by NABARD. The amount of assistance for the purchase of assets was found to be insufficient. The subsidy amount on the ground was dissipated among the official personnel and political agents. As a result, the remaining loan amount was not sufficient to make the economic activity viable. The assets procured were of poor quality or lesser in numbers. In either case, the
income generated was not enough to meet the household consumption requirements and loan repayments.

5.7.16. The average investment for each family for 1989 stood at Rs. 4,276, Rs. 3,631 and Rs. 4,512 for primary, secondary and tertiary sectors respectively. Using the stipulated incremental capital output ratio of 2.75, investments ranging from Rs. 5,800 to Rs. 7,600 can generate incremental income of Rs. 2,100 and Rs. 2,800 only; investments between Rs. 3,400 and Rs. 4,500 can provide additional income between Rs. 1,500 and Rs. 1,700 only. This again is on the assumption that the required infrastructure is available. With an incremental income of Rs. 2,800 per year, the poor just never cross the poverty line as the beneficiaries do not have any other occupation, main or subsidiary. The actual annual all-India average per capita investment (credit and subsidy) under IRDP was only Rs. 4,780 in the Seventh Plan and Rs. 7,531 in 1990-93. Even the Public Accounts Committee has said, "A Programme which does not help the poor households to cross the poverty line in one go cannot carry any credibility as to its validity. Hence credit outlays are the elementary need of the IRDP."

5.7.17. Non-involvement of beneficiary in purchase of asset was also seen in some cases.

5.7.18. The guidelines as regards identification of beneficiaries under poverty line were highly violated. Except Maharashtra State, in no other State, the selection of the beneficiaries was on the 'Antodaya' principle. The involvement of the village agencies and banks in the identification of poor people was 'NIL' in many cases. Gram Sabha had a very small role to play as its meetings were rarely held for the purpose of the selection of beneficiaries. Political considerations weighed more than economic criteria in selecting beneficiary families. Thus the assistance went to the wrong persons, especially to those who were comparatively affluent. Therefore, the epithet, "the rich became richer and the poor became poorer" came into currency. The IRDP as self-employment programme was well conceived but ill delivered.

5.7.19. Much has been written about the corruption, malpractices and administrative inefficiencies that have crept in at the level of implementation. In fact, a report based on a survey by the Department of Rural Development of the Government of India concludes that at
the time of selection, 20 to 50 per cent of the IRDP beneficiaries had incomes more than cut-off point for selection.

5.7.20. At present, all families below the poverty line are being considered for self-employment without taking into account their skills and experience in handling credit financed assets. The underlying assumption is that all the poor have the necessary endowment to deal with them. The experience so far, however, belies it. Further, the poorest of the poor, without any skills and experience in handling assets, prefer wage employment to self-employment.

5.7.21 In short, the deficiencies have been observed right from the process of identification of the beneficiaries and in respect of operation aspects of the programme, viability of the schemes, quality of the assets, under financing of the schemes, subsidy dispensation, infrastructural facilities, leakages through corruption and malpractices at the implementing stages, excessive emphasis on supply of cattle irrespective of its viability, absence of backward and forward linkages, lack of cluster approach, lack of institutional support for supply of raw materials and marketing, lack of integration among various agencies, inadequate backing support, lack of absorptive capacity of beneficiaries, absence of monitoring mechanism, inefficiency and inadequacies at all stages of implementation, no follow up, highly target oriented programme etc.

5.7.22 However, there is a long way to go but the progressive improvement in the implementation of the programme makes one more hopeful. Sincere efforts to reduce the weaknesses observed under IRDP are being made. Unless grass root implementation of the programme is improved, the percolation effects of the programme in terms of helping the poor to cross poverty line will not show significant results. There is a need to revamp the whole strategy and approach so that it yields the desired result. A clear perception of the objectives of IRDP by the target groups and their firm determination to rise above the poverty line and a clear vision for a better future may take the Programme near success.

5.7.23 The launching of "SWARNJAYANTI GRAM SWAROZGAR YOJANA" (SGSY) with effect from 1999-2000 has replaced IRDP, TRYSEM, DWCRA, SITRA and MWS Programmes. The details of SGSY are given in Appendix II at the end. It may be observed therefrom that the contents of IRDP continues to be, by and large, the same under the new nomenclature.