

**Report of the**

**COMMITTEE ON ADMINISTRATIVE ARRANGEMENTS FOR  
RURAL DEVELOPMENT AND POVERTY ALLEVIATION  
PROGRAMMES**

*Chairman: G.V.K. Rao 1985*

Department of Rural Development  
Ministry of Agriculture  
New Delhi

# **GVK RAO COMMITTEE REPORT**

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## SUMMARY OF RECOMMENDATIONS

1. The Committee feels that the time has come to take a total view of Rural Development. It has to encompass all economic and social development activities handled by different agencies at the field level. It is not advisable any longer to limit anti-poverty programme to a few specific schemes.
2. Past experience clearly indicates that government machinery (bureaucracy) alone cannot be assigned the responsibility for achieving economic development and social justice.
3. While the objectives of removal of poverty, as laid down in the Seventh Plan, must be adhered to, local initiative must be encouraged and the detailed strategy worked out by local people. It is, therefore, essential to involve the people and their representatives effectively in drawing up programmes of rural development and their implementation.
4. Panchayati Raj institutions have to be activated and given all the support needed so that they can become effective organisations for handling people's problems. Elections to these bodies should be held regularly.
5. It is also necessary to encourage voluntary agencies, with informed idealism, operating in rural areas, in every possible way.
6. The district should be the basic unit for policy planning and programme implementation. The Zila Parishad should, therefore, become the principal body for management of all development programmes which can be handled at that level.
7. The President of the Zila Parishad can be directly elected for a term co-terminus with the Zila Parishad, or for one year each on the Mayoral pattern. The work of the Zila Parishad should be done by a number of Sub-Committees, elected on the basis of the proportional representation so that participatory democracy could be developed and encouraged.
8. Panchayati Raj institutions at the district level and below should be assigned important role in respect of planning, implementation and monitoring of rural development programmes.
9. Some of the planning functions at the state level may have to be transferred to the district level for effective decentralised district planning.
10. In this connection, the Committee recommends the introduction of the concept of district budget. It is desirable that it is brought into being as quickly as possible.
11. The concept of a properly prepared district plan is reiterated. The Preparation of a proper plan is a pro-requisite for having a process of development which will ensure that the poor are properly taken care of. All the development departments should clearly indicate the activities which they would undertake for assisting the poor.
12. The district plan should include all the resources available both in the plan and non-plan as well as institutional resources.
13. It is necessary for the banking institutions including the cooperatives to ensure that the credit requirements of the rural poor are adequately met, such facilities should also cover the legitimate consumption credit requirements of the poor.
14. The process of economic development itself should be designed so as to reduce poverty. The implementation of land reforms has to be done with greater vigour so as to

ultimately ensure that the land goes to the tiller.

15. Since rural development encompasses the activities of a number of departments at the state level, there is an urgent need for effective coordination and proper direction at this level.
16. The Committee recommends that a very Senior Officer of the rank of Chief Secretary designated as Development Commissioner be incharge of development administration at the state level.
17. The major Rural Development Departments like Rural Development, Agriculture, Animal Husbandry, Co-operation, Industries etc. should be directly under his purview. The Secretaries of these Deppts. will work directly under him.
18. The Committee is of the view that development administration at the district level has to be treated as a major activity involving significant responsibilities.
19. The Committee, therefore, recommends that a post of District Development Commissioner(DDC) be created to look after and coordinate all the developmental activities in the district.
20. The DDC may be made the Chief Executive of the Zila Parishad in those states where the Panchayati Raj institutions hold the responsibility for planning and implementation of various development programmes.
21. In those states where Zila Parishads are not in position, the DDC could function as chairman and Chief Executive of the District Development Council.
22. The office of the DDC should be of a higher status than that of the District Collector in order to establish the primacy of the Development administration over maintenance administration.
23. The existing districts set up with weak planning machinery multiplicity of agencies and lack of effective coordination needs revamping.
24. Along with the establishment of the office of the DDC, significant restructuring of planning and implementation machinery at the district level should also be effected.
25. The proliferation of development agencies and departmentalisation and fragmentation of function should cease.
26. The most important constituent of the district development office will be the Distt. Planning Team, the Distt Rural Development Team and the Distt. Finance and Accounts Officer who will be incharge of the district budget also.
27. The District Level Officers of the various functional/line departments will continue to handle the work relating to their respective areas. However, the schemes and programmes being implemented by them should form an integral part of the District Development Plan.
28. The major operational machinery for implementation of district rural development plan will be the block level set up. For this purpose revamping of the block machinery is essential.
29. The Committee recommends that the Block Development Office should be the sheet-anchor of the entire rural development process. For this purpose the status of this office should be upgraded. The Chief Executive Officer of the block/tehsil may be designated as Assistant Development Commissioner (ADC). The ADC should be an officer of the status of Sub-Divisional Officer.

30. The ADC should be a dynamic young person, preferably below the age of 35 and in any case not above 40. His background, training, managerial capability and motivation should be appropriate for the task as the leader of the team which will be incharge of all development functions in the block.
31. There is an urgent need for rationalisation/reorganisation of blocks to ensure that they become viable units for the task assigned to them.
32. On the basis of certain criteria of population, area and terrain, average size of the block may be one lakh population in the plains and 50,000 population in the hilly and difficult terrain and tribal areas.
33. On the above basis there could be about 6000 CD blocks.
34. There is also an urgent need for rationalising the deployment of functionaries at the district level and below.
35. Considering the task to be assigned to the various levels of administrative set up at the district level and below the State Governments may have to work out the staff requirements.
36. In some cases there may not be significant augmentation of the strength; the requirements will be met by redeployment of the staff after necessary reorientation/training.
37. Wherever additional staff requirements are involved, the State Governments may send the proposals to the centre.
38. A Committee of Secretaries of the Departments of Planning, Expenditure, Agriculture and Rural Development will examine and approve the additional requirements on the basis of certain norms;
39. Two-thirds of the cost of additional staff should be borne by the Centre during the Seventh Five Year Plan.
40. A refresher/orientation training may be organised for the different functionaries engaged in Rural Development Programme. For this purpose, additional training facilities be created wherever necessary and the full cost thereof may be borne by the Centre.

## GROUP REPORTS

### GROUP I

Reference : Review the existing organisational set-up for on- going rural development and poverty alleviation programmes; (2) to identify structural overlaps and constraints, and suggest a decentralised set-up for planning and implementation of the programmes.

Chairman: Prof. K.N. Raj  
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### **Structural Overlaps and Constraints in Rural Development Programme**

The first issue that deserves attention is the present status of the structural overlaps and constraints of rural development programmes and strategies.

- (1) The need for special programmes or anti-poverty programmes arose because the overall development efforts were not taking care of the weaker sections. It was thought that the special programmes will correct the bias of general development and improve the position of the poor. The relevant question now is: Should we continue both the approaches simultaneously and independently, or should we integrate both the units into one? Should we allow the general efforts to go on when we know that these are

selective in nature in the sense that they by-pass the poor and backward areas? It was felt that this separation is not proper and general and special programmes should be integrated with each other at both the planning and implementation levels. After all, rural development encompasses anti-poverty programmes also.

- (2) As regards the present set of anti-poverty programmes it was felt that the situation is like the blind men and the elephant. Each programme is conceived independently, planned independently and implemented independently, and consequently each has only a partial view of the problem. The result is that we have a set of programmes which do not make a whole picture. There is a need to have a total approach in this context also.
- (3) One important question was raised as to what are the chances of success of the present set of anti-poverty programmes. The empirical studies made in this area do not give an encouraging picture. Apart from the points about the integration above, there are many other factors responsible for the limited success. Some suggestions were made in this area. First of all, the planning component of individual programmes is found to be weak. This leaves considerable scope for adhocism and manipulation in the planning of the programmes. There is a need to improve the planning of individual programmes. Secondly, IRDP kind of asset-based programmes have a trend towards corruption in many cases and, therefore, the programmes have not worked well. It was suggested that the subsidy given to IRDP beneficiaries should be removed and instead the beneficiaries should be given easy terms of credit at low interest rates and easy installments for repayment, etc. Another suggestion was to deposit the subsidy in the beneficiary's bank account and give him an interest on it for about three years. This will also encourage the beneficiary to run the scheme successfully for at least three years.

As regards wage employment programmes like NREP, it was suggested that works should be taken up on private farms also to enable the small and particularly marginal farmers to improve their lands (it was pointed out by some that such works are already taken up under NREP in some states). In this connection it was also suggested that the negative effect of NREP in terms of the asset distribution against the poor should be erased either by imposing taxes on private farmers and/or by allowing collective ownership of NREP assets to the workers who work on it.

- (4) It was felt that there was a need to distinguish between the two categories of poor, namely, the poorest and the other poor. While the latter category many times manages to get the benefits of anti-poverty programmes, the former category is almost always left out of the purview of these programmes. The poorest groups normally are unwilling and unprepared to take up self-employment and, therefore, they should be offered wage employment. It is really surprising how IRDP gives top priority to this category for self-employment programmes. It was, therefore, felt that if these two categories are separated and suitable policies are formulated to help them the overemphasis on self-employment under IRDP will be reduced considerably.
- (5) A view was expressed that though the present set of anti-poverty programmes emphasise wage and self-employment, they do not have any direct focus on providing relief to the poor from their exploitative situation. The socio-economic power structure in our rural areas have created a situation where the poor masses are forced to depend on the rural rich for almost everything. As this unilateral helpless dependence of the poor on the rich breeds exploitation, there is a need to identify these points of exploitation and plug them. Steps like grain banks or grain golas, well spread public distribution system, consumption loans (working capital loans), loans to meet the credit need for social functions, are important in this context. It was felt that unless this exploitative dependence is attacked upon, other anti-poverty programmes will give only limited success.
- (6) In this context, suggestions regarding social security also was made. It was suggested

that social insurance should be provided to the poor in the case of old age, disability, widowhood, etc. Massive expansion of such pensions and insurances is needed to help the poor in the lowest strata.

- (7) Other suggestions made in this context were enforcement of the minimum wages of land reforms. etc.,

### **Integration in Rural Development Programmes: How to bring it about**

It was felt that the lack of integration between rural development planning and anti-poverty programmes, as well as among various anti-poverty programmes themselves is a serious problem as it has created a good amount of confusion in our planning. How to bring about this coordination? Diverse suggestions were offered.

- (1) Three kinds of alternative models were recommended for bringing about coordination at the district level. These models were as follows:
  - (a) The Zilla Parishad should be the apex body for the overall planning at the district level. It should be assisted by a District Planning Board (DPB), which should be an advisory expert body with a planning cell. The plan should be prepared by the DPB and sent to the Zilla Parishad for review and authentication. In this model all the rural development activities pertaining to the district should be covered under the purview of the district body.
  - (b) For the states where the Zilla Parishads are not in existence the alternative is to set up a District Planning Council at the district level. The Collector should be the Chairman of the Council (and should be redesignated as District Development and administrative Commission) and be given a higher status and he should coordinate all the developmental activities mentioned in the first alternative. In order to reduce the other burden of the Collector, a senior Deputy Commissioner or a junior Deputy Commissioner should be appointed to perform the routine tasks as well as protocol, etc.
  - (c) The third alternative model was to create a corporate structure at the district level with the mayor as its statutory head. The Mayor's tenure should be one year and elections should be held every year for the post. In this model standing committees should do the planning and coordination work. The advantage of this model is that it does not create a vested interest of power at the district level.
- (2) It was felt that as the members of schemes and programmes are very large, the problem of coordination is going to be a highly complex problem. It is, therefore, necessary to scrap a large number of schemes and programmes to minimize the task of coordination.
- (3) A suggestion was made that the planning function for the district level should be done on the basis of a set of objective norms. It was suggested that as the intervention of politicians prevails at the state as well as at the district level, and as bureaucrats who are not objective in their planning decisions, planning should be strictly done by a well prepared formula which is prepared by experts and finalised only after the discussions in the state legislative assembly. Planning at all the levels - district, block and village-should be done strictly on the basis of such a formula. If small money is left with local authorities, it should be used for filling infrastructural and other gaps.
- (4) A view was also expressed by some that here is not much need for coordination among

various agencies as there are limits to coordination and as there are limits to what bureaucracy can do. It was felt that sectoral freedom is needed to carry out sectoral planning efficiently. In this context two suggestions were made: One suggestion was to develop an anchor of powerful economic activity at the district or block level around which other activities can be developed. Considering the fact that the pressure on the administrative system is too much, there is a need to reduce the pressure by developing anchor activities outside the government. These activities could be relating to the farm-industry linkages. The township model as suggested by Gadgil, the amul dairy model with a core activity at the centre, or the sugar cooperative model (which is more compact) are the different models developed in this context. It was felt that the anchor activity will improve the farm-industry linkages and reduce the problems of integration in the government to a considerable extent.

The other suggestion made was of developing 8 to 9 core rural development programmes. This pluralistic core approach would minimise the need of coordination and at the same time improve the sectoral efficiency of planning.

- (5) As regards integration of planning efforts at the centre some felt that there was a need to integrate the inter-departmental coordination at the centre. As charity should begin at home, the central government should first take steps to improve the level of coordination among its various functionary.
- (6) Also, a need was felt for exchange of information and interaction among various state governments. It was felt that the National Development Council should take up this clearing house role effectively.

### **Decentralisation of Planning**

- (1) It was felt by all that there is a concentration (over centralisation) of power and planning at the centre. As this affects the strength of planning at lower levels, it is necessary to decentralise this power and to involve districts (and lower bodies) in decision making. A feeling was expressed that decentralisation is perhaps not acceptable to politicians and bureaucrats as it implies sharing of power. But considering its necessity, there is a need to take a bold step to distribute the power of decision making at lower levels also.
- (2) Decentralisation of planning at the district and below the district implies setting up a multi-level framework that covers all the levels. These levels should be the district, the block, the sub block (cluster of villages) and the village level (sub blocks could be formed on the basis of agro climatic conditions). Decentralisation will be effective only if planning is done at all the levels, and financial and other powers are shared by all the levels.
- (3) It was suggested, however, that there are a few pre-conditions for undertaking this kind of decentralisation: (a) there should be only one planning agency at each level, (b) the professional and technical staff should be appointed at each level, and (c) senior cadre officers are appointed at the district and block levels so that the level of efficiency improves and decentralisation really take place.
- (4) A view was expressed by some that the credit plans prepared by banks are not very useful for planning purposes at the district level and lower levels as these plans are more like collection of schemes and less like plans, banks' involvement or cooperation in preparing micro level plans was emphasised in this context.
- (5) Decentralisation at the district level implied that the total schemes implemented in rural areas should be divided into state sector schemes and district sector schemes in a clear fashion. It was suggested that this decision of the schemes between the state and district sectors should be done with the help of the criteria determined by the

Asoka Mehta Committee for dividing the schemes into the central and state schemes.

### **Panchayati Raj Institutions**

Considering the variety of experiences of the states regarding panchayati raj institutions, it was felt that no uniform set of recommendations can be made in this respect. Some states (a few) did not have panchayati raj institutions, and some others did not have happy experiences with them. In Gujarat and Maharashtra, for example, the panchayati raj set-up is there and it appears to be functioning well as the panchayats are helping agricultural and related development. However there the panchayats do not represent the interests of the poor and, therefore, should not be involved in the planning and implementation of development programmes in a direct fashion. On the other hand, a few states do have representative panchayats and they are in a position to undertake development activities for the poor. These panchayats should be involved in district and lower level planning in these states.

It is, however, not desirable to keep the elected bodies out of the planning process altogether even in the states where panchayats are not doing well. It was suggested that in these states plans should be prepared by experts on the basis of objective norms and it should be put to the panchayats for their consideration. They should be allowed to make modifications if they could justify them.

### **Administrative and Organisational changes**

Administrative improvement cannot be brought about merely by increasing the strength of the staff, but it will come only if the staff is prepared to undertake programmes to fulfil the social objectives of plans. Improvement in the quality and the morale of the staff is essential in this context.

- (1) Some suggestions were made to improve the performance of the staff in anti-poverty programmes; the first suggestion was regarding better follow-up and better monitoring of the programmes. Poverty cannot be removed by one shot efforts, continuous follow-up also is necessary. The second suggestion was regarding development journalism. It was felt that this kind of journalism can improve the monitoring from outside the government.
- (2) When the districts are too big, as many times they are, DRDA is not in a position to cover it. It was, therefore, suggested that there should be one DRDA per 10 blocks, and the population covered by it should be about 1.00 to 1.25 M.
- (3) There is an urgent need to strengthen the staff of development administration at all levels in terms of quality as well as in terms of number. It was suggested that as VLWs at present are over-burdened, their number (both territorial and functional VLWs) should be fixed regarding their number with respect to the population covered by them. Women should also be properly represented in the total strength of VLWs.
- (4) There is a need to improve the professional expertise, including planning expertise of development administration. It was suggested that number of extension officers in agriculture, animal husbandry, forestry, industries, irrigation, energy, etc. should be raised and the strength of junior engineers should also improve. It should be seen that the professionals sent to rural development departments are really competent and are not transferred to these departments as a punishment.
- (5) There is a need to improve the quality and status of the Block Development Officer.

It was felt that as their function is very important, they should be given better status as well as better training.

- (6) In this context, a suggestion was made that the involvement of professionals from outside the government should be allowed as enough expertise is not always available with the government.
- (7) In order to improve the performance of the staff it is necessary to avoid frequent transfers. An officer should be allowed to remain in an office at least for a few years (norms should be fixed about this) so that he is able to produce some results.

It should be noted that all these changes do not necessarily mean a big increase in the staff. Sometimes it may mean cutting down the staff also.

- (8) To improve the performance of the development administration, it was felt that there was a need to improve the data-base at the district level. A view was expressed that it was possible to generate enough data through some efforts even today. However, some others felt that there were some important gaps in the available data which needed to be filled in. These gaps were identified as the data regarding details of water table and water potential, unemployment and poverty, and inflows and out-flows of human beings (migration) and of commodities are not available. In this context, it was suggested that there was a need to redesign the NSS sampling so as to make the data on unemployment and poverty available at the district level. The need for improving the accuracy of data was also pointed out by some.

#### GROUP II

Reference: Role and the functions of Panchayati Raj Bodies and their relationship with the administrative set-up

Chairman : Prof. M.L. Dantawala

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The present administrative arrangements for rural development and poverty alleviation programmes are unsatisfactory not only because there are too many schemes, each with its own set-up, but also because all of these stand apart from other development activities of the so called line departments. It is necessary to think in terms of district development as a whole, embracing all development activities in a district plan or non-plan, rural or urban. Rural development and poverty alleviation programmes would then become components, important ones no doubt, of a single District Development Plan. It is for district development in this total sense that appropriate administrative arrangements have to be

devised.

Following the recommendation of the Balawantraï Mehta Committee there was a general agreement that the panchayati raj system with its three tiers offered the most appropriate pattern for the purpose of decentralisation in political and administrative authority.

Quite a few state governments adopted the panchayati raj system with minor variations. But only two or three states achieved a degree of success in the process of decentralisation both in planning and administration. Gradually, however many states abandoned the system and those which still adhered to the idea of decentralisation deflated the importance of the panchayati raj organisation and substituted it with bodies having representation of state leadership and the district level bureaucracy.

The decline in the status and authority in the panchayati raj system was attributed to reluctance of the political leadership at state level to share power with district leadership. The latter was viewed as a rival focus of power which would compete with the former in future elections. It was also mentioned that the district bureaucracy was also not reconciled to serve under the control and direction of the Zilla Parishad leadership.

Of late, there appears to be a revival of the idea of decentralisation. This is probably a consequence of the experience gained from a large number of rural development and poverty alleviation programmes.

But the return to decentralisation has not meant revival of the system of panchayati raj. Some of the states like Maharashtra and Gujarat which had experimented, somewhat successfully, with the panchayati raj system, subsequently opted for a District Development Agency or DRDA with a mixture of state political leadership. A somewhat weak representation of the panchayati raj, have not reverted to a full fledged acceptance of the panchayati raj as the appropriate agency for rural development and poverty alleviation.

Only two states, Karnataka and West Bengal, appear to have put their full faith in devolution of planning authority on the panchayati raj system. A study of what has been put through in West Bengal since 1978 and what is intended in the Karnataka Bill, expected to receive the President's assent in the near future, reveals the following basis features:

- (1) In both states, the first point of decentralisation below the state is the district. This accords with the Asoka Mehta Committee's recommendation.
- (2) In both states, the Zilla Parishads are based on direct elections, in Karnataka wholly so, in West Bengal dominantly so.
- (3) In both states, the chairman of the Zilla Parishads are from amongst the directly elected members.
- (4) In Karnataka, it is intended that DRDAs will cease to exist and their function merged with the Zilla Parishads. So will be the functions of district planning bodies. Also district heads of line departments will come squarely under the Zilla Parishad. Each Zilla Parishad will have a chief secretary, giving it the flavour of a district government. Horizontal coordination will be the responsibility of the Zilla Parishads.
- (5) In West Bengal, the district magistrate is also the chief executive officer of the Zilla Parishad. The chairman of the Zilla Parishad is chairman of the district planning committee, as also of the DRDA. Horizontal coordination in this case is sought to be achieved by the key role allotted to the chairman Zilla Parishad.

- (6) In Karnataka, there will eventually be only one-tier below the district, namely the mandal panchayat. In West Bengal, there are two tiers: the panchayat samitis at the block level and the gram panchayats.

The working group was of the view that decentralised planning bodies (zilla parishads) should have enough freedom to plan according to their perception of local development potential as well as constraints. There are two other parameters within which they will have to work. These are-

- (1) In an unequal society, sharply divided in terms of access to assets/skills, direct election will be greatly influenced by money power and we may get a so called representative leadership with doubtful commitment to poverty alleviation and elimination of exploitation of the poor. Under such a situation, some instruments/arrangements may be necessary to safeguard and protect the interest of the poor.
- (2) An autonomous planning body (like the Zilla Parishad)\_ may be tempted to prepare plans much beyond the availability of financial resources which are mostly derived from 'outside' sources, i.e. not raised through their own efforts. Such extravagant demands when not satisfied would provide a cause for conflict. Likewise, such a planning body may not like to adhere to certain accepted rational priorities. If a large number of district planning bodies ignore these priorities, the cumulative state plan may turn out to be highly divergent from the one which is in the interest of the state as a whole. Hence, such of the autonomous district planning bodies will have to work within the broad sectoral allocations determined at the state level.

The Group felt that if the authority to plan and implement the rural development and poverty alleviation programmes is vested in the zilla parishad, it should logically follow that the administrative machinery concerned with these programmes should function under the control of the zilla parishad. However, such a transfer of the administrative personnel to the zilla parishad would bisect the line departments (Agriculture, Irrigation, Forestry,...etc.) in two parts- one above the district and one below, this will result in isolation of the district administrators below district level and not only affect their career prospects but over a period, result in loss of professional competence due to lack of continuous professional contact. To overcome this difficulty, the transferred staff should come under the Zilla Parishad for operational purposes, its career planning and professional competence should be looked after by the respective departmental hierarchies.

The Group further felt that, with the zilla parishad being entrusted with the responsibility of planning and implementation of district developmental activities, it will be necessary to ensure the durability of the zilla parishad as an institution. While legislation in regard to zilla parishad, and indeed panchayati raj institutions as a whole, will vary from state to state, there should be a constitutional provision requiring direct elections to Zilla Parishads being held regularly under the supervision of the Elections Commission.

The Group considered certain tentative suggestions arising out of the enlarged role visualised for zilla parishads, which the High- level Committee may like to examine further: These are-

- (1) Each state should have an inter-district council, analogous to the inter-state council contemplated in article 263 of the Constitution, which should serve as a forum for discussion of interdistrict as well as state-district problems and for evolving state-wide consensus on basic policies and priorities, especially in respect of the problems of the poor and of the weaker sections generally.
- (2) Each district should have an ombudsman to whom individual citizens, or groups of

them, can go for redress of grievances arising out of alleged maladministration by the zilla parishad. A provision for this should be included in the panchayati raj legislation of each state. The possibility of the collector being empowered as ombudsman, where he is not a functionary of the Zilla Parishad (as in West Bengal), could be explored.

- (3) Panchayati Raj Institutions below the level of Zilla Parishads will be different in different states, the inter-face between these and development staff below the level of district heads will need to be worked out state by state, keeping in mind the principle of accountability to the people's representatives.

### GROUP III

Reference: Suggesting arrangements that would best ensure an effective participatory role for members of the target groups, an appropriate relationship between them and the organisational set-up.

Chairman : Dr. P.R. Dubhashi

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**Identification of the needs of the poor.** It is necessary for the banking institutions to take note of the credit requirements of the rural poor. Often these cannot be dealt with properly with the traditional rules and procedures of lending; consequently the poor are forced to resort to the moneylender, though he charges much higher rate of interest, but nevertheless has the merit of accessibility and ability to meet their immediate needs of the rural poor including purely consumption requirement. The lending to the poor must be looked at from the point of view of the poor themselves rather than from the bank's point of view. It may not be possible for the poor to make a transition from below the poverty line to a situation above the poverty line, merely by a single loan from a lending institution. It is necessary to carefully examine the stages through which, over a period of time, the poor can make such a transition and suitable strategies should be worked out to facilitate such a transition for the purpose. Mere traditional and routine approach and routine implementation of the IRDP would not do. It is necessary to examine the conditions under which the poor live and work. The Group considered whether the model of new kinds of banks exclusively for the poor, as in Bangladesh, could be adopted in the country. The Group did not come to any definite conclusions on this, but was definite that new innovative approaches departing from the traditional approaches of the past will be necessary. For example the banks may adopt the kinds of approaches that are adopted by the non-institutional sector of money lending.

**Procedure of lending.** It is in this context of what is stated above that the group would make following suggestions regarding the procedures of lending:

- a) One time lending to acquire an asset and the recovery of that loan may not help raising the people above the poverty line. Continued refinancing over a period of time is

necessary.

- b) Lending should be on a group basis rather than on an individual basis. Lending may be done to a cooperative of the poor engaged in some kind of productive activity.
- c) Lending should be supported by provision of backward and forward linkages which would make lending productive.
- d) Along with the loan, the poor should be provided help by way of infrastructural support which would provide a measure of economic security for the poor.

**Utilisation loan.** (a) At the time of advancing the loan itself, support services that are required for its proper utilisation should be provided. (b) There should not be delay in giving loans after identification. The procedure of releasing subsidy loan should also be linked with the introduction of the scheme under which lending is made. (c) Monitoring should not be confined merely to the disbursement of loan. The progress made in the utilisation of the loan and its impact in terms of improving the earning capacity of the loanees should also be regularly monitored.

**Recovery of loan.** The procedure for recovery of loan should be according to the potential earning capacity of the beneficiary. A direct nexus between the borrower and the bank should be established so that the banks are able to keep in contact with the beneficiaries so necessary to ensure recovery. Often recovery process is hindered by political climate created by the vested interests which gives a wrong impression that the loans need not be repaid.

**Organisation of the banks.** (a) There is a need for organising the branches of the banks in the remote places so that they are accessible to the poor. Adequate number of branches should be established at the block level. At the same time care will have to be taken to see that there is no overlapping. There is need to avoid duplication; where in a village more than one banks are set up for the same purpose, there may be problems of coordination between the various financial institutions, (b) In the absence of adequate number of bank branches mobile banks may be introduced, (c) The single window system is recommended as it will be helpful to the beneficiaries, (d) There is need for a coordinated functioning of various branches of different banks. The lead banks are not able to undertake regular review and coordination of various branches of the banks. Hence, in each district NABARD should establish its agency which should coordinate and supervise the activities of the various commercial banks.

**Staffing.** There is a real problem of inadequacy of staff with sufficient knowledge and interest in the work of lending under the anti-poverty programmes. Suitable career placement policy should be evolved by the banks so that the bank personnel are placed in remote rural areas in the early years of their career when they do not have much family responsibility. There is need for effective attitudinal change in the bank staff; proper training for developing suitable outlook is required.

A serious problem is that of corruption in the banks while advancing loans to the poor; suitable vigilance machinery should be set up for preventing and checking corruption. There should be supervisory officers in the banks who can keep a watch on lending to the poorer sections.

**Coordination between banks and development administration.** (a) At all stages from that of identification to the financing of loan, its proper utilisation, provision of infrastructure support, and backward and forward linkages, the repayment of loan and continued cycle of advancement and repayment, there should be close and continuous coordination between the rural development administration and banking institutions, (b) Suitable procedure should be

evolved to eliminate conflict between the DRDA and banking institutions, for example while banks do credit planning following Calendar year, DRDAs do it for the financial year which makes the coordinated approaches difficult, (c) Block machinery needs to be strengthened so as to provide the pre-credit service functions as well as functions which are associated with the proper utilisation and provision of supporting services, (d) There should be backward and forward linkages to credit planning by the banking institutions, (e) Different procedures should be evolved for coordination and monitoring. Responsibilities should be fixed on the officials of government agencies and banking organisations. (f) The Consultative Committees exist at present where both the officials of development administration and banking institutions are represented. The working of the Consultative Committees at the block and district levels should be streamlined and strengthened.

**Cooperatives.** Cooperatives provide an integrated mechanism covering all stages of agriculture including credit, supply of inputs, marketing, processing, etc. They also provide mechanism for organising the rural labour. The potential of cooperative system particularly functional cooperatives like milk and the agricultural produces marketing is considerable.

For better functioning of the cooperatives, the following steps may have to be taken: (a) There should be an earmarked representation of the poor on the governing bodies of cooperatives, (b) There should be arrangements to ensure that the services of the cooperatives are accessible to the poor, (c) There is excessive politicisation of the cooperatives. Cooperatives should be developed as purely economic institutions helping the poor, (d) The domination of the vested interests must be eliminated, (e) The complicated procedures which make it difficult for the poor to use services of cooperatives should also be simplified, (f) The arbitrary winding up of the cooperatives which recently is seen in some parts of the country should also be discontinued.

**Organisation of the poor.** The poor should be organised as members of formal institutions like cooperatives as well as members of informal groups. The poor may not be organised as a whole, but in terms of specific functional activities. Mechanisms for organising the poor should be studied. The process of creating awareness amongst them is the beginning. It will be done through village meetings. The motivated functionaries in the government organisations and banks can create awareness amongst the rural poor. Something of the old approach of the Community Development emphasising the process of participation should be revived. Suitable voluntary organisations can also play a significant role in organising the rural poor. The development administration can identify and support the voluntary organisations in this work.

#### GROUP IV

Referene : Role of voluntary agencies and the organisation of the rural poor.

Chairman : Shri S. S. Chakraborty

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The main problem of the failure of poverty alleviation programmes is due to lack of organising the rural poor.

Hence, there is a need for organising the rural poor to create a counterveiling force against exploitation and to enable them to reap the benefits from the developmental programmes. It is recognised that voluntary agencies can mobilise rural people and effectively organise the beneficiaries and rural poor who could be aware of their duties, responsibilities and the advantage of the programmes. It was also pointed out that the dissemination of information to the beneficiaries and even to the voluntary organisations is far from satisfactory at present. Government orders, government circulars, resolutions relating to rural development programmes are not disseminated to the voluntary agencies as well as to the beneficiaries/people.

There is greater need to create a system in which there should be a free and continuous flow of information to all the voluntary agencies and the people who are involved in the anti-poverty alleviation programmes. There should also be a continuous research, monitoring and evaluation of these programmes taken up by the voluntary organisations. There should be an Advisory Cell at the Planning Commission, state and district levels which will guide and advise the agencies on various aspects of rural development. The voluntary organisations should be adequately represented in these Advisory Cells at various levels.

While discussing a model for voluntary organisations, the group considered that a clear distinction between non-governmental organisations (NGOs) and voluntary agencies should be drawn. Trade Unions, Cooperatives, Khadi institutions fall in the category of NGOs. Even amongst voluntary agencies there are two broad groups viz, voluntary agencies engaged in social service and voluntary agencies engaged in developmental programmes. Voluntary agencies for rural development with focus on alleviation of poverty should satisfy the following criteria:

- (i) It must be registered under the Societies Registration Act, 1860 or equivalent state laws;
- (ii) It must be based in a rural area;
- (iii) It must have worked for at least 3 years before it becomes eligible for government assistance;
- (iv) It must have professional and managerial expertise to carry out relevant programmes of development;
- (v) It must believe in non-violent and legal methods;
- (vi) The office bearers of voluntary organisation should not hold any office elected or otherwise of any political party;
- (vii) It should be secular;
- (viii) It must not work for profit;
- (ix) It should work towards comprehensive rural development with focus on anti-poverty programmes in the rural areas.

**Preparation.** The group noted that in the 7th Plan period there is a positive move

towards involving voluntary agencies in the planning and implementation process. In the Approach Paper to the 7th Plan mention was made that (i) there is a need to organise the beneficiaries (the rural poor) to ensure that schemes, benefits and subsidies reach them through the delivery system (in other words see that a 'dole' becomes a right) and (ii) voluntary organisations must be involved to serve as the eyes and ears of the people. There are indications that the government is serious about involving voluntary agencies.

**Funds.** The Group considered in detail the question of financing the voluntary sector. There are two facets of this problem namely, (i) recognising a voluntary agency working in the field of rural development and (ii) actual disbursement of funds for specific programmes. In relation to the first point there were two views expressed. One view was that the recognition of a voluntary agency should be done by a committee of voluntary organisations themselves which should be accessible to the government. The other view was that the present system where the government recognises the voluntary agencies may continue. In relation to the question of funding again there were two views. One view was that the funding agency should be away from the scene of action. In particular, it was suggested that the Planning Commission or the Central Government may directly fund the voluntary agencies. The other view was that the funding for voluntary organisations should be a part of the district planning itself and the funds for this purpose should flow from the district level. This will be in consonance with the general approach of decentralisation where a third tier for effective planning and implementation of developmental programmes is being envisaged.

**Administrative arrangements.** This makes it all the more timely to start thinking in terms of a voluntary agency model which could be tried out with the support of the Planning Commission in selected areas of the country where such voluntary agencies exist. There is a need to try out new models/alternative approaches and new systems of reaching the rural poor and seeing that benefits actually reach them at lesser cost.

The model being suggested must necessarily be different from government models but at the same time it must also contain elements that are acceptable to all types of voluntary agencies with different ideologies. The voluntary agency model (VAM) and its terms of reference must take the following elements into account:

- (i) The area of operation of a VAM dedicated to comprehensive rural development should confine itself to a block and smaller units. However, these voluntary agencies which may take up specific programmes for implementation may have larger jurisdiction.
- (ii) The emphasis of VAM should be on human resource development leading to comprehensive development of Village.
- (iii) A programme of human resourced development cannot be target- oriented and the pace of development should be worked out by the voluntary agency keeping in view the local village conditions, etc. within the overall frame of the district plan.
- (iv) The state delivery system is tending to be highly expensive. The VAM should evolve less expensive models.
- (v) The VAM should follow an integrated approach with emphasis on skills, attitudes and resource base of the people.
- (vi) There must be built-in feedback system which allows for free flow of information from the village to the voluntary agency and the bureaucracy and percolation of information to the village level.

- (vii) By far, the most crucial element in VAM will be the importance given to community accountability. If the service of a village functionary is not satisfactory for reasons of incompetence, inefficiency or expensive in human terms, the community may ask the voluntary agency to withdraw that functionary or to dispense with the services of the voluntary agency itself.
- (viii) There should be forums at the block level for regular discussion of field and administrative problems between the beneficiaries, the voluntary agency and the district level staff.

What will this model achieve? (1) When the voluntary agencies as envisaged above are established, they can be expected to provide organisational support and focal point for the poorer sections of the community. In case of any problems within competency of the agency or otherwise the people can approach them for help and guidance particularly in crisis situations.

- (2) They will enable the people to become self-reliant using the local resources, improving their own skills help in organizing themselves for taking up the more difficult tasks.
- (3) The voluntary agency, in due course, can provide an alternative system for making various social and other extension services available to the people otherwise provided by the established government agencies and other organisations.
- (4) The voluntary agencies will provide a forum where the beneficiaries will get necessary training and orientation for upgrading their skills and resolving their problems and taking benefits of various developmental programmes.
- (5) The final goal of rural development programme is to enable the community become self-reliant and manage all their day-to-day affairs in the spirit of the Gram Swaraj. At the moment, the entire responsibility for administration as well as development is that of the state which discharges through a long hierarchy extending to the village level. This structure is too expensive and non-viable particularly for anti-poverty programmes and the field level responsibilities must be assumed by the community itself. A cutting-off point, therefore, has to be visualised at which level the institutional support of the state should be available yet the functioning should be left to the people themselves. This is possible only in face to face situations in a village or a group of villages. The voluntary agencies as envisaged by the group can become the catalytic agents for bringing about the transformation and enabling the community to acquire needed capabilities and resources for achieving this. In due course, as the community becomes self-reliant, even the need for voluntary organisation should disappear and the role of the voluntary agency should be internalised by the community.