

11. Rural Development

According to 2001 Census, rural population accounts for 56 per cent in Tamil Nadu. The challenges of rural development remain relevant in the domain of economic development in spite of five decades of planning. Hence an array of interventions to address issues like livelihood security, livelihood concerns, vulnerability and poverty alleviation has been implemented. Through rural development the Government aims to address all issues pertaining to rural poverty and rural infrastructural disparity by means of sustained process of developmental programmes. To achieve this goal, the Government both at the State and Centre strive to improve the quality of life of the rural poor through various Centrally and State Sponsored Programmes. Plan allocation had been hiked sizably through the Five Year Plans by the State and a share of about 10 per cent of the outlay had been earmarked for Rural Development in Tamil Nadu for X Plan.

Table - 1: Tamil Nadu Rural Profile

	Year	Unit	Total	Rural
1. Total population	2001	Lakhs	624.11	349.22
2. Proportion of SC/STs	2001	%	20.1	25.4
3. Total workers	2001	Lakhs	278.78(44.7)	175.60(50.3)
4. Proportion of main workers	2001	%	85.22	81.38
5. Proportion of marginal workers	2001	%	14.78	18.62
6. Active age group population (19-59)	2001	%	64.93	N.A.
7. Literacy Rate	2001	%	73.5	66.2
8. Length of roads	2004-05	Kms	179904	82859*
9. BPL families	1999-2000	%	21.12	20.55

*Panchayat Union and Village Roads.

Figures in brackets denote Work Participation Rate.

Source: Census of India, 2001 and Directorate of Rural Development.

The profile of the rural sector of the State economy is depicted in Table - 1. The rural segment of Tamil Nadu has 349.22 lakh of population, works out to 56 per cent of the total. Of this, 25.4 per cent comprises of socially deprived SC/ST people. Rural workers according to 2001 census was 175.60 lakhs constitutes 63 per cent of the State total. Marginal workers in the rural area outnumbers the main workers, indicates the increasing casualisation of labourers. The length of road connectivity in the rural areas as on March 2005 was 82859 kms. Under the road connectivity programme, villages having population of 500-1000 are provided with all weather roads at an estimated cost of Rs.354.13 crores.

Public Expenditure on Rural Development:

Expenditure on Rural Development is facilitated both by the Centre and State Governments. Budgetary expenditure of the State for Rural Development had been hiked over the years. Within a span of four years between 2001-02 and 2004-05, total expenditure by Tamil Nadu Government on Rural Development doubled from Rs.1044.5 crores to Rs.2097.9 crores. As a proportion to total budgetary expenditure, the share rose from 4.85 per cent in 2001-02 to 7.3 per cent in 2004-05. Among the various components of rural development, the share of rural employment schemes constituted 8.04 per cent and the special programme for rural development (1.5%) and other rural development programmes

put together accounted for the rest. Other programmes covered components such as PRI, Community Development, Special Component Plan, minor irrigation, etc. Increasing share of outlay indicates the gaining importance of the sector.

Table - 2: Public Expenditure on Rural Development

(Rs. in lakhs)

Year	Special programme for Rural Development	Rural Employment	Others*	Total for Rural Development	Total Budgetary Expenditure
2001-02	2166.35	12461.54	89826.34	104454.23 (4.85)	2155697.25
2002-03	1951.67	11249.98	150354.70	163556.35 (6.37)	2568769.74
2003-04	2292.09	15500.95	174960.19	192753.23 (7.63)	2527095.13
2004-05 (R.E)	2646.43	14086.00	193062.52	209794.95 (7.30)	2873678.99

* Others include components such as PRI, CD, SCP & Grants etc.

Note: Figures in brackets denotes percentages.

Source: Budget Memoranda various Years.

I. State Schemes:

- i. **Member of Legislative Assembly Constituency Development Scheme (MLACDS):** MLACDS, a fully State Government funded scheme, has the main objective of taking up works to bridge the infrastructural gaps in the Assembly Constituencies. Allocation per constituency was Rs.82.00 lakhs. The MLAs are recommended to prioritise the works for Drinking Water Supply works (Rs.15.00 lakh), Namadhu Gramam Scheme (Rs.15.00 lakh), Hostels for BC/MBC (Rs.5.00 lakh), laying of cement roads including Village Panchayat roads and street lights (Rs.15.00 lakhs). For the remaining Rs.32.00 lakhs MLAs have the liberation to propose other works in accordance with guidelines. During 2004-05, a sum of Rs.192.70 crores was released and 9983 works were taken up.
- ii. **Namadhu Gramam:** The scheme implemented since August 2004 has the objective of achieving cent per cent enrolment of children in schools, reducing infant mortality, eliminating female infanticide, poverty reduction and achieving village sanitation through people's participation. To encourage greater people's participation, Village Panchayats are given incentives for an amount of Rs.55 crores based on their performance. Thus, the scheme Namadhu Gramam involves motivated voluntary action for sustainable and holistic rural development.

Box
Highlights of Namadhu Gramam Thittam

The major objective of the Namadhu Gramam Thittam is to ensure all round development of our villages across Tamil Nadu. These bold initiatives will be implemented with an outlay of Rs.200 crores. An initial provision of Rs.52.21 crores has been made in the Budget Estimates for this purpose. NABARD also will support the funding of this programme.

Namadhu Gramam enables the principles of democratic decentralisation and participatory approach to foster comprehensive development of every village in Tamil Nadu. Under this programme, the Gram Sabha will meet to draw up an action plan to ensure specific improvements in areas such as drinking water, sanitation, drainage, health, women empowerment, nutrition, cleanliness and hygiene, elementary education, environmental improvement, management of water resources, village roads and streetlights. The Gram Sabha will be assisted by officials from every Department to render all necessary assistance. Specific monitorable indicators will be spelt out to enable the Gram Sabha to monitor the performance of its action plan. This includes attention to dropout rates in local schools, village cleanliness and general health and hygiene. The purpose of this programme is to enable the Gram Sabha to focus on issues, which confer real benefits on the people and improve their quality of life and the living environment.

Source: Policy Note, Rural Development Department, 2005-06.

- iii. **Rural Housing Scheme:** The State Government formulated a new credit linked participatory programme for upgrading kutcha houses in rural areas. The scheme has the components of
- beneficiary contribution (Rs.500/-);
 - Government subsidy (Rs.2500/-) and
 - loan component to be availed (Rs.7000/-). The programme is being implemented through women SHGs. During 2004-05, a sum of Rs.5.00 crores has been released for upgrading 20,000 kutcha houses.
- iv. **Empowerment and Poverty Reduction:** This new programme implemented in 2004-05 would provide shelter, nutrition and health securities and welfare measures to 25 poorest of poor households in each village panchayat for which guidelines have been issued. A sum of Rs.5.00 crores has been released to the districts during 2004-05 for implementing the programme.
- v. **Self Sufficiency Scheme:** This innovative participatory programme is implemented with demand driven approach. The objective of the scheme is to revive the concept of community participation in planning, execution and maintenance of community assets. Under this scheme, the public should contribute a minimum of 25 per cent of the total cost in the form of cash / kind or labour. The Government supplement the community efforts by providing 75 per cent of the project cost with technical support. By this way of participatory method, the scheme maximize the utility value of the funds allocated by the Government. During 2004-05, Rs.40.00 crores was allotted and 2176 works were taken up.

- vi. ***Village Infrastructure Development Programme:*** Improvement of Village Standees was taken up with the assistance of NABARD for providing facilities such as construction of stalls, street lights, drinking water, toilets, approach roads, drainages etc. During 2004-05, 33 shandies at a cost of Rs.244.04 lakhs were provided with infrastructural facilities, such as construction of stalls, street lights, drinking water, toilets, approach roads, drainages, etc. with the assistance of NABARD.

II. Centrally Sponsored Schemes:

A slew of Centrally Sponsored Schemes are in operation in Tamil Nadu to address livelihood concerns and infrastructural requirements.

Sampoorna Grameen Rozgar Yojana (SGRY):

The SGRY was launched in 2001 with the aim of providing wage employment in rural areas and thereby food security and improve nutritional levels by merging the Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY). The labourers engaged in works taken up under this programme receive rice as part of wages at the rate of 5 kgs. per manday. The Centre and State Government share cash component in the ratio of 75:25. During 2003-04, a total of 158996 works which includes 10630 Village Panchayat Tanks, 6651 thrashing floors, 6809 buildings for SHGs and 321 mat huts were taken up under this programme. Over 1,34,842 works including 12204 compost yards, 9177 village tanks, 188 multi purpose centers for fishermen, 733 mini godowns, 3180 Noon Meal Centre Buildings, 1254 Buildings for Self Help Groups and 246 drinking water ooranies were taken up during the year 2004-05.

Swarnajayanthi Gram Swarozgar Yojana (SGSY):

SGSY, launched in 1999, is a holistic programme of self-employment by organising the rural poor into Self Help Groups of 10-20 members through a mix of bank credit and Government subsidy. It brought all the earlier poverty alleviation programmes like IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS under one umbrella. It is a credit-cum-subsidy programme.

During 2003-04, to provide marketing support for SHGs products, the Government launched the rural bazaar website and a State Level Federation i.e. District Supply and Marketing Societies (DSMS) in all the districts. Besides this, information kiosks i.e. RASI Centre (Rural Access to Services through Internet) was extended to all the districts. Tamil Nadu ranks second next only to Andhra Pradesh in terms of number of credit linked SHGs. As on 31st March 2005, a total of 185921 SHGs were functioning in the State with a membership of 30 lakh women.

Integrated Rural Housing Programme:

The Indira Awaas Yojana, a sub-scheme of JRY, operationalised from 1999-2000 with a view to help the rural people belonging to SC/STs, freed bonded labourers, non-SC/STs, ex-service men and disabled persons to construct dwelling units and upgradation of existing unserviceable kutcha houses. The total allocation under this scheme was Rs.154.25 crores in 2004-05.

a. Construction of New Houses: The upper permissible limit of construction assistance per new unit was fixed as Rs.25000 in plain areas and Rs.27500 in hill / difficult areas. The funds under IAY are shared between Centre and States in the ratio of 75 : 25. During 2003-04, 36426 new houses were constructed with the State and Central Government's allotment of Rs.6240.15 lakhs and Rs.5606.80 lakhs respectively. During 2004-05, 37676 new houses were constructed under the scheme.

b. Upgradation of Unserviceable Kutcha houses into pucca houses: This is a sub-component of IAY. Government of India has revised the construction assistance for upgradation for Rs.10,000 to Rs.12,500. During 2003-04, 18689 kutcha houses were upgraded with State and Central Government's allotment of Rs.467.23 lakhs and Rs.1401.69 lakhs respectively. In 2004-05, 19265 kutcha houses had converted into pucca houses.

Pradhan Mantri Gramodaya Yojana (PMGY) (Rural Shelter Component):

PMRY launched in 200-01 give financial assistance for selected basic services such as primary health, primary education, rural shelter, rural drinking water, nutrition and rural electrification. In 2003-04, 5803 new houses were taken up for a total outlay of Rs.1877.76 lakhs. In 2004-05, 5478 houses were completed with an allocation of Rs.18.78 crores.

The total outlay on the above rural poverty alleviation schemes stood at Rs.88717.36 lakhs in 2003-04 and Rs.55330.00 lakhs in 2004-05. The Government of India's contribution towards the programmes constituted 43 per cent and 57.0 per cent in 2003-04 and 2004-05 respectively. Of the total expenditure of Rs.55330.00 lakhs in 2004-05, SGRY bagged a major share i.e. 56.00 per cent. Table below highlights the expenditure incurred on these poverty alleviation programmes.

Table- 3: Poverty Alleviation Programmes

(Rs.in Lakhs)

Name of the Scheme	Expenditure Incurred					
	Govt. of India		State Government		Total	
	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05
SGRY	25201.50	20538.1	8400.50	6846.026	33602.53	30960.67
Rural Housing - IAY	7008.49	9026.48	6707.30	6398.355	13715.79	15424.84
Innovative Scheme for Rural House and Habitat Development	65.84	Scheme discontinued	-	Scheme discontinued	65.84	-
Pradhan Mantri Gramodaya Yojana (Housing)	1877.76	1877.76	-	-	1877.76	1877.76
Swarna Jayanthi Gram Swarozgar Yojana Scheme	4389.68	-	1463.23	-	5852.91	7066.734
Total					88717.36	55330.00

Source: Department of Rural Development.

Rashtriya Sam Vikas Yojana (RSVY):

A new initiative, viz. the Backward Districts Initiative under the Rashtriya Sam Vikas Yojana (RSVY) (Development and Reform Facility) has been launched by Government of India with the main objective of putting in place programmes and policies with the joint efforts of the Centre and the States which would remove barriers to growth, accelerate the development process and improve the quality of life of the people. The scheme aims at focused development programmes for backward areas which would help reduce imbalances and speed up development. This component would cover 100 districts in the country. The identification of backward districts within a State has been made on the basis of an index of backwardness comprising three parameters with equal weights to each: (i) value of output per

agricultural worker, (ii) agriculture wage rate and (iii) percentage of SC/ST population of the districts. The number of districts per State has been worked out on the basis of incidence of poverty. In addition, thirty two districts which are affected by Left Wing Extremism would also be covered. Fifty Backward Districts and 16 districts affected by Left Wing Extremism in the country were to be covered in the Annual Plan 2003-04.

The main objectives of the scheme are to address the problems of low agricultural productivity, unemployment and to fill critical gaps in physical and social infrastructure. The District Administration / Panchayat Raj Institutions accordingly would be required to prepare a Three Year Master Plan with nested Annual Action Plans. The Plan is to be based on a SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis, review of ongoing schemes and identification of a few lead bottlenecks in development. The additionality is to be used to meet local needs through schemes in these lead sectors which would make a dent on the poverty of the district in a time bound manner.

Thus, the prime objective is to address the problems of pockets of high poverty, low growth, low agricultural productivity, unemployment and poor governance by putting in place programmes and policies which would remove barriers to growth and accelerate the development process.

An amount of Rs.45 crores would be provided for each of the districts covered over a period of three years at the rate of Rs.15 crores per year for implementation of various developmental programmes such as drought proofing (soil conservation, afforestation, social forestry, wasteland development and minor irrigation); agriculture, horticulture, etc; infrastructure (road and power); social sector (health and education) and livelihood support (income generating activities such as handlooms, information technology, agricultural processing, etc). Under the scheme 15 per cent of the funds would be earmarked for maintenance of assets in health, education and veterinary sectors. The main focus and strategy of the scheme will be on infrastructure development and income generation for under-privileged. The NGOs and Self Help Groups will also be involved at every stage including plan formulation, implementation and monitoring. The districts from Tamil Nadu which have been identified for coverage under the Backward Districts initiative of RSVY are Tiruvannamalai, Dindigul, Cuddalore, Nagapattinam and Sivagangai. For the year 2003-04, Tiruvannamalai district was approved for coverage and out of the allocation of Rs.1500 lakhs to Tiruvannamalai district, watershed development works in 14 micro watersheds in 8 blocks, afforestation of degraded forests in 30 villages, improvement of 71.20 kms. of roads, expansion of Horticulture, floriculture and Medicinal plants in 200 ha. mass education of 1500 Health Volunteers, establishment of 18 information centers one in each block, modernization of handloom sector by training of 400 weavers on korvai attachment, provision of computer for modern design, effluent treatment plant, repairs to 31 Health Sub-Centres and 37 school buildings, infrastructural facilities to PHCs were provided.

Pradhan Mantri Gram Sadak Yojana (PMGSY):

The PMGSY programme was launched in December 2000 with the objective of providing connectivity by way of all weather roads to the unconnected habitations in the rural areas. It aims to cover all habitations, with a population of 1000 persons and above in three years (2000-2003) and with a population of 500 to 999 by the end of the X plan i.e. 2007. It is a centrally sponsored scheme. The PMGSY covers only the rural roads i.e. Other District Roads and Village Roads. During the year 2003-04, 498 road works to a length of 1113.92 kms. at an estimated cost of Rs.26478 lakhs have been taken up. In 2004-05 implementation of works costing Rs.11791 lakhs was taken up.

Member of Parliament Local Area Development Programme (MPLAD):

The Member of Parliament Local Area Development Programme was introduced in 1993 to undertake developmental works of capital nature in the respective constituencies of the members of Parliament. In Tamil Nadu, there are 39 Lok Sabha MPs and 18 Rajya Sabha MPs. Therefore the Government is entitled to receive annually Rs.114 crores from GOI under the scheme. The works undertaken under this scheme includes construction of school buildings, village roads / approach roads, irrigation channels, bus shelters, desilting of village ponds, etc. During 2004-05, a sum of Rs.102.00 crores was released by Government of India and 4135 works were taken up.

Total Sanitation Campaign:

For improving sanitary condition in rural areas 'total sanitation campaign' project was implemented in the project districts. The cost of the project is shared between the Centre and State Governments and beneficiaries. So far this project is implemented in 29 districts with a total cost of Rs.327.32 crores.

Central Rural Sanitation Programme:

This programme was restructured and introduced as total sanitation campaign in March 2002. It is a community-led and people centre programme. It emphasises on information, education and communication (IEC), Human Resource Development (HRD) and Capacity Development activities. The objectives of the programme are to bring about an improvement in the general quality of life and accelerate sanitation coverage in the rural areas, generate awareness creation and health education to cover schools in rural areas with sanitation facilities and promote sanitary habits among students, encourage cost effective and appropriate technologies in sanitation and to reduce the incidence of water and sanitation diseases. During 2003-04, 440227 individual household latrines, 156 sanitary complex for women, 5965 school toilets, 5276 anganwadi toilets and 77 Rural Sanitary Mark and Production Centres (RSM/PCs) were constructed. A sum of Rs.1781 lakhs has been proposed in the budget estimate 2004-05 for this programme.

National Project in Bio Gas Development:

This programme aims at promoting eco-friendly non-conventional energy source with multiple benefits. To prevent deforestation, production of enriched manure and to improve sanitation and hygiene by linking sanitary toilets with bio gas plants are the objectives of this programme. This is fully centrally sponsored programme with a subsidy component of Rs.2100/- for general category, Rs.2880/- for SC/STs and small farmers and Rs.3500 for hilly areas.

Area Development:

In view of the fixed supply of area available for crop cultivation, agricultural growth depends critically on the increase in productivity, cropping intensity and crop diversification. In the above backdrop, rising population and dwindling net area cultivated have severely limited the potential for extensive and intensive cultivation. With a view to augmenting the availability of land resources ripe for development, the Department of Rural Development, Government of India has been formulating a host of area development programmes such as Drought Prone Area Programme (DPAP), Integrated Wasteland Development Programme (IWDP), etc. Ultimately, the goal is to make the arid and semi arid lands arable. The

fecundity of the soil will improve thanks to the execution of these schemes. Two area development schemes are implementing by the Department of Rural Development in the State.

Drought Prone Area Development Programme (DPAP):

DPAP, which is implemented by adopting a holistic approach, is in operation since 1972-73 covering 80 blocks in 17 districts. The major objectives of this scheme are optimum utilisation of natural resources like land, water, etc., mitigation of adverse effects of droughts and prevention of ecological degradation. Apart from this, creation of gainful employment is fundamental to the philosophy of this programme. From 1995-96 onwards Watershed approach is being adopted in the implementation process and the participation of the local population is vital. Each watershed covers an extent of about 500 ha.

Cost of developing a watershed is fixed at Rs.6000/- per ha. with effect from 1.4.2000. The span of the implementation period is spread over 5 years. About 297 watershed projects were completed in 1995-2000 involving an expenditure of Rs.5920.25 lakhs. Government of India and Tamil Nadu share the expenditure on a 50:50 basis. Total area treated worked out to 1.49 lakh hectare during 2003-04, the Central assistance received was Rs.2428 lakhs and the State share Rs.88 lakhs. The State share outlay under "*Assistance to DRDA under DPAP*" will be Rs.700 lakhs during 2004-05. This programme is being implemented through DRDA at the district level and by the Agriculture Department at the State level.

Integrated Wasteland Development Programme (IWDP):

The IWDP is being implemented since 1993-94 in non-DPAP blocks. This project aims at developing non-forest wasteland adopting watershed approach. The unit cost was set at Rs.6000/- per ha. with effect from 1.4.2000. It is a project funded through 100 per cent grant by Government of India. Expenditure of the scheme is shared between Government of India and State Government on a 11:1 basis.

So far Government of India sanctioned 41 projects for implementation between 1993-94 and 2003-04. 11 districts had been prioritised for developing wasteland at a cost of Rs.3300 lakhs covering an area of 55053 ha. during the period from 2003-04 to 2007-08. Districts selected are Coimbatore, Dharmapuri, Dindigul, Kancheepuram, Madurai (west), Ramanathapuram, Salem, Tiruvallur, Thiruvannamalai and Villupuram (west). Following the 73rd Constitutional Amendment, the Village Panchayat is being given more responsibility in implementing the IWDP. With effect from 2003-04 '*Hariyali*' guidelines are being followed for taking up new area development activities under DPAP and IWDP. The salient features of Hariyali guidelines are that funds are being routed through the Presidents of Grama Panchayats, who are directly responsible for the implementation of the programme.

Provision of Infrastructural Facilities in Tribal Blocks:

The objectives of the scheme are:

- to assist the ST families to cross the poverty line with special emphasis on improving agriculture, irrigation and education in tribal areas and
 - to provide basic infrastructure facilities for better living conditions.
- An amount of Rs.51.23 lakhs has been provided under budget estimate for 2004-05.

Community Welfare Development Programme: Clean Village Campaign:

The clean village campaign programme encompasses all activities for environmental sanitation and protection such as management of solid and liquid waste including human and animal excreta, effective implementation of ban on plastics including collection and disposal of plastics, water conservation and rain water harvesting, conversion of bio-degradable waste into vermi compost through community participation. The major objectives of this campaign are:

- to raise awareness of the community and the adverse consequences of current open defecation practices;
- to recognise the needs of different categories of people and promote sanitation needs of specific groups like children, women and adolescents, aged people, disabled etc.
- to promote environmental sanitation in all institutions like anganwadies, schools, health centres, public places etc.
- to develop and promote technology options for different geographic locations and conditions of water availability, depth of water table etc.
- to promote the hygienic behaviour through change in knowledge, attitude practices and skills for improving environmental sanitations;
- to empower the community and local governments in planning, implementation and strengthening their managerial capacity and responsibility on all aspects of environmental sanitation;
- to enable networking, coordination and better convergence of various agencies and groups working in the sector with a view to optimising efficiency of implementation and ensuring sustainability of systems.

A State Level Rural Sanitation Society has been formed to coordinate and direct the Clean Village Campaign programme and it will be linked with UNICEF sanitation programme. A sum of Rs.75 lakhs is provided for this purpose in the Budget Estimate, 2004-05.

Frame-work of Panchayat Raj Institutions (PRIs):

For effective implementation of all the welfare programmes of the Government, decentralized planning is essential. Decentralised planning and grass root participation pivot on the strength and dynamism of the PRIs. With a view to provide constitutional status to local self government to impart certainty, continuity and strength, for devolution of powers to local bodies and for allotment of adequate resources were taken into account while the 73rd and 74th amendments to the constitution of India were carried out in 1992.

In Tamil Nadu, there are 12618 village panchayats functioning, of which 60 per cent have a population size of 1000-2000. About 20 per cent of the village panchayats have 2000-5000 population.

A total number of 385 panchayat unions in the State are distributed in 29 districts. Villupuram district has the (22) largest number of panchayat unions and Nilgiris has the lowest (4) number of panchayat unions.

Table - 4: No. of Panchayats as on 2003-04 by Population

Sl. No.	Population	No. of Village Panchayats	% share to total
1.	Upto 500	1317	10.4
2.	500-1000		
3.	1000-2000		
4.	2000-5000	7628	60.5
5.	5000-10000	2473	19.6
6.	10000 above	1113	8.8
	Total	12618	100.0

Source: Directorate of Rural Development.

Training programmes have been proposed to the Chairpersons of the rural local bodies, covering areas like local administration, financial management, accounting procedures, constitutional provisions, Government Acts, rules, etc. to shoulder the administrative responsibilities of the bodies. These training programmes will be organised in a phased manner through SIRD and RETCs. An amount of Rs.65.73 lakhs including Central share of Rs.15.73 lakhs have been provided during 2004-05.

Finances of the Village Panchayats:

Following the enactment of Tamil Nadu Panchayat Act 1994, two State Finance Commissions were constituted. These two Commissions had assessed the development that had so far occurred at the village level, identified gaps in developmental needs and recommended devolution of funds to the PRI to fill the gap between the total requirements and actual availability of funds. The Third State Finance Commission to study the financial position of the rural and urban PRIs as of 31.3.2005 in harmony with Article 243 of the Constitution and Section 198(1) of Tamil Nadu Panchayats Act 1994 has been formed.

The Terms and Reference of the 3rd State Finance Commission cover the entire gamut of issues ranging from collection of user charges for services rendered to governing principles in the distribution of finances between the State Government and PRIs. It will focus on the enhancement of efficiency in the functioning of the PRI and demarcation of functions of the State Government and that of the local body at the existing levels of delegation of administrative power; dimension of the debt-servicing burden of the local bodies, etc.

Pool 'A' and Pool 'B' are two categories to which the State Finance Commission grant has been devolved. Pool 'A' category includes surcharge on stamp duty*, local cess and local cess discharge, seignior age fees on minor minerals and 90 per cent of entertainment tax based on place of origin. Pool 'B' category forms all State taxes except entertainment tax. Under Pool 'B', 8 per cent of total tax available excluding entertainment tax is divisible as grant to Local Bodies (87%) and reserve, equalization and incentive fund (13%). Rural and Urban Local Bodies share the grant on 58:42 rates. Similarly reserve, equalization and incentive fund is also shared on the same ratio. Funds set up part for rural Local Bodies is shared on the ratio of 47:45:8 between Village Panchayats, Panchayat Unions and District Panchayats respectively.

Further more, the Eleventh Finance Commission Grant has also been devolved to rural panchayats to meet the cost of maintaining civic services including primary education,

* *The Government has equaled stamp duty for sale deeds to 9 per cent both for rural and urban areas to reduce tax evasion and enhance tax collection.

primary health care, safe and potable drinking water, street lighting, sanitation including drainage and scavenging facilities etc.

The quantum of resources accruable to Village Panchayats under Pool 'A' category is influenced by an interplay of factors such as location of Panchayats abutting urban centres, hub of services activities, robust performance of agriculture and small scale industry, Government establishments, drive and initiative of the Panchayat Presidents in collection of property tax, water charges, voluntarily forthcoming of the villagers to timely pay their taxes and user charges etc.

Under pool-A total revenue stood at Rs.146.61 crores against Rs.223.49 crores in 2002-03. Surcharge on stamp duty is the single largest category under Pool-A contributing to 74 per cent of the aggregate resources in 2003-04.

Table - 5: Distribution of Panchayat Unions & Village Panchayats by District 2004-05

Sl. No.	Name of the District	No. of Panchayat Unions	No. of Village Panchayats
1	2	3	4
1	Kancheepuram	13	648
2	Tiruvallur	14	539
3	Vellore	20	753
4	Tiruvannamalai	18	860
5	Cuddalore	13	681
6	Villupuram	22	1104
7	Dharmapuri	8	251
8	Krishnagiri	10	337
9	Salem	20	385
10	Namakkal	15	331
11	Erode	20	343
12	Coimbatore	19	389
13	The Nilgiris	4	35
14	Thanjavur	14	589
15	Nagapattinam	11	434
16	Tiruvarur	10	430
17	Tiruchirappalli	14	408
18	Karur	8	158
19	Perambalur	10	322
20	Pudukkottai	13	498
21	Madurai	13	431
22	Theni	8	130
23	Dindigul	14	306
24	Ramanathapuram	11	429
25	Sivagangai	12	445
26	Virudhunagar	11	450
27	Tirunelveli	19	425
28	Tuticorin	12	408
29	Kanniyakumari	9	99
	Total	385	12618

Source: Directorate of Rural Development.

Provision of Urban Amenities in Rural Areas (PURA):

PURA which was christened on August 15, 2003 aims at self-sustaining development of the country. It also seeks to reduce congestion in urban areas and bridge the rural-urban divide.

The PURA model consist of 4 connectivities - physical, electronic, knowledge and economic - to enhance the prosperity of cluster of villages. Under physical connectivity, a group of 15-25 villages would be linked to one another by road and also a ring road accessible to each village. Besides roads, transport facilities and electricity have also been included. Electronic or digital connectivity means linking villages with modern telecommunication and information technology services, knowledge connectivity means establishing (in every 5-7 kms. of the ring road) a school, a higher education centre and a hospital and economic connectivity aims to establish good marketing facilities within this group of villages so that all the commodities and services of daily use can be produced and sold in these markets.

Government of India has envisaged development of over 4000 rural clusters located in backward regions. A sum of Rs.300 lakhs for each cluster has been provided and thus Rs.12000 crores would be spent on the development of 4000 PURAs. In Tamil Nadu, out of 30 districts, 23 towns, with clusters / villages have been identified in 22 districts by Ministry of Rural Development, Government of India for implementing the PURA projects.

Rural Poverty Profile:

Poverty reduction has been a major goal of development policy. Thanks to implementation of wage and self-employment poverty alleviation programmes, the ratio of poverty has been on the wane over time. The proportion of people below the poverty line in rural Tamil Nadu which was at 57.43 in 1973-74 declined 32.48 in 1993-94 and further to 20.55 in 1999-2000. The corresponding fall noticed in urban areas was from 49.40 to 39.77 per cent and 22.11 per cent respectively.

Table - 6: Trends in Incidence of Poverty in Tamil Nadu

(In percentage)

Year	Rural	Urban	Combined
1973-74	57.43	49.40	54.94
1977-78	57.68	48.69	54.79
1983	53.99	46.96	51.66
1987-88	45.80	38.64	43.39
1993-94	32.48	39.77	35.03
1999-2000	20.55	22.11	21.12

Source: Union Planning Commission.

For the purpose of providing assistance under the poverty alleviation programmes, the Ministry of Rural Development has been periodically conducting survey / Census at the beginning of each Five Year Plan. However, there were discrepancies between survey results and the State estimates of poverty. Therefore to rectify this lacuna, multiple criteria using qualitative parameters like household occupation, housing condition, number of earners, asset condition had been taken to calculate the poverty line.

In terms of Government of India guidelines, the State Government conducted the BPL Census 2002 as per the recommendations of the Report of the Expert Group on Identification of Households Below Poverty Line. A normative approach for identification of the rural

poor was adopted by introducing a "score-based, ranking" based on relative deprivations revealed by certain socio-economic indicators in contrast to the 'income' and 'expenditure' approach adopted in the BPL Census, 1992 & 1997 respectively. The Methodology takes into account 13 scorable socio-economic parameters including operational holding of land, housing, clothing, food, security, sanitation, ownership of consumer durables, literacy, labour force, means of livelihood, status of children, type of indebtedness, migration and the nature of assistance preferred. The Survey was conducted using a Questionnaire Form having Basic Information about the individual household in Part A and Identification and sub-categorisation of the household in the Part B Section.

The profile of household gives the basic information about educational status, average monthly income of the household, type of operational holding of land, availability of land for house construction and access to drinking water supply. Besides these the social status of the family is identified and probed whether the family is a beneficiary of any of the Government Welfare Schemes. The questionnaire further helps to collect information on the participation of family members in SHG activity and the family was listed under BPL category during the last survey. The Part II of the questionnaire identifies sub-categorisation of poor using thirteen scorable socio-economic parameters given in Part II - Statistical Tables of this document. Each of the indicators have "0" marks to "4" marks. Thus for the 13 parameters, the total marks will vary from 0-52 marks. From the above Score Based Ranking, the households have been classified into "*Poor*" and "*non-poor*".

Given the methodological problems and other operational constraints the Government has crafted an ambitious project viz., Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP) with the objective of effecting a significant reduction in the level of poverty, empowering the vulnerable section of the society and improving livelihood security. It intends to supplement the on-going intervention in poverty alleviation and also build upon the success and develop new strategies. A beginning has been made with the implementation of Puduvazhvu Thittam targeting 25 most poor (ultra poor) families in each village panchayats of Tamil Nadu.

The challenges involved in Rural Development are being resolutely tackled by a combination of good governance, aimed at effective implementation of programmes by ensuring synergy through convergence approach, peoples participation and above all endeavoring to make rural development all inclusive.

Annexure - I
Performance of Important Schemes during 2003-04

Sl. No	Name of the Scheme 2003-04	Objectives of the Scheme	Employment Generated	Achievement	
				Physical	Financial
(1)	(2)	(3)	(4)	(5)	(6)
I. Rural Shelter Scheme:					
1.	Indira Awaas Yojana (IAY) (New Houses)	To provide free houses to the houseless families below poverty line in rural areas.		37488	100.42
2.	Upgradation of Unserviceable Kutcha Houses	Upgradation of Kutcha houses of families living below poverty line.		19581	19.40
3.	Innovative Scheme for Rural housing and Habitat Development	To popularise low cost technology and usage of locally available materials in construction of buildings in rural areas.		3 projects	65.84
4.	Pradhan Mantri Gramodaya Yojana (Rural Shelter)	To provide shelter, primary education, primary health, nutrition, water and electrification in rural areas).		6477	19.52
II	Pradhan Mantri Gram Sadak Yojana (PMGSY)	To give connectivity with all weather roads to all unconnected rural habitations with population above 500 by 2007.		50.76 kms.	43..370
III	Swarnajayanti Gram Swarozgar Yojana (SGSY)	To provide sustainable income to the rural poor who are below poverty line by organising them into SHGs, training them for vocation and providing them credit linkage with financial institutions.		37607 SHG formed. 60048 women, 1259 physically handi-capped, 23574 SC and 1858 ST benefited	18.18
IV	Sampoorna Grameen Rozgar Yojana (SGRY) Stream I	The primary objective of the scheme is to provide additional wage employment in rural areas and thereby provide food security and improve nutritional needs.	265.194 lakh mandays	105128	171.07
	Sampoorna Grameen Rozgar Yojana (SGRY), Stream II	The Primary objective of the scheme is to provide additional wage employment in rural areas and thereby provide food security and improve nutritional needs.	246.877 lakh mandays	48718	164.95
V	Member of Parliament Local Area Development Programme (MPLAD)	To take up developmental works identified by the concerned MP.		5602	115.45

(1)	(2)	(3)	(4)	(5)	(6)
VI	Restructured Central Rural Sanitation Programme (RCRSP)	The programme envisages a demand driven approach with greater public participation and more emphasis give for IEC activities to create awareness among the rural masses.		451701	43.58
VI I	National Programme of Improved chulas	To prevent deforestation of minor forest product for fuel to eliminate hazards, to improve health and hygiene of women, to reduce drudgery in collection of fuel materials and in cooking.		15000 chulas	0.150
VI II	National Programme of Biogas	To promote eco-friendly Non-conventional Energy Source with multi benefits like prevention of deforestation, production of enriched manure and to improve sanitation and hygiene.		2000 biogas plants	0.620

*Note: i. Criteria adopted for selection is an need based and priority-wise.
ii. In respect of SGSY it is open to all (preference to RPL) who are willing to do manual work in minimum wages.*

Annexure -II
Identification and Sub-categorisation of Poor
(13 scorable socio-economic parameters)

Sl. No.	Characteristics	Scores				
		0	1	2	3	4
(1)	(2)	(2)	(4)	(5)	(6)	(7)
1	Size Group of operational holding of land	Nil	less than 1 ha of unirrigated land (or) less than 0.5 ha of irrigated land	1 ha - 2 ha of unirrigated land (or) 0.5-1 ha of irrigated land	2 ha - 5 ha of unirrigated land (or) 1-2.5 ha of irrigated land	More than 5 ha of unirrigated land (or) 2.5 ha of irrigated land
2	Type of house	Houseless	Kutchra	Semi kutchra	Pucca	Urban type
3	Average availability of normal wear clothing (per person in pieces)	less than 2	2 or more but less than 4	4 or more but less than 6	6 or more but less than 6	10 or more
4	Food Security	less than 1 sq. meal per day for major part of the year	Normally 1 sq. meal per day but less than 1 sq. meal occasionally	1 sq. meal per day throughout the year	2 sq. meals per day with occasional shortage	Enough food throughout the year
5	Sanitation	Open defecation	Group latrine with irregular water supply	Group latrine with regular water supply	Clean group latrine with regular water supply and regular sweeper	Private latrine
6	Ownership of consumer durables	Nil	Any one	Two items only	Any three or all items	All items and ownership of computer, telephone, fridge, vehicle, tractor, etc.
7	Literacy status of highest literate adult	Illiterate	Upto primary (Class V)	Completed secondary (passed Class X)	Graduate / Professional / Diploma	Post Graduate/ Professional Graduate
8	Status of household labour force	Bonded labour	Female and child labour	Also adult females and no child labour	Adult males only	Others
9	Means of Livelihood	Casual labour	Subsistence cultivation	Artisan	Salary	Others
10	Status of children (5 to 14 years)	Not going to school and working	Going to school and working			Going to school and not working
11	Type of indebtedness	For daily consumption purposes from informal sources	For production purpose from informal sources	For other purpose from informal sources	Borrowing only from institutional agencies	No indebtedness and possess assets
12	Reason for migration from HHs	Casual work	Seasonal employment	Other forms of livelihood	Non migrant	Other purposes
13	Preference of assistance	Wage employment/ TPDS	Self-employment	Training and skill upgradation	Housing	Loan/subsidy more than Rs.1.00 lakh or no assistance needed

