

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

POLICY NOTE 2010-2011

1. INTRODUCTION

*"The poor should prosper -
Fire-proof houses to live,
Food to satiate their hunger,
Clothes to wear,
Education to enrich knowledge,
Opportunity for employment,
And fair wages for the work done,
- All these should be provided.*

-Perarignar Anna

Perarignar Anna's vision is being translated into reality in Tamil Nadu under the dynamic leadership of our Honourable Chief Minister, Kalaignar M. Karunanidhi. Never before in the history of the State has so much been done for the rural poor in so many different ways as in the past four years. By virtue of the Anaithu Grama Anna Marumalarchi Thittam (AGAMT), every Village Panchayat of Tamil Nadu will have its own library, playground, village pond, and burial ground-cum-

cremation shed together with drinking water systems, streetlights and cement concrete streets in every hamlet, by 2011. Under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), a sum of Rs.3,352.58 crores has been disbursed as wages till 31.3.2010 to the rural poor, among whom 56% are Scheduled Castes and 76% are women. Tamil Nadu has won accolades as one of the best-performing States in this Scheme from no less an institution than the Honourable Supreme Court of India. As regards rural roads, the total length of black-topped roads has gone up from about 29,280 kilometres in 2006 to about 54,620 kilometres in 2010. The women's Self-Help Groups movement has been given a fillip as may be seen from the fact that the total Bank Credit disbursed to SHGs during the past 4 years was Rs.6,364 crores as against a sum of only Rs.1,765 crores disbursed to SHGs during the 17 years from 1989 to 2006. The Kalaignar Veettu Vasathi Thittam launched by the Honourable Chief Minister on 3.3.2010 is by far the biggest State-funded Scheme and aims at replacing all the huts in rural Tamil Nadu with permanent concrete houses over a six year period from 2010-11 to 2015-16, with 3 lakh huts being taken up for replacement during 2010-11 at a cost of Rs.1,800 crores. In short, there has been a major transformation of the

rural landscape in Tamil Nadu during the past four years.

The Rural Development and Panchayat Raj Department is responsible for the implementation of various Centrally sponsored, State-funded, and Externally-aided schemes for poverty alleviation, employment generation, sanitation, capacity building, women's social and economic empowerment, Tsunami rehabilitation, apart from provision of basic amenities and services. The Department is also entrusted with the responsibility of enabling the various Panchayat Raj Institutions (PRIs) to function as effective units of Local Self-Government. There are 12,620 Village Panchayats, 385 Panchayat Unions (coterminus with Blocks) and 29 District Panchayats under the purview of the Department. The Directorate of Rural Development and Panchayat Raj including the Training wing, the Tamil Nadu Corporation for Development of Women, the Vazhndhu Kaattuvom Project Society and the Tsunami Project Implementation Unit come under this Department. This Department also provides administrative support to the State Election Commission.

2. PANCHAYAT RAJ INSTITUTIONS

2.1 History of Panchayat Raj Institutions

Tamil Nadu has a long history of local self-governance as is evident from the Uthiramerur stone inscriptions in Kancheepuram district. Tamil Nadu, in those days, was a land of village republics, with community groups undertaking many activities for their area development. This tradition reached its peak during the 10th and 11th centuries under the reign of Cholas when Village Councils used to levy taxes, improve community life and administer justice in their limited area. These Village Councils had effective links with the Chola rulers. "Kuda Olai Murai" was the name of the secret ballot method exercised to elect members to the Village Councils. With the downfall of Cholas, the State experienced a decline of the Village autonomy and rise of the centralized feudal administrative system. This continued till British rulers introduced local self-governance primarily as an administrative convenience for the imperial Government.

In the post independence era, the first enactment in democratic decentralization in the State was the Madras Village Panchayats Act, 1950. Pursuant to the White Paper on the "Reform of

Local Administration" in 1957, the Madras Panchayats Act, 1958 and Madras District Development Council Act, 1958 were enacted with the following salient features:

- a) A two-tier system of Village Panchayats and Panchayat Unions.
- b) Creation of Panchayat Unions co-terminus with the Community Development Blocks.
- c) Village Panchayat Presidents to become ex-officio members of the Panchayat Union Councils with the Chairperson of the Panchayat Union Council directly/indirectly elected.
- d) Entrusting the Panchayat Unions and Village Panchayats with a large number of developmental and welfare functions.
- e) Abolition of District Boards.
- f) Creation of District Development Council as an advisory body.

This two-tier system operated very well till 1975 and elections were held regularly. Subsequently, the tenures of the Panchayat Unions and Village Panchayats were extended up to 1.2.1977 and 12.9.1979 respectively. Thereafter, Special Officers (Block Development Officer for all

the Village Panchayats in a Block and Divisional Development Officer for all the Panchayat Unions in a Division) managed the rural Local Bodies till the next elections in 1986. The elected rural Local Bodies continued in office till March 1991. Again, no elections were held till October 1996 and the Special Officers managed the rural Local Bodies.

2.2 Constitution (73rd Amendment) Act, 1992.

Though the Panchayat Raj Institutions were in existence in various forms in various States, these institutions did not acquire the status and dignity of viable and responsive people's bodies due to a number of reasons including absence of regular elections, prolonged supersession, insufficient representation of weaker sections like Scheduled Castes, Scheduled Tribes and Women, inadequate devolution of powers and lack of financial resources. In the light of the experience gained and the short-comings that had been observed, the 73rd amendment of the Constitution was enacted in 1992, to enshrine in the Constitution certain basic and essential features of Panchayat Raj Institutions to impart certainty, continuity and strength to them. A number of

fundamental changes were brought about in the Panchayat Raj System by virtue of this Act. Pursuant to this, the Tamil Nadu Panchayats Act 1994 was enacted and it came into force with effect from 22.04.1994.

Some of the important changes brought about by the 73rd Amendment to the Constitution and the Tamil Nadu Panchayats Act 1994 are listed below:

- a) Introduction of a three tier system – at the Village, Intermediate (Block) and District levels. [There are 12,620 Village Panchayats, 385 Panchayat Unions (coterminous with Blocks) and 29 District Panchayats in Tamil Nadu].
- b) Mandatory conduct of Local Body elections every five years and conduct of elections before the expiry of the duration of the Local Body or before the expiry of a period of 6 months from the date of its dissolution.
- c) Introduction of reservation of seats (i.e. ward members) and offices (i.e. Chairpersons/ Presidents) for Scheduled Castes/Scheduled Tribes in proportion to their population in every Local Body with provision for rotation of the reserved seats and offices.

- d) Introduction of reservation of one-third of total number of seats and offices for women with provision for rotation.
- e) Constitution of a State Election Commission as an independent body to conduct elections to both rural and urban Local Bodies regularly.
- f) Establishment of a quinquennial State Finance Commission to recommend devolution of resources from the State Government to the rural and urban Local Bodies.
- g) Constitution of a District Planning Committee to consolidate the plans prepared by the rural and urban Local Bodies in the district with a view to prepare a comprehensive development plan for the district.
- h) Introduction of the concept of 'Grama Sabha' comprising all registered voters in a Village Panchayat.

2.2.1 Tamil Nadu's stand on the 73rd Constitutional Amendment

The Government of Tamil Nadu has had reservations regarding certain aspects of the 73rd Constitutional amendment and our experience of working under the new system for the past 12

years has only confirmed the same. The system prevailing under the old Tamil Nadu Panchayats Act of 1958 wherein the Presidents of Village Panchayats were ex-officio members of the Panchayat Union Council at the Block level ensured organic linkage between the two tiers. Hence, the name 'Panchayat Union' and it genuinely functioned as a 'union' of Village Panchayats. Since the Village Panchayat Presidents themselves 'doubled up' as ex-officio members of the Panchayat Union Council, there were no separate ward members for the Council. Having separate ward members for Panchayat Unions (6,570 for the State as a whole) and District Panchayats (656) has vastly increased the number of 'members' and has paved the way for inter-tier friction and disharmony. Although Article 243 C (3) of the Constitution states that a State may, by law, provide for the representation of Village Panchayat Presidents on the Panchayat Union Council and Panchayat Union Chairpersons on the District Panchayat, this arrangement is not satisfactory because it can render the Panchayat Union Councils and District Panchayats too unwieldy with too many members and can create disharmony between the two distinct power blocs within each Council. Hence, Tamil Nadu has not invoked Article 243 C (3). The lack of organic linkages between the three tiers results in a scenario where each tier is

unaware of what the other two tiers are doing. It often leads to duplication in the selection of works and avoidable paperwork and loss of time in reworking the choices. Tamil Nadu has been pressing for the reversion to the 1958 model where the Presidents of Village Panchayats were ex-officio members of the Panchayat Union Council at the Block level.

Under the 1958 Act, the Chairpersons of the Panchayat Union Council could be either directly or indirectly elected. Most of the time, Tamil Nadu had direct elections for the posts of Chairpersons of Panchayat Unions and this arrangement was found to be working well as the Chairperson commanded respect and there was no scope for vexatious no-confidence motions. But after the 73rd amendment, the Constitution itself stipulates that Chairpersons of Panchayat Unions and District Panchayats should be elected indirectly. Only in the case of elections of Village Panchayat Presidents, the States have the freedom to opt for either direct election or indirect election. The State Government has been pressing that the States should have similar freedom in respect of elections of Chairpersons of Panchayat Unions and District Panchayats.

The Government of Tamil Nadu have, for long held the view that there should have been a single consolidated Amendment to the Constitution covering both rural and urban Local Bodies instead of two Amendments—one covering rural Local Bodies (73rd) and the other urban Local Bodies (74th). This 'compartmentalization' has resulted in a scenario whereby the District Panchayat – instead of being a nodal body responsible for coordinating and monitoring all the rural and urban Local Bodies in the district – finds that its jurisdiction is confined only to the rural areas. In a State like Tamil Nadu with about 42% urban population, and with several highly urbanised districts such as Coimbatore (69.1%), Kanniyakumari (66%), The Nilgiris (58%), Theni (54%) and Madurai (52%), the argument that the District Panchayat should become a nodal body responsible for coordinating and monitoring the development activities *in the entire district* becomes weak. A system whereby all the Chairpersons of Panchayat Unions, Municipalities and Town Panchayats are ex-officio members of the District Panchayats, with the Chairman of the District Panchayat being either directly or indirectly elected would have been more meaningful and credible. This weakness has been sought to be overcome through the District Planning Committee which has members drawn

from both rural and urban Local Bodies, but its composition is flawed because there is no representation for Panchayat Union and Village Panchayat members on it.

A mention was made in His Excellency the Governor's Address in the Tamil Nadu Legislative Assembly in 2006 that the Tamil Nadu would press for the amendment of the Constitution seeking a two tier system of Panchayats and the abolition of District Panchayats. Tamil Nadu did have powerful elected District Boards till they were abolished in 1961. In their place, the District Development Council, an advisory-cum-planning body, comprising all the MPs, MLAs, Chairpersons of Panchayat Unions, Town Panchayats, Municipalities and Corporations in the district with the District Collector as Chairman were set up. The Government of Tamil Nadu believes that Village Panchayats and Panchayat Unions are the two tiers closest to the people, qualifying for the appellation 'local' and represent the 'cutting edge' of Local Self-Government. These two tiers need to be strong and vibrant and strengthened further. This Government is of the opinion that the reasons which led to the abolition of the old District Boards are still valid and applicable to the third tier of District Panchayat, which at present has only an advisory-cum-

planning role. At the same time, this Government is aware that other States may have different views on this topic based on their own past legacy. For example, some States want Village and District Panchayats but do not want the intermediate tier (Block or Taluk Panchayat). But there is a general consensus that there is one tier too many under the present system.

It may be noted that with regard to the States, the Legislative Assembly is mandatory while the Legislative Council is optional as per the Constitution. Similarly, in order to accommodate divergent needs, the Constitution may be so amended so as to make the Village Panchayats mandatory for all the States and leaving it to the discretion of the concerned State Legislatures whether to have the intermediate Panchayats only or District Panchayats only or both. The State Government would press for such an amendment to the Constitution.

2.3 Panchayat Elections

2.3.1 Conduct of 2006 Local Body Elections

Though the Tamil Nadu Panchayats Act was enacted in April 1994, only after the change of Government in May 1996, the first ordinary

elections were held to all the rural and urban Local Bodies in October 1996. The second ordinary elections to the Local Bodies were conducted during October 2001. The third ordinary elections to the Local Bodies were conducted in October 2006.

Table 1 furnishes the number of seats and offices in the three tiers of Panchayats for which the elections in October 2006 were held.

Table-1
Details of seats and offices in
Rural Local Bodies

1.	Village Panchayat wards	40,879
2.	Village Panchayat ward members	97,458
3.	Panchayat Union wards	6,570
4.	District Panchayat wards	656
5.	Village Panchayat Presidents	12,618
6.	Panchayat Union Chairpersons	385
7.	District Panchayat Chairpersons	29

2.3.2 Reservation of Seats and Offices and Rotation

Article 243 D of the Constitution relates to reservation and rotation of seats for Scheduled Castes, Scheduled Tribes and Women in rural Local

Bodies. The relevant provisions of Tamil Nadu Panchayats Act, 1994 are Sections 11, 20, 32 & 57. These are supplemented by the Tamil Nadu Panchayats (Reservation of Seats and Rotation of Reserved Seats) Rules, 1995. The Rules provide for the reservation of seats by adopting a list of wards or Panchayats arranged in the descending order of the percentage of SCs, STs and Women and applying a 'cut off' at the point where the number of reserved seats and offices is equal to the prescribed ratio. The periodicity of rotation is also fixed under the Rules. The Government amended Rule 7 of the Tamil Nadu Panchayats (Reservation of Seats and Rotation of Reserved Seats) Rules, 1995 vide G.O.Ms. No. 105, RD & PR (C4) Department, dated 1.9.2006 by virtue of which the posts of Presidents of Village Panchayats and Chairpersons of Panchayat Unions and District Panchayats reserved for SCs, STs and Women were rotated - after 10 years - for the October 2006 elections. While the posts of ward members of all the 3 tiers reserved for Women were rotated - after 10 years – those reserved for SCs and STs were not rotated; in other words, they would continue to be reserved as such until the Government direct otherwise.

However, the Government took a conscious decision not to rotate the posts of Presidents of Pappapatti, Keeripatti and Nattarmangalam Village Panchayats in Madurai district and Kottakachiyendal Village Panchayat in Virudhunagar district reserved for SCs where elections could not take place for a prolonged period due to local opposition to reservation. This Government solved, what appeared to be an intractable problem, by successfully conducting elections to the posts of Presidents and ward members in all the four Panchayats during the ordinary elections held in October 2006. It is gratifying to note that the various communities of these Panchayats have overcome their past differences and have wholeheartedly accepted the newly elected Scheduled Caste Presidents.

Table 2 shows the details of reservation of seats and offices to Women, Scheduled Castes and Scheduled Tribes in rural Local Bodies:

Table- 2
Reservation of Offices and Seats for Women,
SCs and STs

SI No	Category of Reservation	Total no. of offices/ seats	Reserved for Women		Reserved for SCs		Reserved for STs	
			No.	%	No.	%	No	%
1	District Panchayat Chair persons	29	10	34%	7	24%	0	0%
2	Panchayat Union Council Chair persons	385	140	36%	87	23%	4	1%
3	Village Panchayat Presidents	12,618	4,275	34%	3,143	25%	156	1%
4	District Panchayat Ward Members	656	226	34%	154	23%	8	1%
5	Panchayat Union Ward Members	6,570	2,302	35%	1,534	23%	64	1%
6	Village Panchayat Ward Members	97,458	32,638	33%	24,630	25%	983	1%

2.3.3 Conversion of Multi-Member Wards to Single Member Wards

The system of Multi-Member Wards is in existence only in Village Panchayats and not in any other rural or urban Local Body. It has posed difficulties at the time of voting and also during the counting process. There has also been lack of clear demarcation of responsibility amongst the multiple members. The Third High Level Committee headed by the Hon'ble Deputy Chief Minister has recommended for the conversion of Multi-Member Village Panchayat Wards into Single Member Wards. On the basis of this recommendation, Section 12 of Tamil Nadu Panchayats Act, 1994, has been amended by abolishing the Multi Member Ward System in Village Panchayats and replacing it with Single Member Wards - vide Tamil Nadu Act No. 20 of 2009. The above system of single member wards in Village Panchayats will be brought into effect in 2011 Local Body elections.

2.4 Devolution of Powers

Local Government is a State subject figuring as item 5 in List II of the Seventh Schedule to the Constitution of India. Article 243 G of the Indian Constitution enshrines the basic principle for devolution of power to the rural Local Bodies. As

per this article, subject to the provisions of this Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-Government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to the preparation of plans for economic development and social justice; the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the 29 matters listed in the Eleventh Schedule.

The Government of Tamil Nadu is committed to ensuring that the Panchayat Raj Institutions function as effective institutions of Local Self-Government. At the same time, since State autonomy is a firm and abiding principle of the Government of Tamil Nadu, it has opposed certain proposals of the Ministry of Panchayati Raj at the Centre which appeared to transgress into the Constitutional space earmarked for States, as for example, by trying to constitute an 'Advisory Committee' for each State for monitoring the devolution of powers and functions from State

Governments to Local Governments; by seeking a 'MOU' between the State Chief Minister and the Union Minister for Panchayati Raj; by trying to get a resolution passed for the transfer of the subject of 'Local Government' from the State List to the Concurrent List at a National Convention of Chairpersons of District Panchayats and Block Panchayats in April 2008; and so on.

It is a matter of pride that all the three High Level Committees for recommending the devolution of greater powers and functions to rural and urban Local Bodies were constituted only during Kalaignar's tenure as Hon'ble Chief Minister of Tamil Nadu. In 1996, soon after the conclusion of the first ordinary elections to the three tiers of Panchayats, the Government of Tamil Nadu constituted the First High Level Committee under the Chairmanship of Thiru L.C. Jain, the then full-time Member of the State Planning Commission to give recommendations on the entrustment of powers and functions to the three tiers of Panchayats. The Committee submitted its report to the Government in April, 1997.

Many of the recommendations of the L.C. Jain Committee have been crystallized into action towards empowering the Panchayats. Apart from

the Rural Development Department, other departments such as Agriculture, Animal Husbandry, Forests, Social Welfare, Revenue, Khadi and Village Industries, Education, Health and Family Welfare, Adi-Dravidar Welfare, Co-operation, Food and Consumer Protection, have issued Government Orders for devolution of powers and functions in their respective spheres to the three tiers of Panchayats.

Again, the Government in G.O. Ms. No. 320, Rural Development (C1) Department, dated 11.11.1997 constituted the Second High Level Committee under the Chairmanship of Thiru.Ko.Si.Mani, the then Hon'ble Rural Development and Local Administration Minister with experienced persons including sitting MLAs of various political parties as members of the Committee to recommend more devolution of powers and functions to the Panchayats. This High Level Committee submitted its report on 11.1.1999 with 1209 recommendations to the Government. The Government accepted 718 recommendations and issued orders for their implementation.

This Government, in continuance of its commitment to devolve greater powers and responsibilities to rural and urban Local Bodies,

constituted the Third High Level Committee under the Chairmanship of the Hon'ble Deputy Chief Minister, Thiru. M.K. Stalin vide G.O. Ms. No.6 RD & PR (C1) Department, dated 22.1.2007 and with select District Panchayat Chairpersons, Panchayat Union Chairpersons and Village Panchayat Presidents besides certain subject experts as members. The Committee was required to study the duties, functions and powers already entrusted to the rural and urban Local Bodies and make recommendations for further devolution of the same in order to make them more effective.

2.4.1 High Level Committee under the Chairmanship of Thiru M.K.Stalin

The Third High Level Committee was formed under the Chairmanship of Hon'ble Deputy Chief Minister to devolve more powers and functions to the Local bodies. The first meeting of the Committee was held on 7.3.2007. In continuation of this, a conference of Local Body representatives was held in the presence of Hon'ble Chief Minister on 18.3.2007, following which Regional Conferences of local body representatives were held in Erode (24.7.2007), Trichy (25.7.2007), Tiruvannamalai (03.8.2007), and Virudhunagar (23.8.2007) under the Chairmanship of Hon'ble Deputy Chief Minister.

The second meeting of High Level Committee was conducted on 19.9.2007. Further, Hon'ble Deputy Chief Minister conducted discussions on 11.10.2007 and 12.10.2007 with the Secretaries of other departments in order to devolve more powers to the rural Local Bodies. The Committee presented its report to the Hon'ble Chief Minister of Tamil Nadu on 10.12.2007 and submitted a total of 99 recommendations categorized under 39 subjects.

2.4.2 Recommendations of the M.K. Stalin Committee

The important recommendations of the third High Level Committee are highlighted below:

- Grama Sabha to act as a forum of Social Audit for all the schemes implemented by various Departments.
- Approval of the list of all individual beneficiary schemes to be done by Grama Sabha.
- Conversion of multi-member wards into single member wards in all the Village Panchayats as is there in the case of the Panchayat Unions and District Panchayats.
- Stability of tenure of rural and urban Local Body representatives by making the moving and

passing of No Confidence Motions more stringent.

- Designating November 1st of every year as the 'Local Bodies Day'.
- Empowering weaker Village Panchayats by enhancing their State Finance Commission grants and allocating the entire Central Finance Commission grants to Village Panchayats so as to enable them to meet the expenditure relating to water supply, electricity charges and sanitation.
- Pooling of assigned revenues of Local Cess, Local Cess Surcharge, and Surcharge on Stamp Duty and Entertainment tax at State Level and apportioning it to the districts thereafter.
- Giving Panchayat Raj Institutions greater operational independence by enhancing administrative sanction powers of Village Panchayats, Panchayat Unions and District Panchayats for works taken out of their General Funds.
- Rationalisation of Village Panchayat Accounts.
- Issue of Identity Cards to the Heads of three tiers of Panchayat and for the Members of Panchayat Unions and District Panchayats.

- Making BDOs (Village Panchayats) as separate Pay Drawing Officers.
- Provision of Telephone facility to all Village Panchayats.
- Provision of Wireless to Panchayat Unions.
- Vehicles for Panchayat Raj Institutions and key functionaries of Rural Development Department.
- Revival of Namakku Naame Thittam.
- Formulation of Panchayat Union School Renovation Programme.
- Setting up of Libraries and Sports Centres in all Panchayats under AGAMT.
- Designating Village Panchayats as 'Village Level Committee' for selecting the beneficiaries and implementing the schemes of various other departments at Village level.

It is important to note that most of the recommendations have already been accepted by the Government and necessary orders issued.

It may be noted that as per the rankings of various States in India done by the Ministry of Panchayat Raj, Government of India based on the devolution of powers, functions and funds to the

Panchayat Raj Institutions, Tamil Nadu stood fourth in 2006-07; first in 2007-08; third in 2008-09 and second in 2009-10.

2.5 Delimitation of Local Bodies

A large number of requests for upgradation, downgradation, bifurcation and amalgamation of rural and urban Local Bodies have been received by Government. Government have issued orders vide G.O.Ms No. 131, RD & PR (C1) Department, dated 16.3.2007 prescribing the procedure for the conduct of public hearings by Collectors/Heads of Departments before making their final recommendations to Government in response to such requests. It has been clarified to all the rural and urban Local Bodies that the terms of office of the present office bearers will not, in anyway, be affected.

The District Collectors have already conducted public hearings pertaining to the requests from various rural and urban Local Bodies and the proposals are under the consideration of the Government. So far, decision has been taken by the Government only in respect of Village Panchayats lying in the vicinity of a few Municipal Corporations. In 2011, it has been proposed to merge 25 Village Panchayats of Kancheepuram and

Tiruvallur Districts with Chennai Corporation, 61 Village Panchayats of Vellore District with Vellore Corporation, 7 Village Panchayats of Erode District with Erode Corporation, 10 Village Panchayats of Thoothukudi District with Thoothukudi Corporation and 8 Village Panchayats of Tiruppur District with Tiruppur Corporation.

Before the recent delimitation of Assembly Constituencies, 278 Panchayat Unions were coming fully within the boundary of an Assembly Constituency; after delimitation, this number has come down to 213. At present, 172 Panchayat Unions are coming under 2 or more Assembly Constituencies. Hence, the Government have taken up steps to study the reorganization of Panchayat Union boundaries in order to ensure that an Assembly Constituency comprises only full Panchayat Unions. However, the alteration of Panchayat Union boundaries will not, in anyway, affect the present term of office of the elected representatives. This work has been temporarily kept in abeyance due to the ban on changing jurisdictions of administrative units with effect from 1.1.2010 in view of the forthcoming Census operations.

2.6 Disqualification of Members of Panchayats

In order to bring the procedure for disqualification of elected members of Panchayat Raj Institutions in line with that relating to disqualification of MPs and MLAs under the Representation of the People Act, 1951 certain amendments to Sections 34, 35, 37, 38, 39 and 41 of the Tamil Nadu Panchayats Act, 1994 have been introduced. As per the amended provisions, the Government will decide the question of disqualification of members of Panchayats in consultation with the Tamil Nadu State Election Commission. New sections 41-A, 41-B, 41-C and 41-D, have been added to the Act enabling the Tamil Nadu State Election Commission to conduct enquiries relating to disqualification of members of the Panchayats.

2.7 Grama Sabha

The Grama Sabha is the grass root level democratic institution in each Village Panchayat. A vibrant Grama Sabha is essential for the effective functioning of Village Panchayats by promoting transparency and accountability in administration, enhancing public participation in the planning and implementation of schemes and in the choice of

beneficiaries, and paving the way for social audit. The Government have ordered the conduct of Grama Sabha meetings a minimum of four times a year i.e. on 26th January, 1st May, 15th August and 2nd October.

In order to streamline the procedure for the conduct of Grama Sabha, this Government brought out suitable amendments to the Tamil Nadu Grama Sabha (Quorum and Procedure for convening and conducting of meetings) Rules, 1998 vide G.O.Ms No. 130 RD & PR (C4) Department dated 25.9.2006 and specified that the Grama Sabha shall meet in each of the Village Panchayat wards by rotation. Since a quorum of 10% of the voters was unattainable and unwieldy for the bigger Village Panchayats, a reduced quorum based on the population of Village Panchayats has been prescribed as shown in **Table 3**.

Table-3
Revised Quorum for Grama Sabhas

Sl. No.	Population of a Village Panchayat	Quorum for the meeting
1	Upto 500	50
2	501-3,000	100
3	3,001-10,000	200
4	Above 10,000	300

It has also been specified that out of the quorum, at least 1/3rd shall be women and the number of SC/ST participants shall bear the same proportion to the quorum as the population of SCs / STs bears to the total population of the Village Panchayat. Recording of Grama Sabha attendance and proceedings through proper registers and keeping photographic record have been made mandatory for the conduct of Grama Sabhas.

The Third High Level Committee constituted under the Chairmanship of Hon'ble Deputy Chief Minister had recommended that the expenditure limit for conducting Grama Sabha may be increased from Rs.500 to Rs.1,000. The Government have accepted the above recommendation and ordered that the Village Panchayat Presidents can incur the expenditure for conducting Grama Sabha to a maximum limit of Rs.1,000 with the approval of the Village Panchayat, vide G.O.Ms.No.160 RD & PR (PR.1) department dated 30.09.2008.

2.8 VILLAGE PANCHAYATS

There are **12,620** Village Panchayats in the State spread across the 31 districts, including two new Village Panchayats, viz., Perumathur and Indira Nagar in Kurinjipadi Panchayat Union of Cuddalore District that were notified on 16.8.2008.

There are 385 Blocks. The average number of Village Panchayats per district is 421 and per Block is 32. The Nilgiris (35), Kanniyakumari (99), Theni (130) and Karur (158) are some of the districts with fewer Village Panchayats while Villupuram (1104), Tiruvannamalai (860), Vellore (753), Cuddalore (683) and Kancheepuram (648) are some of the districts with a large number of Village Panchayats. As can be seen from **Table 4**, the population of Village Panchayats in Tamil Nadu is widely varying with some Village Panchayats having populations even below 500 while others have populations exceeding 25,000.

Table- 4
Classification of Village Panchayats
on the basis of Population (2001 Census)

Sl.No.	Population	No. of Village Panchayats
1	Below 500	66
2	501-1,000	1,177
3	1,001-3,000	7,243*
4	3,001-5,000	2,569
5	5001-10,000	1,379
6	Above 10,000	186
	Total	12,620*

* Including the two newly formed Villages Panchayats in Cuddalore district.

Among the three tiers, Village Panchayats assume a pre-eminent role in view of the wide variety of civic duties and other functions entrusted to them under Sections 110 and 111 of the Tamil Nadu Panchayats Act, 1994. This Government have always taken efforts to empower the Village Panchayats further in order to enable them to perform their functions in an effective manner. Various efforts have been taken by this Government to improve the finances of the Village Panchayats.

Since the Village Panchayats in Tamil Nadu vary widely in population from below 500 to above 25,000 and as the devolution of State Finance Commission grant is mostly linked to population, the smaller Village Panchayats got less grant and the bigger Village Panchayats got more. While the needs of the bigger Village Panchayats are also greater, it is a fact that there are certain fixed costs associated with the running of a Village Panchayat irrespective of the size and the SFC grant to a Village Panchayat should be sufficient to cover at least the fixed costs, if not the variable costs. There were cases where some Village Panchayats found it difficult to pay their electricity bills on time; a few couldn't pay the salaries and wages of their employees on time. The State Finance Commission

recommended the earmarking of certain percentage of the SFC grant as 'Equalisation Fund' to assist such weaker Village Panchayats. But past experience showed that the allocation of the Equalisation Fund by Collectors was by discretion which introduced a certain element of arbitrariness.

The Government have thus passed G.O.Ms.No.199 Finance (Finance Commission – IV) Department dated 25.5.2007 wherein a floor amount of Rs.3 lakhs has been earmarked for each Village Panchayat irrespective of the population and only after the apportionment of this amount, the remaining amount is distributed among the Village Panchayats in proportion to population. By virtue of this decision of the Government, the huge disparity in the income of the Village Panchayats has been reduced and at the same time weaker Village Panchayats have been empowered further towards self-sustainable.

The Government have also vide G.O.Ms.No.119 R.D. & P.R.(C2) Dept. dated 26.02.2007 decided to allocate the entire Twelfth Finance Commission grant to the Village Panchayats alone as can be seen in **Table 5** given underneath:

Table- 5
Income-wise Classification of Village Panchayats

Sl. No.	Income Range	No. of Village Panchayats before release of Minimum SFC Grant. (Based on average income of 3 years from 2003-04 to 2005-06)	No. of Village Panchayats after release of Minimum SFC Grant. (Based on income in 2009-10)
1.	Upto Rs.50,000	10	0
2.	Rs.50,000 to Rs.1 lakh	178	0
3.	Rs.1 lakh to Rs. 5 lakhs	7,422	1,021
4.	Rs. 5 lakhs to Rs 10 lakhs	3,181	7,146
5.	Rs. 10 lakhs to Rs. 25 lakhs	1,489	3,902
6.	Rs.25 lakhs to Rs.50 lakhs	252	393
7.	Rs.50 lakhs to Rs. 1 crore	60	121
8.	Rs.1 crore to Rs.3 crores	24	32
9.	Above Rs.3 crores	2	3
	Total	12,618	12,618

It is, hence, seen that the average income levels have not only increased for majority of the Village Panchayats, but also the inequity of the income levels amongst various Village Panchayats

has decreased due to the steps taken by the Government.

2.8.1 Functions

Sections 110 & 111 of the Tamil Nadu Panchayats Act, 1994 prescribe the duties and functions of Village Panchayats. Some of the important functions of a Village Panchayat are:

- a) Construction, repair and maintenance of all village roads.
- b) Extension of village sites and the regulation of buildings.
- c) Lighting of public roads and public places in built-up areas.
- d) Construction of drains.
- e) Cleaning of streets and improvement of the sanitary condition of the village.
- f) Construction and maintenance of public latrines.
- g) Sinking and repairing of wells, the excavation, repair and maintenance of ponds or tanks and the construction and maintenance of water-works for the supply of water.

- h) Maintenance of burial and burning grounds.
- i) Maintenance of parks and reading rooms.
- j) Implementation of schemes such as Indira Awaas Yojana (IAY) and National Rural Employment Guarantee Scheme (NREGS).
- k) Such other duties as the Government may, by notification, impose.

2.8.2 Resources

The important sources of revenue for the Village Panchayat are:

a) Tax revenue

Among the three tiers, the Village Panchayat alone has the power to levy taxes. House tax, Profession tax and Advertisement tax are the commonly levied taxes.

b) Non Tax revenue

Licensing fees for building plan and layout approval, fees and charges on Dangerous & Offensive trades, water charges, fees on cart-stands, fishery rentals, 2C patta fees, income from markets and fairs, ferries, fines and penalties and so on.

c) Assigned and shared revenues

These revenues include the items pooled at the State level (Surcharge on Stamp duty and Entertainment Tax) which are released by the Director of Rural Development and Panchayat Raj to all the three tiers of the Panchayats including the Village Panchayats. Other items of Assigned and shared revenues for the Village Panchayats include the seigniorage fees (100%) and lease amount (50% share) on minor minerals and social forestry auctions amount.

d) Grants:

Central Finance Commission Grant, State Finance Commission Grant, development grants under Centrally-sponsored and State schemes.

2.8.3 Administrative Powers

The Village Panchayat President himself has been designated as the Executive Authority. Cheques for payment have to be signed jointly by the President and Vice-President. Where the relationship between the two is not cordial, the Collector, in his capacity as Inspector of Panchayats, can designate any other member of the Village Panchayat as joint cheque signing authority along with the President.

The Government have brought out Tamil Nadu Panchayats (Preparation of Plan and Estimates for works and Mode and Conditions of works) Rules, 2007 vide G.O.Ms.No.203 R.D. & P.R. (PR.1) Department, dated 20.12.2007, wherein the Village Panchayats have been empowered to give administrative sanction and execute individual works up to Rs.2 lakhs from their General Funds. Previously the Village Panchayats were empowered to give administrative sanction for works up to Rs.1 lakh only. For all works costing more than Rs.2 lakhs but not more than Rs.50 lakhs, the District Collector is the competent authority to give the administrative sanction and for works costing more than Rs.50 lakhs, the Director of Rural Development and Panchayat Raj will be competent to accord administrative sanction. However, the Collector's prior administrative sanction is necessary in respect of all Centrally sponsored and State funded schemes. Village Panchayats have also been given freedom to execute urgent works up to Rs. 2,000 at a time and up to Rs. 5,000 for a year without any technical approval. The President can draw self cheque up to Rs. 500 to meet contingent expenditures.

The Village Panchayats have been given necessary delegation of powers to enable them to

attend to repairs and maintenance of hand pumps, power pumps and street lights promptly. They can spend Rs.600 per hand pump per year and up to Rs.7,500 per power pump per year without reference to engineers for preparation of estimates or passing of bills. They can buy street light materials meeting the prescribed quality norms on their own.

2.8.4 Uthamar Gandhi Village Panchayat Award

Uthamar Gandhi Village Panchayat Award was instituted vide G.O.Ms No. 111, RD & PR (C2) Department dated 5.9.2006. This award is being given each year from 2006-07 onwards for those Village Panchayats which have undertaken outstanding works, special initiatives and innovative efforts during the preceding 5 years. The chosen Panchayats are given a certificate, shield and a cash prize of Rs.5 lakhs each while their Presidents are given a certificate and a medal. Awards can also be given posthumously. For 2006-07 and 2007-08, 15 Village Panchayats each were conferred with Uthamar Gandhi Village Panchayat Awards by the Hon'ble Chief Minister of Tamil Nadu on 10.10.2007 and 19.12.2008 respectively. For 2008-09, orders have been issued selecting 15

Village Panchayats for Uthamar Gandhi Village Panchayat Award for the year 2008-09.

The details of Uthamar Gandhi Village Panchayat Award-winning Panchayats for the year 2008-09 are given in **Table 6**.

Table-6
Uthamar Gandhi Village Panchayat
Award-Winning Panchayats for 2008-09

Sl. No.	Name of the Village Panchayat
1.	Kottavaradampatty, Salem.
2.	Thirupanichettikulam, Thoothukudi.
3.	Vachchakaranpatty, Virudhunagar.
4.	Reddipatty, Namakkal.
5.	Pechiparai, Kanniyakumari.
6.	Bommanaickanpalayam, Erode.
7.	Orathur, Cuddalore.
8.	Kunnathur, Coimbatore.
9.	S. Kuppam, Viluppuram.
10.	Bearhatty, The Nilgiris.
11.	Mela Perumalai, Thiruvapur.
12.	Athiyur, Perambalur.
13.	Ariyanendal, Ramanathapuram.
14.	Kalikkampatti, Dindigul.
15.	Poonappalli, Krishnagiri.

2.8.5 Corporate Social Responsibility Award

Government instituted an Award to honour the Industrial, Service and Business Organisations that are actively involved in various social and economic upliftment activities as part of their Corporate Social Responsibility, from the year 2007-08 onwards vide G.O. Ms. No.117, Rural Development (SS.2) Department, dated 2.7.2007. The Award consists of Rs. 5 lakhs cash each and a Certificate. This Award will be given to 5 such commercial and industrial establishments every year.

The Government have issued orders selecting 5 organisations for the Corporate Social Responsibility Award for the year 2007-08 and 4 organisations for the year 2008-09. The Awards were given by the Hon'ble Deputy Chief Minister on 19.10.2009. Five organisations have been selected for the year 2009-10. The details of Corporate Social Responsibility Award-winning organisations for the years 2007-08, 2008-09 and 2009-10 are given in **Table 7**.

Table-7
Corporate Social Responsibility Award
winning Organisations

Sl. No.	2007-08	2008-09	2009-10
1.	Tamil Nadu Newsprint and Papers Limited, Karur District.	Chennai Petroleum Corporation Ltd., Chennai.	Neyveli Lignite Corporation Ltd., Neyveli, Cuddalore District.
2.	Oil and Natural Gas Corporation Ltd., Karaikal, Pondichery.	Steel Authority of India Ltd., Salem.	Hyundai Motor India Ltd., Sriperumbudur, Kancheepuram District.
3.	Srinivasan Services Trust, Chennai.	Orchid Chemicals & Pharmaceuticals Ltd., Chennai.	Bannari Amman Sugars Ltd., Sathyamangalam, Erode District.
4.	Saint-Gobain Glass India Ltd., Sriperumbudur, Kancheepuram District.	Sri Ramalinga Mills Ltd., Aruppukottai, Virudhunagar District.	TITAN Industries Ltd., Hosur, Krishnagiri District.
5.	Sakthi Masala Private Ltd., Erode District.		C.R.I Pumps Private Ltd., Saravanampatti, Coimbatore District.

2.8.6 Rationalisation of Village Panchayat Accounts

The Government had vide G.O.Ms.No.92 Rural Development Department dated 26.3.1997 issued orders for rationalization of Village Panchayat Accounts and the procedure for operation of the Accounts. This was a great step forward in empowering Village Panchayats since it gave freedom to the President and Vice President to operate the various Accounts of a Village Panchayat free from pre-scrutiny by Block officials as was the earlier practice in which the Village Panchayat Consolidated Fund was maintained and operated in the Block office. However, certain weaknesses were noticed in this new system of maintenance of Village Panchayat Accounts. Several instances of the State Finance Commission Grant and Central Finance Commission Grant released to the Village Panchayats' Earmarked Grants Accounts being used for less important purposes and not for payment of dues relating to electricity and water charges came to the notice of the Government. Due to this practice, in order to avoid diversion of funds meant for current consumption charges and water supply maintenance, the District Collectors were directed to deduct the charges payable to TNEB and TWAD Board at the district level before releasing money to

the Village Panchayats. However this resulted in the following two anomalies:

- a. TNEB issued wrong/duplicate bills in some instances which did not get deducted since payment was made at district level without proper check by the Village Panchayat Presidents concerned.
- b. The Panchayat Presidents did not evince interest in ways and means of reducing power consumption as they never paid the electricity/water bills of their own.

Several instances also came to notice, wherein Village Panchayat Presidents and Vice-Presidents issued cheques for Scheme funds works/National Rural Employment Guarantee Scheme works without the works same being measured and check-measured and bills being passed by the Block Development Officer (Village Panchayats) concerned. The number of instances of unauthorized drawals was greater on the eve of Local Body elections. Therefore, the Government issued G.O. Ms.No.146 Rural Development and Panchayat Raj Department dt.17.8.2007 for further rationalizing the Village Panchayat Accounts and streamlining the procedures for operation of the Accounts so as to:

- a. Empower the Village Panchayat Presidents to pay the TNEB and TWAD Board dues from the funds at their disposal and at the same time prevent them from diverting these funds for less important purposes.
- b. Prevent unauthorized drawals of money from scheme fund/NREGS fund Accounts without authorization of Block Development Officer(VP) concerned.

The Government have further streamlined the above accounting procedure through issuance of G.O. Ms.No.178, RD & PR Department dated: 25.11.2008 and G.O. Ms.No.180 RD & PR Department dated: 01.12.2008.

The Government of Tamil Nadu have also taken a stand opposing the imposition of a uniform Accounting System for Village Panchayats across all the States as proposed by the Ministry of Panchayat Raj, Government of India. The Accounting structure suggested by Ministry of Panchayat Raj was found to be extremely complicated and difficult to comprehend except by officials with accounting background. It was felt that the accounting system proposed did take into account the field realities viz. the level of education and competence of the staff in Panchyat Raj Institutons, especially at

Village Panchayat level. In Tamil Nadu, there are 12,618 Village Panchayat Presidents, who are the Executive Authoriy of the Village Panchayats concerned and each President is assisted by a Panchayat Assistant and a Makkal Nala Paniyalar, both of whom have generally only SSLC qualification. The suggested Accounting system is too complicated for them and there are no commensurate benefits of adopting the Ministry of Panchayat Raj proposed system. Government of Tamil Nadu has firmly stated that its own Accounting System is much simpler and easier to maintain and has been working well and is suited to the State which has a large number of State funded schemes. Hence, while welcoming any 'Models and Best Examples', Government of Tamil Nadu has opposed the imposition of a uniform Accounting System.

2.8.7 Abolition of Jamabandhi

The Annual Settlement of Panchayat Accounts was introduced in 1992 at a time when there were no elected Local Bodies and the Panchayat Administration was managed by the Special Officers. However, consequent to the Constitution (73rd Amendment) Act, 1992 and the enactment of Tamil Nadu Panchayats Act, 1994, elected

representatives assumed office in the rural Local Bodies in the year 1996 and the elected Local Bodies have an inbuilt system of checks and balances on the expenditure of the Local body funds. Further, the system of Audit of Village Panchayat Accounts has also been introduced and Deputy Block Development Officers have been designated as the Audit Officers. The post of Assistant Director (Audit) has been created for monitoring the progress of audit and the settlement of audit objections. Grama Sabha has also been strongly propagated as a forum of Social Audit of Village Panchayat accounts. In view of the above, it was viewed that the Annual Settlement of Panchayat Accounts by the Jamabandhi Officers did not contribute any value addition for the betterment of Panchayat Administration and that Jamabandhi had merely degenerated into a ritual. Thus, the Government issued orders vide G.O.Ms.No.175 RD & PR (PR2) Department, dated 14.11.2008 dispensing the Annual Settlement of Panchayat Accounts.

2.8.8 Telephones for Village Panchayats

Given the need for Block officials as well as Presidents to communicate with each other frequently, lack of land-line telephone in most of

the Village Panchayats was a major hurdle in the implementation of schemes and in the administration of Panchayats. Hence, the Government vide G.O.Ms.No.118 RD & PR Department, dated 02.07.2007 issued orders permitting each Village Panchayat to have a telephone connection and prescribing a monthly ceiling of Rs.750/- towards telephones charges. So far, a total of 12,572 Village Panchayats out of 12,620 Village Panchayats of Tamil Nadu have been provided with Telephone connections and the remaining 48 Village Panchayats could not be provided with the telephones due to terrain related problems. Once a telephone connection is made available, the Village Panchayat can also have access to the Internet through a dial-up connection.

2.8.9 TNEB Issues

Maintenance of street lights and water supply are the two major functions of the Village Panchayats. Approximately, 70% of the income of the Village Panchayats used to be spent on payment of electricity charges. It was brought to the notice of the Government that in many cases, TNEB raised the bills on Village Panchayats on commercial rates without proper meter reading and levied 12% interest on the dues pending for more

than 45 days. Undue delays were also noticed in obtaining estimation for installation of new street lights from TNEB authorities. The Government implemented a series of measures to settle some of these long term problems persisting between TNEB and the Village Panchayats.

The Government have, vide G.O.Ms.No.95 Energy (D2) Department, dated 12.10.2007 reduced the tariff of the EB service connection utilized for public lighting and water supply connection by Village Panchayats from Rs.3.40 per unit to Rs.3 per unit. The Government have also vide G.O.Ms.No.111 RD & PR Dept. dt.26.6.2007 announced a uniform rate per pole of Rs.9,500/- for installation of new street lights by Village Panchayats. The period of payment for EB charges has been raised from 20 days to 60 days for the Village Panchayats, and the interest rate payable by the Village Panchayats for payments beyond 60 days has been reduced from 12% to 6%. The surcharge of Rs.18.46 crores prior to 13.3.2007 has been written off.

Based on the Government's direction, TNEB has taken steps to provide electricity meters to all those service connections of Village Panchayats which didn't have meters, besides replacing

defective meters. Meter cards have been provided to all service connections in rural areas and TNEB has been asked to raise bills based only on the initial and final readings of the meters. Steps have also been taken to pay up all the arrears due from Village Panchayats to TNEB. Where the arrears have been cleared, an entry that "No arrears are due pertaining to this service connection as on" has been directed to be made on the meter cards in order to enable the Village Panchayats to start with a clean slate in future.

2.8.10 Duty of the President to mandatorily implement Schemes entrusted to the Village Panchayat

Village Panchayats implement various Centrally Sponsored schemes and State funded schemes besides undertaking works out of general funds. However, there was no specific provision in the Tamil Nadu Panchayats Act, 1994, to require the President of the Village Panchayat to mandatorily execute or implement the schemes entrusted to the Village Panchayats. Hence, necessary amendment to Section 46 of the Act has been issued making it mandatory for the Presidents of Village Panchayats to execute or implement the schemes entrusted to the Village Panchayats.

2.8.11 Enhancement of Penalties

Tamil Nadu Panchayats Act, 1994, contemplates imposition of penalties on persons who contravene any of the provisions of the Act specified in Schedule-II or who fail to comply with any directions lawfully given to them or requisition lawfully made upon them. Schedule-III of the Act prescribes penalties for the continuing breaches. Since the penalty amounts provided in the above Schedules were prescribed 50 years back and had lost their deterrent effect, amendments were issued to Schedule II and Schedule III enhancing the penalty amounts leviable under the Act. This amendment will aid the rural Local Bodies in the strict enforcement of provisions of the Tamil Nadu Panchayats Act 1994.

2.8.12 Restriction of exemptions granted to Educational Institutions from House Tax

The Third State Finance Commission had recommended that all fee collecting institutions like nursery, Matriculation schools, tutorial colleges, self financed engineering, medical/dental colleges, para medical institutions, teacher training institutions, coaching centres etc should be subjected to House tax. The Government accepted the recommendation

of the Third State Finance Commission and suitably amended rule 15 (c) of the Tamil Nadu Panchayats (Assessments and Collection of Taxes) Rules, 1999 vide G.O. Ms. No.38 RD & PR (PR.1) Department, dated 5.3.2008 and the amended provision now enables the Village Panchayats to levy and collect House Tax on the buildings used by Self financing educational institutions and also from the Government-aided institutions which are conducting self-financing unaided courses.

2.8.13 Empowering the District Collectors to levy and collect Advertisement Tax

As per the earlier provisions of the Tamil Nadu Panchayats Act, 1994, and the Tamil Nadu Panchayats (Licensing of Hoardings and Levy and Collection of Advertisement Tax) Rules, 1999, the Executive authority of the Village Panchayat concerned (the Village Panchayat President) was empowered to grant license for erecting hoardings in the rural areas and to levy and collect tax on advertisements on such hoardings, whereas, the District Collector is the licensing authority in the urban area. Further, the Village Panchayats were not able to strongly enforce and monitor the erection of hoardings as per the provisions of the Act.

In order to bring parity with Urban Act and to strengthen the licensing procedure and improve the monitoring of erection of hoardings in rural areas, the Government have suitably amended Sections 172-A, 172-B and sub-sections (2), (3) and (5) of Section 220 of Tamil Nadu Panchayats Act, 1994 by empowering the District Collector to grant license for hoarding and levy of Advertisement tax. Consequent to the above amendment to the Act, the Government have issued the Tamil Nadu Panchayats (Licensing of Hoardings and Levy and Collection of Advertisement Tax) Rules, 2009 in supersession of the earlier rules.

2.8.14 Exemptions under the Building Rules

In order to bring about parity between Tamil Nadu Panchayats Building Rules, 1997 and urban Rules in grant of exemptions for certain buildings belonging to the Central and State Governments, Government have issued necessary amendment to the Tamil Nadu Panchayats Building Rules, 1997. Exemption from the purview of Tamil Nadu Panchayats Building Rules, 1997 has been incorporated in select cases, such as the buildings which are the property of the State or Central

Governments or constructed in pursuance of any statutory provisions.

2.8.15 Dispensing with the levy of Local Cess and Local Cess Surcharge

The Government have announced during the Budget Speech 2009-2010 that the existing system of land revenue collection would be simplified and farmers shall not be burdened with any other levy such as Local Cess and Local Cess Surcharge. Consequent upon the above decision of the Government, levy of Local Cess and Local Cess Surcharge needed to be dispensed with. To implement this, Sections 167, 168, 169, 176, 186 (b) and 188 (d) of Tamil Nadu Panchayats Act, 1994 were amended vide Tamil Nadu Act No. 12 of 2009, and the levy of Local Cess and Local Cess Surcharge was dispensed with.

2.8.16 Maintenance of Tanks and Ponds

Traditionally, ponds have been maintained by the Village Panchayats and Minor Irrigation (M.I) tanks (i.e. tanks with ayacut less than 100 acres) have been maintained by the Panchayat Unions. However, the statutory duty of repair and maintenance of both ponds and tanks was vested only with Village Panchayats as per Section 110 (g)

of the Tamil Nadu Panchayats Act, 1994. In order to remove this anomaly and to statutorily entrust the maintenance of ponds to Village Panchayats and of M.I tanks to Panchayat Unions, Sections 110 (g) and Section 112 (aa) of the Tamil Nadu Panchayats Act, 1994 have been amended vide Tamil Nadu Act No. 28 of 2009.

2.9 Panchayat Union Council

At the intermediate level, there are 385 Panchayat Unions (Blocks) in the State. The average number of Panchayat Unions per district is 13. The Nilgiris (4) has the lowest number of Panchayat Unions while Villupuram (22) has the highest.

2.9.1 Functions and Powers

Section 112 of the Tamil Nadu Panchayats Act, 1994 prescribes various powers and functions of Panchayat Union Councils. Some of the important functions of a Panchayat Union Council are:

- a) Construction, repair and maintenance of all Panchayat union roads.

- b) Construction of water works for the supply of water for drinking, washing and bathing purposes.
- c) Construction and maintenance of elementary and middle schools.
- d) Control of fairs and festivals under the control of the Panchayat Union.
- e) Opening and maintenance of Panchayat Union public markets.
- f) Implementing various Centrally sponsored and State schemes.
- g) Preventive and remedial measures connected with any epidemic or with malaria.

2.9.2 Resources

Panchayat Unions cannot levy any tax. The revenues of a Panchayat Union consist of the following:

a) Non tax revenues

License fees, market fees, receipt from rentals and properties, fines and penalties.

b) Assigned and shared revenues

The Pooled Assigned Revenue component of Surcharge, Surcharge on Stamp Duty and Entertainment Tax is proportionately distributed to the Panchayat Unions based on the State Finance Commission Grants formula. Lease amount of mines and minerals (50% share) comes individually to the Panchayat Unions concerned and is adjusted at the district level itself.

c) Grants

State Finance Commission Grants, development grants under Centrally sponsored schemes and State schemes, grants for maternity centres, rural dispensaries.

By virtue of enactment of the Tamil Nadu Panchayats (Preparation of Plan and Estimates for works and Mode and Conditions of works) Rules, 2007 vide G.O.Ms.No.203 R.D. & P.R. Dept. dt. 20.12.2007, the Panchayat Union Councils have been empowered to give administrative sanction and execute individual works up to Rs.10 lakhs from their General Funds without any external approval. Earlier the Panchayat Unions were empowered to sanction funds up to Rs.5 lakhs only. For all works costing more than Rs.10 lakhs but not

more than Rs.50 lakhs, the District Collector is the competent authority to give the administrative sanction and for works costing more than Rs.50 lakhs, the Director of Rural Development and Panchayat Raj will be competent to accord administrative sanction. However for Centrally sponsored and State funded schemes, prior administrative sanction of the District Collector is necessary.

2.9.3 Wireless to Panchayat Unions

The Government have, vide G.O. Ms.No. 134 R.D. & P.R. (SGS.4) Department, dated 02.08.2007, issued orders for provision of wireless communication equipment to vehicles and Block offices in 24 districts of Tamil Nadu during 2007-08 and earmarked an amount of Rs.3.76 crores for this purpose. The wireless communication facility has been extended to the remaining 6 districts at the cost of Rs.116.55 lakhs during 2008-09 vide G.O.Ms.No.177 RD & PR (SGS.4) Department, dated 21.11.2008.

2.9.4 Vehicles to Panchayat Union Chairpersons

The Third High Level Committee constituted under the Chairmanship of Hon'ble Deputy Chief

Minister recommended that the Panchayat Union Chairpersons should be given an independent vehicle like District Panchayat Chairpersons to facilitate better supervision of schemes. It was, thus, announced on the floor of the Tamil Nadu Legislative Assembly on 16.4.2008 that new vehicles will be provided for 385 Panchayat Union Chairpersons during 2008-09 and 385 Driver posts would be newly created for this purpose. Accordingly, 385 vehicles were purchased and handed over to 385 Panchayat Union Chairpersons on 28.07.2008 by the Hon'ble Chief Minister. The Government also ordered for the creation of 385 drivers for Panchayat Union Chairpersons' vehicles vide G.O.Ms.No.67 RD & PR (E5) Department dated 12.05.2008.

2.9.5 Reconstitution of Appointment Committee of Panchayat Unions

The earlier system of conduct of annual elections to elect a member of Appointment Committee was not conducive to the smooth functioning of the Panchayat Union administration. Hence in order to provide continuity to the Committee and avoid changing the composition every year with one new member, the Government have issued amendment to Section 96(1)(a) of

Tamil Nadu Panchayats Act, 1994 by making the Vice-Chairman of the Panchayat Union as one of the members of the Appointment Committee. Consequent to the amendment, the three members Appointment Committee will consist of the Chairman of the Panchayat Union Council, the Vice-Chairman of the Panchayat Union Council and the Commissioner of Panchayat Union.

2.10 District Panchayats

There are 29 District Panchayats in the State.

2.10.1 Functions

The functions of the District Panchayats are mainly advisory in nature such as:

- a) Preparation of development plan for the district.
- b) Compilation of administration reports of Village Panchayats and Panchayat Union Councils of the district and preparation of Annual Report for the District.
- c) Planning and review of Agriculture, Land Development, Animal Husbandry, Dairy, Poultry, Fisheries and Rural Industries etc.

- d) Planning and review of rural housing programmes particularly housing for SC/STs.
- e) Identification of major water supply schemes.

2.10.2 Resources

The District Panchayat has no taxation powers. Its only source of revenue is from statutory grants like State Finance Commission Grant and development grants under Centrally sponsored schemes.

By virtue of enactment of the Tamil Nadu Panchayats (Preparation of Plan and Estimates for works and Mode and Conditions of works) Rules, 2007 vide G.O.Ms.No.203 RD & PR Dept. dated 20.12.2007, the District Panchayats have been empowered to give administrative sanction and execute individual works up to Rs.20 lakhs from their General Funds without any external approval. Earlier the District Panchayats were empowered to sanction funds up to Rs.10 lakhs only. For all works costing more than Rs.20 lakhs but not more than Rs.50 lakhs, the District Collector is the competent authority to give the administrative sanction and for works costing more than Rs.50 lakhs, the Director of Rural Development and Panchayat Raj will be competent to accord

administrative sanction. However for Centrally sponsored and State funded schemes, prior administrative sanction of the District Collector is necessary.

2.11 Pooling of Assigned Revenues

The major sources of assigned/shared revenues to the rural Local Bodies are Surcharge on Stamp duty, Entertainment tax, seigniorage fee and lease amount of mines and minerals, and sale proceeds of Social Forestry plantations. The total receipts to rural Local Bodies under these heads in a year is about Rs.250-350 crores. The surcharge on stamp duty is pooled at the Block level and apportioned among the Village Panchayats in the Block in proportion to their land revenue collection. The entertainment tax is shared between the Village Panchayats and Panchayat Union in the ratio 70:30, after deducting 10% towards collection expenses. The seigniorage fee on minor minerals is credited to the Village Panchayats concerned while in the case of the lease amount, 50% is credited to the Panchayat Union and 50% to the Village Panchayats concerned. In the case of social forestry auction amounts, 60% of the gross proceeds will go to the Village Panchayats concerned and 40% will be retained by Forest department.

It was observed that there is considerable delay in adjusting the various assigned/shared revenues to the Village Panchayats and Panchayat Unions and the paper work involved is disproportionate to the amounts involved. There was considerable inequity in the distribution of what are essentially Government revenues.

In order to overcome the delays in adjusting the various assigned/shared revenues to the Village Panchayats and Panchayat Unions and reduce the disproportionate paper work involved and inequities in the distribution, the Government have vide G.O.Ms.No.168 RD & PR Dept. dt.4.10.2007 ordered for the pooling of the Assigned Revenues due to the rural Local Bodies from the proceedings of the Local Cess, Local Cess Surcharge, Surcharge on Stamp Duty, and Entertainment Tax at the State level and apportionment of the above revenues to the rural Local Bodies thereafter. The above Pooling of Assigned Revenue has facilitated quick and easy disbursement of these revenues and is also equitable.

2.12 State Finance Commission Grant

To augment the resources of the Local Bodies, financial devolution to the Local Bodies is made on the basis of recommendations of the State

Finance Commission (SFC). Based on the recommendations of the State Finance Commission, a higher share of State's own tax revenues for the rural and urban Local Bodies beginning with 9% (it being 8% till 2006-07) has been allocated for the year 2007-08 and 2008-09. For 2009-10, the Government have increased the allocation to 9.5% of the State's own tax revenues to the rural and urban Local Bodies. The percentage of devolution will be progressively increased to 10% within the award period of the Third State Finance Commission (2007-08 to 2011-12). The ratio of the shares of rural and urban Local Bodies will be 58:42 as before. Since Village Panchayats are entrusted with most of the basic functions such as maintenance of village roads and streets, drinking water supply, street lights, sanitation and solid waste management and they are also the largest in number (12,620), the allocation for the rural Local Bodies is shared in the ratio 60:32:8 among Village Panchayats, Panchayat Union Councils and the District Panchayats from the year 2007-08 onwards. These policy changes are expected to greatly improve the delivery of services at the grass roots level. The quantum of increase in SFC Grants to rural Local Bodies from 2006-07 to 2009-10 is given in **Table 8**.

Table-8
State Finance Commission Grants to
Rural Local Bodies.

Year	SFC Grants (Rs.in crores)	Increase over previous year	
		Amount (Rs.in crores)	% of increase
2006-07	1,224.76	230.00	23.1
2007-08	1,583.58	358.82	29.3
2008-09	1,716.44	132.86	8.4
2009-10	1926.57	210.13	12.2

2.12.1 Streamlining the modalities of release of State Finance Commission Grant

The State Finance Commission Grant is released from the Directorate of Rural Development and Panchayat Raj to the District Collectors electronically through the Core Banking System (CBS). The District Collectors, in turn, had earlier been sending the funds to the Village Panchayats by adopting various methods like Core Banking System, Real Time Gross Settlement (RTGS), Demand draft system etc. There was lack of uniformity in the procedure and a lot of delays in the adjustment of funds in this process. In order to overcome the above drawbacks, a uniform

procedure of transferring the funds through 4 Nodal Banks in each of the Districts to the bank accounts of the Village Panchayats has been prescribed with effect from December 2008. This procedure has significantly speeded up the adjustments of Grants to the accounts of rural Local Bodies.

2.13 Central Finance Commission Grant

On the basis of the recommendations of the Twelfth Finance Commission (TFC), the Government of India have allotted a sum of Rs.870 crores for the 5-year period from 2005-06 to 2009-10.

For 2007-08, this Government decided that the entire Twelfth Finance Commission Grant should be allocated only to Village Panchayats on the basis of population. The grants should be utilized by the Village Panchayats entirely for the operation and maintenance cost of water supply, street lighting and sanitation. This system of allocating entire State Finance Commission grant to Village Panchayats continued in the year 2008-09 also.

A sum of Rs.174 crores will be provided for the year 2009-10 under the Twelfth Finance Commission Grant.

2.14 Increase in the allowances of Rural Local Body representatives

Fixed Travelling Allowance (FTA) was initially sanctioned by the Government to the Presidents of Village Panchayats and Chairpersons and Members of the Panchayat Unions and District Panchayats vide G.O.Ms.No.262 Rural Development Department dated 20.12.1997. This amount was enhanced by 10% in the year 1999 and was not revised thereafter. The Government have, vide G.O. (D) No.569 RD & PR(C1) Department, dated 28.09.2007, enhanced the FTA of the rural Local Body representatives and the **Table 9** below indicates the FTA rates prevalent previously and enhanced now.

Table-9
Monthly FTA for Rural Local Body representatives

Sl. No.	Name of the office/seat	Previously Monthly FTA (Rs.)	Revised Monthly FTA (Rs.)
1	President, Village Panchayat	330	500
2	Chairperson, Panchayat Union	550	750
3	Member, Panchayat Union	220	400
4	Chairperson, District Panchayat	1,100	1,500
5	Member, District Panchayat	330	500

2.15 Issue of Identity Cards to Heads of Panchayat Raj Institutions

Based on the representations given by the Village Panchayat Presidents during the Regional Conferences of Village Panchayat Presidents at Erode and Tiruchirapalli, the Hon'ble Deputy Chief Minister announced to give Identity Cards to all the 12,618 Village Panchayat Presidents which were immediately issued thereafter. Identity Cards were also given to the Chairpersons and members of the Panchayat Unions and District Panchayats.

2.16 Local Bodies' Day

The rural and urban Local Bodies are perhaps the agencies with the maximum public interface. There is need to further strengthen this interface and bring about greater transparency and openness in the functioning of Local Bodies. At the same time, it is also necessary to highlight their achievements and carry out the various information, education and communication campaigns relating to civic administration or implementation of schemes. One method of doing this is to designate a particular day in a calendar year as "Local Bodies' Day" The Government have issued G.O.No.632,RD & PR(C1) Department, dated

26.10.2007 earmarking November 1 as "Local Bodies' Day" to be celebrated by all rural and urban Local Bodies in Tamil Nadu every year. Tamil Nadu is the first State in the country to do this.

2.17 Electrification of buildings used by other Departments

The Rural Development and Panchayat Raj (RD & PR) Department constructs various categories of buildings not only for the usage of rural Local Bodies but also for the usage of a number of other departments. Based on the 'user pays' principle, it is for the occupying departments to pay the electricity consumption charges. Since the buildings were owned by RD&PR Department, the user departments were unable to apply for electricity connections in their name. In order to overcome this problem, the Government have, vide G.O.Ms.No.206, RD & PR (SGS.1) Department, dated 31.12.2007 given a blanket 'No Objection Certificate' to the other user departments for which the RD & PR Department has built buildings through its schemes, to enable them to apply to TNEB for electricity connections and pay the recurring current consumption charges to TNEB, without any financial commitment to the rural Local Bodies.

2.18 Stability in tenure of Local Body representatives

The Government felt that frequent moving of no-confidence motions on trivial and unjustifiable grounds affected the continuity in planning and implementation of works in rural Local Bodies and are detrimental to public interest. In order to make the provisions for moving and passing the no-confidence motion more stringent, the Government have amended relevant provisions of the Tamil Nadu Panchayats Act, 1994, wherein the minimum strength required for issuance of motion of no confidence against the Vice-President of the Village Panchayat or the Chairperson or the Vice-Chairperson of the Panchayat Union or the District Panchayat concerned has been increased from the existing half of the sanctioned strength to three-fifth and the minimum strength required for carrying the motion has been increased from the existing two-third to four-fifth of the strength of the local body concerned. Also it has been stipulated that no motion of any confidence can be brought within one year of the assumption of the office or during the last year of the term of office of the Vice-President of the Village Panchayat or the Chairperson, Vice-Chairperson of the Panchayat Union or the District Panchayat concerned.

2.19 Annual Report on the functioning of Panchayats

As per the original Section 165 of Tamil Nadu Panchayats Act, 1994, each District Panchayat had to prepare an Annual Report giving a full account of its activities during the previous year and forward it to the Government. The Government used to lay all such reports on the table of the Legislative Assembly. However, as the reports of the District Panchayats did not give a comprehensive view of the functioning of Panchayat Raj Institutions, Section 165(2) was deleted and a new Section 166A was introduced replacing the old system with a single Annual Report for the State as a whole. 'Annual Reports on the Functioning of Panchayats in Tamil Nadu' for 2006-07, 2007-08, and 2008-09 have already been placed before the Legislative Assembly, and that for the year 2009-10 will be placed in April 2010.

2.20 Guidelines for dismantling of old buildings under the control of Village Panchayats and Panchayat Unions

Village Panchayats and Panchayat Unions are maintaining various kinds of buildings such as School Buildings, Kitchen sheds, Library Buildings,

Sanitary Complexes, Panchayat Union Offices, Village Panchayat Offices, Over Head Tanks etc. With the passage of time and due to various circumstances, certain buildings become dilapidated and need to be dismantled for safety considerations. In such cases, there were no specific guidelines and clear delegation of powers, for issuing orders for dismantling the dilapidated buildings of Rural Development and Panchayat Raj Department. Hence, the Government vide G.O. Ms. No.56, RD & PR (SGS-IV) Department, dated 3.4.2008 have issued detailed guidelines to be followed for dismantling of old buildings under the control of Village Panchayats and Panchayat Unions.

2.21 Constitution of Fourth State Finance Commission

The Government have, vide G.O.Ms.No.549, Finance (Finance Commission-IV) Department, dated 01.12.2009, constituted Fourth State Finance Commission to review the financial position of the rural and urban local bodies namely Village Panchayats, Panchayat Union Councils, District Panchayats, Town Panchayats, Municipalities and Municipal Corporations. The Commission has the mandate to make recommendations as to –

- (a) the principles which should govern –
 - (i) the distribution between the State and the said local bodies of the net proceeds of the taxes, duties, tolls and fees leviable by the Government which may be divided between them and the allocation between the said local bodies of their respective shares of such proceeds;
 - (ii) the determination of taxes, duties, tolls and fees which may be assigned to or appropriated by the said local bodies;
 - (iii) the grants-in-aid to the said local bodies from the Consolidated Fund of the State.
- (b) the measures needed to improve the financial position of the local bodies and to suggest possible new avenues for tapping resources in rural and urban local bodies keeping in mind the local body tax structure in other States.

In reviewing the financial position of the local bodies, the Commission has been asked to assess the financial position of the local bodies as on 31st March, 2010. The Commission has been

asked to make its report available by 31st May, 2011 covering the period of five years commencing on 1st April 2012.

3. ESTABLISHMENT

3.1 Sanction of Time Scale to the post of Makkal Nala Paniyalars

The Makkal Nala Paniyalars working in the Village Panchayats were getting a consolidated pay of Rs. 950 and a conveyance allowance of Rs.50/- per month. The Government vide G.O.Ms.No.234, Finance (Pay Cell) Department, dated 1.6.2009, have brought the salary of the Makkal Nala Paniyalarkal to the special time scale of pay of Rs. 2,500-5,000 and a grade pay of Rs. 500 per month with effect from 1.6.2009.

3.2 Upgradation of posts of Panchayat Assistants Gr.II as Panchayat Assistants

Prior to 2006-07, Panchayat Assistants were categorized into two categories viz. (i) Full-time Panchayat Assistants (also called Panchayat Assistants Grade I) and (ii) Part-time Panchayat

Clerks (also called as Panchayat Assistants Grade II). The Panchayat Assistants Grade II were about 11,000 in number out of the total 12,618 Panchayat Assistants. Till 1.9.2006, both these two categories of Panchayats Assistants were getting consolidated pay. With effect from 1.9.2006, the pay of the full-time Panchayat Assistants was fixed in the time scale Rs.1,300-20-1,500-25-2,000, and the pay of the part-time Panchayat Clerks was fixed in the time scale Rs.625-10-725-20-925. The Government revised the scale of Pay of Panchayat Assistants Grade –I to the Pay band of Rs.2,500- 5,000 plus Grade Pay of Rs.500/- with effect from 1.6.2009 vide G.O.(Ms.) No. 234 Finance (PC) Dept. dated 1.6.2009,. However, the pay of Panchayat Assistants Grade II was revised to the pay band of Rs. 1,300-3000 with a Grade pay of Rs 300. Since the nature of work of Panchayat Assistants Grade I and Grade II was the same, the Government ordered the upgradation of all the posts of Panchayat Assistants Grade II on par with Panchayat Assistants Grade I and brought them also to the revised scale of pay of Rs.2,500-5,000 with Grade Pay of Rs.500/-, vide G.O.Ms.No.91 RD & PR (E5) Dept., dated 12.8.2009.

3.3 Restructuring of District Rural Development Agencies

The restructuring of the District Rural Development Agencies (DRDAs) was long overdue for various reasons. First, the staffing pattern of DRDAs reflected the needs of yesteryear schemes, which were no longer in vogue. Secondly, the APO level posts that were diverted during bifurcation of Districts in the past few years had resulted in a highly non-uniform staffing pattern in the DRDAs which necessitated the restructuring. Thirdly, there was also a highly non-uniform staffing pattern across districts in respect of subordinate posts resulting in administrative difficulties with the old DRDA pattern. Fourthly, there was a mismatch of deputationists in the DRDAs and a perennial difficulty in getting officers on deputation from other Departments. Fifthly, there was also a steep increase in the outlay of State-funded RD schemes after the introduction of Schemes such as Anaithu Grama Anna Marumalarchi Thittam (AGAMT), Rural Infrastructure Scheme (RIS), MLA Constituency Development Scheme (MLACDS), Samathuvapuram etc. which necessitated the creation of posts of additional supervisory officers of Rural Development and Panchayat Raj Department. Sixthly, there were cuts in DRDA Administration Scheme grants by

Government of India due to the deputationist posts lying vacant for long spans of time and consequently the DRDAs not being able to adequately spend the salary component of the DRDA Administration Scheme Grants that they were supposed to as per the allocation.

Hence, the State Government issued orders restructuring DRDAs in accordance with Government of India guidelines issued under DRDA Administration Scheme vide G.O.Ms.No.53, RD & PR (CGS-2) Department dated 19.06.2009. The posts of APO (R), APO (EAS), APO (DWCRA), APO (Industries), APO (Animal Husbandry), APO (Cooperation) and APO (Monitoring) were abolished and among other posts created, the posts of APO (Wage employment), APO (Infrastructure), APO (Self employment), APO (Housing and Sanitation) were created. At present, there are 36 posts of APO (Wage employment), 60 posts of APO (Infrastructure), 31 posts of APO (Self employment), and 31 posts of APO (Housing and Sanitation) in DRDAs.

3.3.1 Tamil Nadu's views on the status of DRDAs

The views of the State Government were sought for by the Government of India regarding a

proposal to abolish the District Rural Development Agencies (DRDAs) and entrust District Panchayats with the responsibility of implementing various Centrally Sponsored Schemes that are being presently implemented by the DRDAs. In this regard, the Hon'ble Chief Minister of Tamil Nadu in his D.O. Letter No.17098/ CGS II/2009 dated 19.9.2009, addressed to the Hon'ble Prime Minister has stated that "according to Article 243G of the Constitution of India, it is up to the State Legislature to decide which powers and functions should be devolved to which tier of Panchayats. Historically, Tamil Nadu had strong Village Panchayats and Block Panchayats and only a Planning-cum-Advisory body called the District Development Council at the district level ever since the erstwhile District Boards were abolished in 1961. After the enactment of the Constitution 73rd Amendment, Tamil Nadu –while strengthening Village Panchayats and Block Panchayats further – chose to maintain the status quo at the district level by conferring only planning-cum-advisory functions – and no implementation functions – upon District Panchayats vide Section 163 of the Tamil Nadu Panchayats Act, 1994. If DRDAs are brought under the control of district Panchayats or merged with District Panchayats, it would change the very legal character of District Panchayats in Tamil Nadu and

confer implementation powers and functions upon them. It would also be contrary to the intent of the Tamil Nadu Legislature....Moreover, abolition of the DRDA, an institution which has been working very well – both in terms of speed and quality of execution – for nearly three decades now, can be detrimental to the effective implementation of development schemes. District Panchayats are political bodies and there is a lot of scope for this tier to become dysfunctional due to political differences. In Tamil Nadu, DRDAs are insulated from such politics because the District Collector is the Chairman of the DRDA. This is one of the reasons why Tamil Nadu is a top performer in the implementation of development programmes".

Thus the Government of Tamil Nadu have strongly represented against any executive order being issued by Government of India to abolish the DRDAs or bring them under the control of the District Panchayats in as much as 'Local Government' is a State subject under the Constitution of India.

3.4 Staffing under NREGS

National Rural Employment Guarantee Scheme (NREGS) was introduced in Phase-I in six districts of Tamil Nadu viz. Cuddalore, Villupuram,

Tiruvannamalai, Nagapattinam, Dindigul and Sivaganga with effect from 02.02.2006. The Scheme was extended to four more districts of Thanjavur, Tiruvarur, Karur and Tirunelveli in Phase-II with effect from 01.04.2007 and has been extended to the remaining 20 Districts of the State with effect from 01.04.2008. In order to facilitate proper implementation of the Scheme, the Government have sanctioned several technical and supporting staff. During the year 2009-10, Government also created 572 additional posts of Computer Assistants, vide G.O.Ms.No.84, RD&PR(CGS-1) Department, dated 4.8.2009, in order to ensure MIS entries. Government also created 32 posts of Assistant Executive Engineers for the newly formed NREGS sub divisions. The details of post-wise sanction are shown in **Table 10** below.

Table-10
Posts sanctioned to supervise NREGS
works in Districts

SI. No.	Category of Post	No.of Posts
<i>A. Administration wing</i>		
1	Superintendents in the level of Block Development Officer	31
2	Deputy Block Development Officers	385
3	Assistants	416
4	Computer Assistants	1,373
5	Drivers	32
6	Office Assistants	32
<i>B. Technical Wing</i>		
1	Assistant Executive Engineers (RD)	32
2	Assistant Engineers (RD)	244
3	Overseers	673
4	Junior Draughting Officers	32
Total		3,250

The Government have also, vide G.O.Ms.No.164 RD&PR (CGS1) Department, dated 21.10.2008, created a State NREGA Cell, the composition of which is indicated in **Table 11** below.

Table-11
Posts sanctioned to State NREGS Cell

Sl. No.	Category of Post	No.of Posts
<i>A. Technical Wing:</i>		
1	Executive Engineer	1
2	Assistant Executive Engineer	1
3	Assistant Engineers	4
4	Junior Draughting Officer	1
<i>B. Social Audit wing:</i>		
1	Assistant Directors	2
<i>C. MIS and Documentation wing:</i>		
1.	MIS specialists	2*

* 2 or more MIS Specialists within overall financial limit of Rs.50,000 per month on outsourcing basis.

3.5 Revamping of Engineering Establishment

In 1960, the Highways Department was reorganised and redesignated as "Highways & Rural Works Department" (H&RW) and was required to attend to RD Department works in addition to Highways works by an executive order. Till December 1996, there were among others, 53 posts of Assistant Divisional Engineers and 384 posts of Union Engineers sanctioned by the Government in RD Department and these posts were manned by the Highways & Rural Works

Department and their salaries were paid from heads of account of RD Department's budget.

There was a situation of 'dual control' of the engineering staff with their postings and transfers by the Chief Engineer (H&RW)/Divisional Engineers (H&RW) while the responsibility for implementation of RD Schemes lay with the Director of Rural Development and Collectors. Such an arrangement was unsatisfactory. Further, the allocation of funds under various Centrally-sponsored and State-funded schemes had increased enormously during the 1980s and 1990s, making RD Department one of the biggest spending departments – bigger than even Highways Department – and warranting the sanction of additional technical posts and the creation of a separate, full-fledged Engineering wing for RD Department.

As a first step toward creating a full-fledged Engineering Wing for RD Department, the Government in RD Department sanctioned 384 additional posts of Assistant Engineers (AEs), 15 additional posts of Assistant Executive Engineers (AEEs), 28 posts of Executive Engineers (EEs) at district level and one post of Superintending Engineer (SE) with the powers of Chief Engineer vide G.O.Ms.No. 263, RD Dept., dated. 27.12.1996.

The next step was to bring the technical control of all the engineering posts in RD Department – original as well as new - under the purview of the SE (RD). Toward this end, the Madras Panchayats, Panchayat Unions (Preparation of Plans and Estimates) Rules, 1963 by which the 'technical control' was vested with engineers of H&RW Department, was superseded by the Tamil Nadu Panchayats, Panchayat Unions and District Panchayats (Preparation of Plans and Estimates) Rules, 1997 framed in G.O.Ms.No. 79, RD (CSS-1) Dept., dt. 20.3.1997.

Subsequently, adhoc Service Rules were framed for the posts of SE, EE, AEE and AE in G.O.Ms.No. 15, RD Dept., dt. 25.1.2000 with retrospective effect from 25.5.1998 for SE, EE, AEE and from 26.9.1997 for AE. Adhoc Service Rules for the posts of Senior Draughting Officer (SDO) and Junior Engineer (JE) categories were framed in G.O.Ms.No. 71, RD (E4) Dept., dt. 20.3.2000 and Adhoc Service Rules for the posts of Overseers/Junior Draughting Officers (JDOs) and Road Inspectors (RIs) were framed in G.O.Ms.No. 70, RD (E4) Dept., dt. 20.3.2000. The final and complete separation of the Engineering wings between RD and Highways and Rural Works

Departments was ordered in G.O.Ms.No. 253, RD Dept., dt. 28.9.2001.

In the meantime, RD Department notified 200 vacancies of AEs to be filled up through TNPSC in September 1997 and the first batch was recruited in 1998. The second batch of 223 AEs was recruited in 2006-07 and the third batch of 253 AEs was recruited in 2007-08. . For the years 2008-09 and 2009-10, the TNPSC has been requested to recruit 71 and 106 (totally 177) Assistant Engineers(RD) respectively. Based on the Service Rules, qualified 245 Assistant Engineers(RD)/JEs were promoted as AEEs(RD) and qualified 46 AEEs(RD) were also promoted as EEs(RD). 146 Overseers/JDOs were also promoted as AEs(RD)/JEs(RD). The RD & PR Department has also been recruiting Overseers/JDOs through Employment Exchanges based on the Service Rules. 1,398 Overseers/Junior Draughting Officers have been recruited, including the 709 newly created posts.

The Technical wing of the RD & PR Department has been entirely revamped between 2006-07 & 2009-10. The number of posts of Executive Engineer (RD), which was 28 earlier, has been increased to 46. The number of Technical sub-

divisions which was 68 earlier, has been increased to 100 in the year 2007-08 and the total number of AEE posts has been increased from 125 in 2006-07 to 228 in 2009-10. Earlier there were only 2 Assistant Engineers (RD)/Junior Engineers per Block. The pattern of two AEs (RD) /JEs for every Block was rationalised with the revised norm of having an average of one AE(RD)/JE for every 17 Village Panchayats during the year 2007-08. Thus, the present strength of AEs(RD)/JEs per Block ranges from 2 to 4. The total strength of AEs(RD)/JEs has increased from 896 in 2006-07 to 1,253 in 2009-10. Earlier, there were only 2 Union Overseers per Block in the Districts. In view of the increased workload, this strength was rationalised in the year 2007-08 with the revised norm of one Union Overseer for every 9 Village Panchayats. Thus, presently there are 2 to 8 Overseers per Block and the net strength has been increased from 768 in 2006-07 to 1,441 in 2009-10.

A series of writ petitions filed by engineers of other Departments who had been taken on deputation into RD & PR Department and who had sought permanent absorption were disposed off in favour of RD & PR Department and against the writ petitioners by the Honourable High Court of Madras during the past three years. The Hon'ble High Court

of Madras, in its judgment dated 29.1.2007 in W.P.No. 19401 to 19410 of 2004 and batch cases, struck down the request of TWAD Board engineers to absorb them in the RD & PR Department and dismissed the Writ petitions as devoid of merits by quoting various Hon'ble Supreme Court Judgments. Similarly, the prayer of the engineers from other technical departments viz. Public Works, Highways and Agricultural Engineering Departments to absorb them permanently in RD & PR Department in W.P.Nos. 23072, 28434, 24453 of 2004 and batch cases were also struck down and dismissed by the Hon'ble High Court of Madras, vide its judgment dated 13.2.2009, as devoid of merits citing legal reasons and various Hon'ble Supreme Court Judgments.

Several Writ Petitions filed by NREGS Technical Assistants who had been formerly engaged on outsourcing basis seeking absorption as Overseers were dismissed by the Hon'ble High Court of Madras by its judgement dated 8.7.2008. This was upheld by the Division Bench of the Hon'ble High Court of Madras which ruled that persons engaged on outsourcing basis had no rights of absorption.

3.6 Re-designation of AEE (RD-PMGSY) and AEE (RD-Water Supply) as AEE (RD-Roads and Bridges)

In order to strengthen technical supervision of roads and bridges and the technical support system in the offices of Executive Engineer (RD) and Superintending Engineer (RD), the Government, vide G.O.Ms.No.67, RD & PR (SGS3) Department dated 20.07.2009, have re-designated the posts of AEE (RD-PMGSY) and AEE (RD-Water Supply) as AEE (RD-Roads and Bridges) and also attached one post of AE(RD) to the office of EE(RD).

3.7 Filling up of posts of various categories in the Rural Development Department

This Government had to face a large number of vacancies in all categories of staff when it assumed office in May, 2006, which affected the implementation of schemes adversely. The Government had ordered filling up of the vacancies in all categories from the level of Assistant Director downwards. Out of a total of 17,819 vacant posts, so far 17,503 posts in 13 categories, including those of Assistant Directors, Assistant Engineers, Junior

Draughting Officers, Overseers, Road Inspectors, Junior Assistants, Typists, Stenotypists, Drivers, Office Assistants and Night Watchmen have been filled up through various methods of recruitment and the remaining posts will be filled up shortly.

At present, among others, there are 17 Additional Director cadre posts, 77 Joint Director cadre posts and 399 Nos. of Assistant Director cadre posts sanctioned for the RD & PR Department. Further, on the technical side, among others, there is one post of SE(RD), 46 posts of EEs(RD), 228 posts of AEEs(RD), 1,253 posts of AEs/JEs(RD), 29 posts of SDOs, 1,438 posts of Overseers, 161 posts of JDOs and 1,128 posts of RIs sanctioned for the RD & PR Department.

4. CENTRALLY – SPONSORED SCHEMES

4.1 Indira Awaas Yojana(IAY)

Indira Awaas Yojana, which used to be a component of Jawahar Rozgar Yojana became an independent Scheme from 1997-1998 onwards. Its objective is construction of free houses to members of the Scheduled Castes/ Scheduled Tribes, freed bonded labourers in rural areas and also to non SC/ST Rural poor people living below poverty line.

Beneficiaries are selected from the Below - the Poverty-line (BPL) list approved by the Grama Sabha. Atleast 60% of the total IAY allocation during a financial year should be utilized for construction/ upgradation of dwelling units for SC/ST BPL households. A maximum 40% of allocation is for non- SC/ST BPL rural households. 3% of the above categories should be allocated for physically and mentally challenged persons. Government of India have also asked the States to earmark 15% of the beneficiaries from amongst to minorities. New houses as well as upgradation of kutchra houses are being taken up under the Scheme. It is funded by the Centre and State in the ratio of 75:25.

4.1.1 New Houses

From 1.4.2005 onwards, the unit cost of a new house was fixed at Rs.25,000/- for ordinary soil and 27,500/- for difficult soil. Based on the budget announcement of the Union Finance Minister in February 2008, this amount was increased by Rs.10,000/- and Rs. 11,000/- respectively and the unit cost raised to Rs.35,000/- for ordinary soil and Rs.38,500/- for difficult soil. Moreover, the State Government provides an additional amount for RCC roofing cost in addition to its matching share. With

effect from 2006-07, the above RCC roofing cost was raised from Rs.9,000/- to Rs.12,000/- per house. However, as the cost of construction of new house has increased substantially, the State Government, vide G.O.No. 91, RD & PR (CGS.1) Dept. dated 6.6.2008, further raised the RCC roofing cost from Rs.12,000/- to Rs.20,000/- per house with effect from 1.4.2008. This, along with the increase in unit cost as announced by the Central Government, has increased the total cost of an IAY house from existing Rs.37,000/- and Rs.39,500/- to Rs.55,000/- and Rs.58,500/- for ordinary soil and difficult soil respectively.

Based on the announcement of the Union Finance Minister in the Union Budget speech during February 2010, a further increase of Rs.10,000/- has been made to the IAY unit cost. The State Government now proposes to increase the overall unit cost of IAY houses to Rs. 60,000 per house from 2010-11 onwards.

A further subsidy of Rs. 2,200/- out of Total Sanitation Funds is dovetailed to enable each beneficiary to construct a toilet in the IAY house. The minimum plinth area of a house should be 20 square metres. All new houses are provided with the toilets and smokeless chulahs. Beneficiaries

undertake the construction with locally available materials employing low cost technologies.

During 2010-11, approximately 1.02 lakh New IAY Houses will be constructed at a financial outlay of approximately Rs. 617 crores, inclusive of the State Government's additionality towards the RCC roofing cost.

4.2 Mahatma Gandhi National Rural Employment Guarantee Scheme - Tamil Nadu

The Mahatma Gandhi National Rural Employment Guarantee Act was enacted in September 2005. The Mahatma Gandhi Rural Employment Guarantee Scheme was initially implemented with effect from 2.2.2006 onwards in six notified districts of Tamil Nadu (in Phase I). It was extended to 4 districts (in Phase II) from 1.4.2007 onwards and to the remaining 20 districts (in Phase III) with effect from 1.4.2008 onwards. The details are as furnished below in **Table 12**.

Table-12
Coverage of Districts in Phases under
MGNREGS

Phase – I (2.2.2006 onwards)	Phase – II (1.4.2007 onwards)	Phase – III (1.4.2008 onwards)
1. Cuddalore	1.Thanjavur	1. Kancheepuram 11. Trichy
2. Villupuram	2.Tiruvarur	2. Tiruvallur 12. Perambalur
3. Tiruvannamalai	3.Karur	3. Vellore 13. Ariyalur
4. Nagapattinam	4.Tirunelveli	4. Salem 14. Pudukottai
5. Dindigul		5. Namakkal 15. Madurai
6. Sivagangai		6. Dharmapuri 16. Theni
		7. Krishnagiri 17. Ramanathapuram
		8. Erode 18.Virdhunagar
		9. Coimbatore 19.Thoothukudi
		10.Nilgiris 20. Kanniyakumari

4.2.1 Objectives of the Scheme

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) guarantees 100 days of employment in a financial year to any rural household whose adult members volunteer to do unskilled manual work. This Act is an important step towards the realization of the "right to work". It is also expected to enhance people's livelihood on a sustained basis, by developing the economic and social infrastructure in rural areas.

The Village Panchayat issues job card to every registered individual. Payment of the statutory minimum wage and equal wages for men and women are the notable features of the scheme.

4.2.2 Funding Pattern

The cost of the Scheme is shared between the Centre and the State in the ratio of 90:10. The Central Government bears the following costs:

- (a) The entire cost of wages for unskilled manual workers.
- (b) 75% of the cost of material and wages for skilled and semi-skilled workers.
- (c) Administrative expenses, which will include, inter alia, the salary and allowances of Programme Officers and their support staff, work site facilities and the State MGNREGA Cell.
- (d) Administrative expenses of the Central Employment guarantee Council.

The State Government bears the following costs:

- (a) 25 percent of the cost of material and wages for skilled and semi-skilled workers.
- (b) Unemployment allowance payable in case, the State Government cannot provide wage employment within 15 days of application.
- (c) Administrative expenses of the State Employment Guarantee Council.

4.2.3 Priority of works

Taking into account the field conditions in Tamil Nadu, the works are being taken up in the following priority:

- (a) Formation of new ponds.
- (b) Renovation of existing Ponds, Kuttais, Kulams, Ooraries, Temple tanks etc.
- (c) Desilting of channels.
- (d) Desilting and strengthening of bunds of irrigation tanks.
- (e) Formation of new roads.

- (f) Other water conservation/soil conservation measures / flood protection measures.

4.2.4 Special steps taken to ensure successful implementation of MGNREGS

On assumption of office in the month of May 2006, this Government noticed that the Scheme had not taken off properly. This was evident from the fact that the expenditure made up to 31.03.2006 was only Rs. 3 crores and that works had been taken up only in 924 Village Panchayats out of a total of 3,830 Village Panchayats in the six Districts.

This Government was quick to identify the issues and bottlenecks that were responsible for the poor progress in the implementation of the programme and came out with a series of initiatives to address those issues and to remove the implementation bottlenecks.

The following special steps were initiated to streamline and expedite the implementation of the Scheme:

1. Intensive IEC Efforts have been taken to ensure that there is extensive registration of rural households in each Village Panchayat under this Scheme. The average percentage of registration in Phase-I & II districts has crossed **72%**, in Phase III districts it has crossed **54%** and overall, in the State, it is 61%, which indicates that there is widespread awareness about the Scheme.
2. A separate Rural Schedule of Rates has been sanctioned exclusively for this Scheme every year since 2006-07. To ensure that the workers earn the minimum wage for a day's work, the Rural Schedule of Rates ensured that there was a mark-up of 60% over and above the PWD Schedule of rates till December 2009. Consequent upon the increase in the minimum wages from Rs.80/- to Rs.100/- vide G.O.2(D) No.88, Labour and Employment (J1) Department, dated 1.10.2009, the Rural Schedule of Rates has also been increased correspondingly under MGNREGS, vide G.O.(Ms)No.146, RD&PR (CGS-1) Department, Dt.23.12.2009, with effect from 1.1.2010 and with an increased mark-up of 100% for earthwork components

and 150% for jungle clearance components over and above the PWD Schedule of Rates.

3. The existing formats of Job Cards and Nominal Muster Rolls have been revised to make these documents more transparent, informative and difficult to manipulate in the process of Scheme implementation.
4. Payments to the workers are made on a weekly basis on designated days.
5. Since the Scheme requires intensive touring, the Government have sanctioned additional fuel of 50 litres per month for each of the vehicles in the Panchayat Unions. The Government have also sanctioned additional fuel of 75 litres for the vehicles of the Assistant Executive Engineers (RD) vide G.O.Ms.No.27 RD&PR (CGS-I) Department dated 20.02.2008.
6. The Scheme is implemented by Village Panchayats exclusively as they are closest to the people and hence best suited to implement this Scheme. Makkal Nala Paniyalars (MNPs), who are available in each Village Panchayat have also been made responsible for the implementation of the Scheme at the field level.
7. Additional ministerial, technical and computer staff have been sanctioned at District, Division, Block and Village levels in order to

ensure proper implementation and close supervision of the Scheme. A **State MGNREGA Cell** has also been formed vide G.O.Ms.No.164, RD & PR (CGS-1) Department, dated 21.10.2008 to augment the State Capacity in ensuring quality, efficiency and transparency in the implementation of the Scheme.

8. Only 100% labour intensive works have been taken up in order to prevent the entry of contractors who are strictly banned as per the MGNREG Act.
9. Only bigger works not less than Rs. 3 lakhs in value have been taken up in order to ensure that i) adequate numbers of workers get sustained employment at a work site for at least 30 days, ii) the assets created are visible, durable and genuinely beneficial to the community, iii) resources are not wasted by being spread too thinly, iv) the works are monitored closely and leakages are minimised.
10. In order to create awareness among the beneficiaries about the volume of work to be done to get the minimum wages, the system of pre- marking of the expected weekly quantum of work has been initiated in all the districts with effect from 2008-09.

11. In order to ensure greater transparency and fair play, it has been ordered to disburse the wages to the workers in the presence of at least four members of the following Committee:

- a) President of the Village Panchayat.
- b) Vice-President of the Village Panchayat.
- c) Ward Member of the area where the work is executed.
- d) An SC/ST Ward Member, if none of the persons in Sl. Nos. a, b and c above belongs to SC/ST Community.
- e) Two animators of graded Self Help Groups.
- f) A representative of the Panchayat Level federation.

12. Savings Bank Accounts have been opened for the MGNREGS workers to enable payment of their wages directly to their bank accounts in case they are not available to personally receive the wages on the fixed day of the payment.

13. A 25-member Tamil Nadu State Employment Guarantee council has been

constituted vide the G.O Ms No. 117, RD & PR (CGS-I) Department, dated 14.09.2006 to monitor and review the implementation of the Scheme. Consequent upon the implementation of the Scheme in all the 31 Districts of the State, a revised Council was constituted with representatives from all phases vide G.O. (MS) NO.118 RD & PR (CGS-1) Department, dated 11.07.08, G.O.Ms.No.51, RD & PR (CGS-1) Department,, Dated 18.6.2009. The first, second, third, fourth, fifth and sixth meetings of this Council were held on 25.11.2006, 11.06.2007, 03.03.2008, 08.08.2008, 16.9.2009 and 9.4.2010 respectively.

14. In order to ensure efficient monitoring of the Scheme through Management Information System (MIS), three computers and a printer have been sanctioned to each of the 385 block offices of Phase-I, II and III MGNREGS districts. Apart from this, all the existing 68 Sub-Divisions and the newly created 32 Sub-Divisions have been provided with one Computer and a Printer each.

15. In order to ensure a total transparency in the implementation of the Scheme, the Government ordered for the conduct of Social Audit of the Scheme every year in all Village Panchayats of NREGS districts along with the conduct of Grama Sabha meeting on 1st May, 15th August, 2nd October and 26th January. Like wise the conduct of the Social Audit of the Scheme will be conducted along with Grama Sabha meeting in the year 2010-11 also. An exclusive six member Social Audit Committee (consisting of NREGS workers of the Village Panchayat itself) has been constituted in every Village Panchayat for the purpose of conducting the Social Audit. The members of the Social Audit Committee are being trained through master trainers (Community Resource Persons and Community Professionals) about the conduct a meaningful Social Audit.
16. In order to enable receipt of MGNREGS funds at the State level itself and distribute these alongwith the State share of MGNREGS funds to the districts, the Government have formed a Society for the administration of Tamil Nadu State

Employment Guarantee Fund. The Tamil Nadu State Employment Guarantee Fund Rules, 2008 have also been framed vide G.O. (Ms) No. 92 RD & PR (CGS.1) Department, dated 6.6.2008.

17. An exclusive Telephone with a toll free number of "1299" has been installed in all District Headquarters to redress the grievances of the MGNREGS workers.
18. Exclusive telephone and Fax facility has been provided to all 385 BDOs (Village Panchayats) to enable them monitor the NREGS works closely and efficiently.
19. A web-based monitoring software has been developed by the State Government in order to monitor the day-to-day Habitation-wise and Village Panchayat-wise participation of workers under NREGS in all the districts of the State.

As a result of the concerted efforts taken by this Government, a sum of Rs.3,352.58 crores has been utilized generating 4,091 lakh persondays of employment up to 31.03.2010. About 76% of the work force

comprises of women and 56% are Scheduled Castes. A notable feature of the Scheme is that it has had a buoyant effect on rural wages. Tamil Nadu is amongst the leading States in the country in the implementation of National Rural Employment Guarantee Scheme (NREGS) and 3 districts, namely Cuddalore, Dindigul and Sivaganga had been awarded National Awards for excellence under NREGS in February 2009. Likewise, 2 districts- Villupuram and Nagapattinam have won the National Awards for Excellence under NREGS in February, 2010. The Honourable Supreme Court of India itself has commended the implementation of MGNREGS in Tamil Nadu and has exhorted other States in the country to follow the Tamil Nadu model

4.3 Total Sanitation Campaign (TSC)

Government of India restructured the Comprehensive Rural Sanitation Programme with effect from 01.04.1999 and launched the Total Sanitation Campaign (TSC). The project envisages a demand – driven approach with increased stress on awareness building and meeting the demand with alternate delivery mechanisms. With effect from 01.04.2006, the sharing pattern between the Centre and the State is as follows:-

- a) 80:20 for Information, Education and Communication (IEC) activities, administrative costs and rural sanitary marts
- b) 60:28:12 for individual household toilets with effect from 01.08.2008 with 12% contribution from beneficiaries and 60:20:20 for solid and liquid waste management and community sanitary complexes, with 20% contribution from beneficiaries/ Panchayats
- c) 70:30 for School and Anganwadi toilets.

The maintenance of Sanitation and hygiene in the Villages are the mandatory duties of Village Panchayats as envisaged under Sec.110 (d) of the Tamil Nadu Panchayats Act, 1994. The disposal of solid waste and sewage water is becoming a major problem for many Village Panchayats especially those situated in the vicinity of the Corporation and bigger Municipalities and individual Village Panchayats may not be a viable unit for contracting out solid waste management and sewage disposal. Hence it is proposed to group

several suburban Village Panchayats into clusters so as to form a viable unit for contracting out or allow Village Panchayats to enter into partnership with the neighbouring Corporations or Municipalities in this regard. It is also proposed to launch a State level Multi-Media campaign in order to change the mind-set of the rural public regarding sanitation practices and generate demand for individual household toilets.

4.3.1 Nirmal Gram Puraskar

To give a fillip to the Total Sanitation Campaign, the Government of India launched an incentive Scheme in June, 2003 in the form of an award for total sanitation coverage, maintenance of clean environment and open defecation – free Village Panchayats, Blocks and Districts called 'Nirmal Gram puraskar'. The Village Panchayats are given a cash incentive ranging from Rs.0.5 lakhs to Rs. 5 lakhs depending upon the population of the Village Panchayats concerned. The year-wise break-up of 'Nirmal Gram Puraskar Awards' won by the Village Panchayats and Block Panchayats is furnished below in **Table 13**.

Table -13
Year- wise break –up of Nirmal Gram
Puraskar Awards won by TamilNadu

Year	No. of Village Panchayats	No.of Block Panchayats
2004 – 05	12	1
2005- 06	119	-
2006- 07	296	-
2007- 08	1,474	5
2008- 09	196	-

4.4 Member of Parliament Local Area Development Scheme(MPLADS)

The objective of this Scheme is to fill the gaps existing in the provision of infrastructure through various Central and State schemes thereby enabling wholesome development. A sum of Rs.2 crores is allotted per Member of Parliament (Lok Sabha and Rajya Sabha) per year for taking up developmental works identified by the concerned M.P. In the case of Lok Sabha, the Scheme is implemented in the district falling within the

constituency of the M.P. concerned. In the case of Rajya Sabha, the M.P. can suggest works in one or more districts within the State from which he is elected. As far as the nominated MPs are concerned, they can suggest works anywhere in India. The District Collector gives administrative sanction for the works. The guidelines contain a 'negative list' of works not permitted under this Scheme and also an illustrative list of works that may be taken up. Under the scheme all maintenance works of any type are prohibited. Desilting of ponds, rivers, tanks, canals, etc, are also treated as maintenance activities and cannot be taken up under MPLADS.

As per Government of India (Ministry of Statistics and Programme Implementation) website, Tamil Nadu stands first at All India level, in cumulative utilization of funds under MPLADS with 97.14% fund utilization since 1993.

For 2010-11, an amount of Rs.114.00 crores is likely to be allotted for works under MPLADS.

4.5. Pradhan Mantri Gram Sadak Yojana (PMGSY)

The Government of India launched PMGSY on 25th December 2000 to provide all-weather

roads, to all rural habitations with population more than 1000, by the year 2003 and to all rural habitations with population between 500 and 1,000 by the year 2007. This is a 100% centrally assisted Scheme. The details of yearwise allocation and no. of works taken up under the Scheme are furnished below in **Table 14**.

Table-14
Year wise allocation and works taken up
under PMGSY.

Phase	Allocation (Rs. in Crores)	No. of Roads	Length (in KM)
Phase I (2000 – 01)	152.91	862	1,442.12
Phase II (2001 – 02)	115.29	446	803.70
Phase III (2003 – 04)	160.88	492	1097.50
Phase IV (2004 – 05)	112.65	396	787.97
Phase V (2005 – 06)	170.84	365	799.69
Phase VI/ Bharat Nirman Phase - I (2008 – 09)	465.64	818	2,082.54
Phase VII/ Bharat Nirman Phase - II (2008 – 09)	858.99	1,591	3,031.09
Total	2,037.20	4,970	10,044.61

In the year 2008-09, PMGSY road works at an outlay of Rs.1, 324.63 crores have been sanctioned under Bharat Nirman (Phase I & II) to Tamil Nadu which is a record achievement for the

State which had been allocated PMGSY road works only to the tune of Rs.142 crores per year in the previous phases.

Funding under the next phase (PMGSY Phase VIII) is going to be sought for upgradation of roads under PMGSY during 2010-11 and for this, the Detailed Project Reports (DPRs) are under advanced stage of preparation.

4.6 National Project on Biogas Development

This is a 100% Centrally sponsored Scheme envisaging a subsidy of Rs.8000/- for installation of Biogas plants for all categories and Rs.10,000/- in the hilly areas for the installation of Biogas. The tentative allocation for 2010 – 11 under this Scheme is Rs. 139 lakhs.

4.7 Backward Region Grants Fund (BRGF)

The erstwhile Rashtriya Sam Vikas Yojana (RSVY) has been transferred from Union Planning Commission to Ministry of Panchayat Raj at Government of India level with effect from 2006-07. The Ministry of Panchayat Raj have modified the Scheme of RSVY into a Backward Regions Grant Fund (BRGF). The main focus of the Scheme is to

strengthen and provide professional support to the Local Bodies to improve their performance and delivery of critical functions assigned to them besides redressing regional imbalances in development. This Scheme is being implemented in six districts in Taminadu viz., Cuddalore, Vilupuram, Tiruvannamalai, Nagapattinam, Dindigul and Sivagangai.

The BRGF Scheme consists of two funding windows viz., the 'Capacity Building Fund' and 'Development Grant'. The Government, as per G.O.Ms.No.161, RD & PR (CGS-1) Department, dated 13.10.2008 have released a sum of Rs.16.31 crores to SIRD, Maraimalai Nagar as Central assistance for Capacity Building of Local Bodies under BRGF.

The Government of India have sanctioned Development Grants under BRGF to the six BRGF districts for the year 2007-08 and 2009-10 as detailed in **Table 15**.

Table-15
Funds Sanctioned under BRGF for 2007-08
and 2009-10

Sl.No.	Name of the District	2007-08 Amount (Rs.in crores)	2009-10 Amount (Rs.in Crores)
1.	Cuddalore	17.76	17.76
2.	Vilupuram	21.73	21.73
3.	Tiruvannamalai	19.27	19.27
4.	Dindigul	18.70	18.70
5.	Nagapattinam	15.06	15.06
6.	Sivagangai	15.52	15.52
	Total	108.04	108.04

5. STATE SCHEMES

5.1 Kalaingar Veettu Vasathi Thittam

In Tamil Nadu about 33% of the rural houses are 'huts', as per the 2001 Census. In order to convert all these huts into permanent concrete houses, 'Kalaingar Veettu Vasathi Thittam', which is so far the biggest State-funded Scheme, was announced by Government of Tamil Nadu during the Governor's Address in Tamil Nadu Legislative Assembly on 6.1.2010. The Scheme aims at replacing all the huts in Tamil Nadu with permanent houses over a 6-year period between 2010-11 and

2015-16. Tamil Nadu will, thus, earn the distinction of being the first 'hut free State' of the country by 2016. The following are the salient features of Kalaignar Veettu Vasathi Thittam (KVVT):

1. All huts with thatched roof will be taken up for conversion of permanent houses under KVVT, irrespective of the type of wall (mud, unburnt bricks, burnt bricks, etc.,) of the huts.
2. Only huts that have been built prior to 1.1.2010 will be taken up under this Scheme. Huts built after 1.1.2010, if any will be considered only at the end of the 6-year period (i.e. after 2016 subject to eligibility).
3. Like IAY houses, the Kalaignar Veettu Vasathi Thittam houses will be built with RCC roofing and separate toilet. The minimum stipulated area of the house will be 200 sq.ft. and the unit cost of each houses will be Rs.60,000 per house. Low cost technology and fast track system will also be permitted under the Scheme.
4. Like IAY, the houses will be constructed by the beneficiaries themselves (or by their Agents) and there will be no tendering.

5. The enumeration of all the huts in the State will be taken in 2 phases

- (i) In Phase I, a quick assessment of the number of huts to be replaced by permanent houses under KVVT will be made;
- (ii) In Phase II, the photographs of all the enumerated huts (with the beneficiaries standing in front of their respective huts) will be taken and copies of pattas and other relevant documents will be collected.

The enumeration will be done through a 3-member team comprising the Village Administrative Officer, Makkal Nala Paniyalar and Village Panchayat Assistant. It will be super-checked by officers of both RD & Revenue Departments.

6. The Scheme will be implemented simultaneously in all the 12,618 Village Panchayats across the State.
7. The permanent houses will be allocated among various communities (ST, SC, MBC, BC and OC) in proportion to the total number of huts of the beneficiaries of each community in the Village Panchayat as per the enumeration survey.

8. Within the communities, the beneficiaries will be selected door number-wise, which is a simple, fair and transparent method which will be intelligible to all beneficiaries.

9. The huts of the following types will not be eligible for conversion into a permanent KVVV houses:

- Huts occupied by tenants.
- Huts used for commercial purposes or for animals.
- Huts that have part thatched roof and part RCC/Tiled/AC sheet/Tin/GI sheet roof.
- Huts whose occupants also own a Pucca house elsewhere.
- Huts, if any, owned by retired or serving Government servants (full-time, part-time, contract appointment, daily wage appointment) including employees of Local Bodies, PSUs, Government Aided Institutions, Boards and other quasi-Government undertakings or their spouses
- Huts, if any, owned by MPs, MLAs and Local Body functionaries or their spouses.

5.2 Anaithu Grama Anna Marumalarchi Thittam (AGAMT)

This Government launched the landmark scheme called the 'Anaithu Grama Anna Marumalarchi Thittam' vide its G.O.Ms.No.115, Rural Development and Panchayat Raj (SGS-2) Department dated 11.09.2006 and G.O.Ms.No.189, Rural Development and Panchayat Raj (SGS-2) Department, dated 27.12.2006 which aims at substantial injection of resources into the Village Panchayats in the State in five years. The Scheme was formally inaugurated by the Hon'ble Chief Minister on 21.01.2007 at Tirumathalampakkam Village of Vellore District.

Since many Village Panchayats have very low income and are finding it difficult to provide the statutory services or improve infrastructure, this Scheme accords priority to the poorest Village Panchayats in terms of *per capita* income. One-fifth of the Village Panchayats in each Block are taken up in each year in the ascending order of per capita income so as to cover all the Village Panchayats in the State over a period of five years. The villages covered under the old Anna Marumalarchi Thittam, which was in vogue during 1997-2001, will be taken up during 2010-11.

Under the Scheme, the Government had allocated a sum of Rs.2041.01 crores for the last 4 years as detailed below in **Table 16**.

Table-16

Year wise allocation for AGAMT

S.No.	Year	No.of Village Panchayats	Allocation (in crores)
1.	2006-07	2,540	513.08
2.	2007-08	2,534	511.87
3.	2008-09	2,520	509.04
4.	2009-10	2,510	507.02
	Total	10,104	2,041.01

For 2010-11, this Scheme will be taken up in 2,514 villages at an outlay of Rs.507.82 crores.

The Centrally sponsored schemes usually have tight guidelines and do not offer the flexibility to take up works that may be locally desirable nor do they provide funds enabling Village Panchayats to carry out their statutory functions under the Tamil Nadu Panchayats Act, 1994. The Anaithu Grama Anna Marumalarchi Thittam endeavours to plug both these gaps in the Centrally sponsored schemes by providing untied funds of Rs.5 lakhs

(out of Rs.20 lakhs allocation per Village Panchayat), with the remaining funds to be spent on stipulated items. Further, funds from other schemes of Rural Development and Panchayat Raj department and other departments such as Highways, public works, Social welfare, Health, Education, Agricultural Engineering and TWAD among others will also be dovetailed as far as possible into the Village Panchayats taken up under Anaithu Grama Anna Marumalarchi Thittam. The Government's intention is to ensure the convergence of atleast Rs.1 crore of funds under various Governmental schemes to each AGAMT Village Panchayat.

The following are some of the key guidelines of the Scheme:

- 1) Selection of works to be taken up under AGAMT will be done by a committee consisting of the Block Development Officer (Village Panchayats), Assistant Engineer (RD) / Block Engineer, the Panchayat President concerned and the Village Administrative Officer.
- 2) The works should be got approved by the Grama Sabha.

- 3) Cement Concrete roads can be taken up for an amount not exceeding Rs.3 lakhs in tied component per Village.
- 4) At least one Pond / Oorani is to be constructed at a cost of Rs.3 - 5 lakhs in each AGAMT village and it should have Bathing ghat, Baby pond, Retaining wall, etc. In case of a Pond or Oorani being unavailable in the village, Temple Tank or Minor Irrigation tank can be taken up for desilting in the village. Desilting the pond for a minimum depth of 2 metre from the existing level and the baby pond for further depth of 1 metre has been stipulated.
- 5) Fish ponds are to be taken up wherever feasible and preference given to the Self Help Groups for getting fishery rights.
- 6) Burial ground in each AGAMT village will be improved with approach road, Compound wall, Cremation shed, Water facility and Lighting.
- 7) A School Sports Centre at an outlay of upto Rs.1.5 lakhs or Community Sports Centre at an outlay of upto Rs.1 lakh is to be put up in each AGAMT village.

- 8) A library will be opened in each AGAMT village. A new building may be constructed or an existing building may be modified suitably and books worth at least Rs.50,000 are to be bought and furniture worth Rs.50,000 procured for the library. An Honorary Librarian is to be appointed for each AGAMT Library
- 9) Village shandies are to be improved wherever available.
- 10) An amount of 1% of the total allocation is to be used for IEC activities.

BDO (Village Panchayats) is designated as the tender inviting authority for all works other than the purchases of sports materials, library books and library furniture. The Government have, vide G.O. (Ms).No.186, RD & PR (SGS-2) Department, dated 16.11.2007 stipulated that the works for which tenders are not received for three consecutive calls or where the quoted rates are exorbitant or where the works are left mid-way by the contractor, can be entrusted to the Village Panchayat for execution departmentally in case the value of the work is below Rs.5 lakh and through

tendering in case the value of the work is above Rs.5 lakh each.

The Village Panchayats have been permitted to incur an expenditure of upto Rs.10,000/- per year for replacement of sports consumables in the AGAMT Sports Centers.

To encourage the rural youth who are talented in sports and to make proper usage of the Sports Centres established under AGAMT on a regular basis, the Government have ordered vide G.O.Ms.No.73 RD & PR (SGS-I) Department dated 28.7.09 and G.O.(Ms) No.131, RD & PR (SGS-1) Department, dated 27.11.2009, for the conduct of Rural Sports Competitions twice a year on the occasion of Perarignar Anna's birthday on September 15th and during Pongal holidays. Approximately 70,000 teams participated in the team events of Volley ball and Tennikoit and 9.97 lakh individuals participated in the individual events of 100 m sprint, Long jump, High jump, Chess and Carrom on September 15th, 2009. Likewise approximately 74,000 teams participated in the team events of Volley ball and Tennikoit and 11.75 lakh individuals participated in the individual events of 100 m sprint, Long jump,

High jump, Chess and Carrom in the Rural Sports Competitions held during Pongal holidays of 2010.

In order to popularise the usage of libraries and to bring out the literary talent of the children and the youth living in rural areas, the Government issued guidelines vide G.O.Ms.No.132 RD & PR (SGS-1) Dept., dt.1.12.2009 for the conduct of Rural Library Competitions among three categories of students such as Primary & Middle Schools, High Schools & Higher Secondary Schools and others, including school dropouts. Approximately 6.08 lakhs individuals participated in the Rural Library Competitions held during the second fortnight of December, 2009.

5.3 Member of Legislative Assembly Constituency Development Scheme (MLACDS)

Member of Legislative Assembly Constituency Development Scheme (MLACDS) is fully funded by the State Government. The main objective of the Scheme is to take up works to bridge the critical infrastructural gaps in the Assembly constituencies. Under this Scheme, each MLA proposes the works that should be executed in

his constituency. The District Collector gives administrative sanction for the works. The allocation per Constituency was increased from Rs.1.50 crores to Rs.1.70 crores vide G.O.Ms.No.90 RD&PR(SGS-1) Department, dated 11.8.09. 50% of the allocation (Rs.85 lakhs) is earmarked for priority works specified by Government. Out of the remaining 50%, MLAs can choose works of their choice not falling within the negative list prescribed in the MLACDS guidelines.

5.3.1 MLACDS-Works to be taken up under Tied Component:

Since a large number of Anganwadi Buildings, Noon Meal Centres, Noon Meal Kitchen Sheds, especially in urban areas and to a lesser extent in rural areas are functioning in dilapidated buildings, a phased program of construction of new buildings for such cases is to be taken up. Hence in 2009-10, each MLA was requested to allocate Rs.20 lakhs for construction of Anganwadi Buildings, Noon Meal Centres and Noon Meal Kitchen Sheds.

From the remaining amount of Rs.65 lakhs of Tied Component, the MLA can choose one or more of the following works for any amount according to his choice, subject to the overall ceiling of Rs.65 lakhs.

a) In rural areas:

1. Upgradation of gravel/WBM Roads to B.T. standard.
2. Renewal of badly worn out B.T.roads (laying of B.T. layer only with filling up of potholes if necessary).
3. Laying of Cement Concrete Roads.
4. Provision of buildings and/or compound walls for Government and Local body Hospitals, Primary Health Centres, Government Veterinary Hospitals and also for Government Schools, Panchayat Union Schools, Adi Dravida Schools, Kallar reclamation Schools, Government Colleges and Government hostels.
5. Provision of infrastructural facilities to Government Special Schools for the disabled and Government Orphanages.
6. Provision of additional Burial Grounds/Cremation Grounds as per AGAMT pattern in uncovered habitations in AGAMT Village Panchayats of 2006-07, 2007-08, 2008-09 and 2009-10.

7. Construction of new houses and upgradation of kutchha houses as per IAY norms.
8. Construction of bridges.

b) In urban areas:

1. 1-5: Same as in Sl.No.1-5 for rural areas above.
2. Provision of infrastructure facilities to Burial Grounds/ Cremation Grounds.
3. Provision of Concrete Pavements, with storm water drains if so required.
4. Formation of new public parks.
5. Construction of public Toilets.
6. Construction of bridges.
7. Purchase of Jetrodding and Hydraulically perated desilting machines.

5.3.2 MLACDS-Works to be taken up under Untied Component

Certain category of negative works have been prescribed under MLACDS. Any work not falling within the negative list/prohibited works can be taken up under the untied component of MLACDS. Works falling under the tied component also can be taken up under the untied component.

As in the case of Member of Parliament Local Area Development Scheme (MPLADS), works involving desilting of ponds, rivers, ooranies and channels have been banned under MLACDS. Also the works mentioned in the negative list (prohibited works) cannot be taken up under the MLACDS unless specifically included in the exceptions of the guidelines of MLACDS.

An allocation of 19% of the total allocation under MLACDS should be made for areas predominantly inhabited by SC/ST people or benefiting people living in Slums in Urban areas.

The total allocation for MLACDS for 2010-11 is likely to be Rs.399.50 crores.

5.4 Panchayat Union School Renovation Programme.

The programme of Panchayat Union School Renovation introduced in 2007-08 envisages repair and improvement of all Panchayat Union Elementary Schools and Middle Schools in the State in a phased manner. There are around 22,000 Panchayat Union Primary Schools and 4,500 Panchayat Union Middle Schools which are being maintained by Block Panchayats. Due to lack of proper maintenance, most of these School buildings

have become dilapidated. Hence, the repair and renovation of such long neglected School buildings in AGAMT Village Panchayats were taken up in this Scheme. The repair works include replacement of old and damaged tiled or asbestos roofs with new tiled roofs; replacement of damaged weathering course in RCC-roofed buildings with new ones; attending to cracks in roofs, walls and flooring; replacement of broken doors and windows; and whitewashing and colour-washing of the buildings giving a complete facelift to the Panchayat Union School buildings.

The details are given below in **Table 17**

Table -17
Year wise allocation for Panchayat Union
School Renovation Programme

Sl.No	Year	No.of school Buildings in AGAMT Panchayats	Allocation (in crores)
1	2006-07 & 2007-08	9,547	104.25
2	2008-09	4,430	69.30
3	2009-10	4,124	67.56

During the year 2008-09, 495 Panchayat Union Elementary and Middle Schools located in Town Panchayats and Third Grade Municipalities have been taken up for renovation at an estimated cost of Rs.14.31 crores and all works have been completed. During 2009-10, 450 Panchayat Union and Middle Schools located in Town Panchayats and Third Grade Municipalities have been taken at an estimated cost of Rs.10.60 crores.

During the year 2010-11, around 5,000 Panchayat Union Elementary and Middle School buildings in 2010-11 AGAMT Village Panchayats and in Town Panchayats and Third Grade Municipalities will be taken up for repairs and improvements at an outlay of approximately Rs. 85 crores.

5.5 Namakku Naame Thittam

Namakku Naame Thittam is being implemented as a State Sponsored Scheme with a minimum of one-third amount as public contribution and two-third contribution from Government as grants in both Rural and Urban areas. Under this Scheme, the public themselves can select works as they need and execute it as per the provisions in the guidelines of the Scheme.

Construction of Government and Local Body School Buildings (including Compound Wall) Libraries, Hospitals, Primary Health Centres, Veterinary Dispensaries, Noon Meal Centres, Hostels, Creation of Water Supply Sources, Public Distribution Shop Buildings, Bridges and Culverts, Upgradation of Roads and Streets, CC Pavements, Parks, Play Grounds, Traffic Islands, Fountains, Street Lights, Purchase of Furniture, Computers and Equipments for Government and Local Body Schools and Libraries and construction of class rooms, Laboratories and toilets in Government aided schools and colleges can be undertaken under Namakku Naame Thittam. A sum of Rs.50.00 crores was allotted by Government of Tamil Nadu for the year 2009-10.

Likewise, a sum of Rs.50.00 crores will be allotted by Government of Tamil Nadu for the implementation of this Scheme in 2010-11.

5.6 Periyar Ninaivu Samathuvapuram

To Promote social justice and spread Thanthai Periyar's message of social equality, Government of Tamil Nadu, established Samathuvapurams since 1997-98 in the districts where all communities live with unity and

brotherhood. Accordingly, 145 Samathuvapurams were established in the State.

In the Governor's Address, 2008 made in the Assembly on 23.1.2008, among others, it was announced that "considering the fact that an even better way of spreading Thanthai Periyar's message of social equality would be to establish another 95 Samathuvapurams in his name".

Government have, accordingly, decided to revive the Scheme and construct another 95 Samathuvapurams between 2008-09 and 2010-11. In the first phase in 2008-09 a sum of Rs. 75 crores was allotted and 29 Samathuvapurams were established. In the Second phase, a sum of Rs. 75 Crores was allotted for 2009-10 vide G.O.Ms. No. 59, Rural Development and Panchayat Raj, (SGS-1) Department, dated 14.7.2009 and 30 Samathuvapurams are being established at the rate of one Samathuvapuram in each district except Nilgiris District. In each Samathuvapuram, 100 houses are being constructed at an approximate cost of Rs.1.94 lakhs per house. Roads, street lights, drinking water supply and Public Distribution shop (if so required) are also being provided in each Samathuvapuram to make it a self-sufficient

community. A statue of Thanthai Periyar is installed in each Samathuvapuram.

For 2010-11, 36 Samathuvapurams will be taken up at an approximate cost of Rs. 75 crores in the State.

5.7 Rural Infrastructure Scheme

Since the National Rural Employment Guarantee Scheme has been extended to all the districts from 1.4.2008 onwards, the Central Government has discontinued the Sampoorna Grameen Rozgar Yojana (SGRY). Consequent to this, there was no proper scheme to create basic infrastructure facilities like Cement Concrete Roads and Buildings. Further, it had become essential to make the assets created under National Rural Employment Guarantee Scheme durable by stabilizing them. Taking into consideration the representations received in this regard, a new Scheme called 'Rural Infrastructure Scheme' was introduced during 2008-09 with an allocation of Rs.350 crores for the year 2008-09. The above Scheme was continued for the year 2009-10 with an allocation of Rs.380 crores. In 2009-10, funds to the tune of Rs.200 crores were earmarked for Village Panchayats, Rs.120 crores for Panchayat Unions and Rs.60 crores for District Panchayats.

Maintenance of Minor Irrigation Tanks have also been taken during 2009-10 as a priority basis component for Panchayat Unions and District Panchayats under this Scheme.

The Rural Infrastructure Scheme will be implemented in 2010-11 also and an amount of Rs.380 crores will be provided for this purpose.

5.8 NABARD's Rural Infrastructure Development Fund (RIDF)

5.8.1 RIDF XIV– 2008 -2009

For the year 2008-2009, an amount of Rs.414.58 crores have been sanctioned by NABARD based on the proposal of the State Government to upgrade the Panchayat and Panchayat Union roads to the length of 2691.73 Kms connecting and passing through AGAMT 2007 – 2008 Village Panchayats. So far, 2,320.68 km of road works have been completed at an expenditure of Rs.296.36 crores and all other roads are in advanced stage of completion.

5.8.2 RIDF XV – 2009 -2010

A proposal for strengthening of Panchayat and Panchayat Union roads for a length of 2,822

km at an estimated cost of Rs.400.73 crores has been forwarded to NABARD by the Government for sanction. In first Phase, NABARD has sanctioned 1495.57 km of road works at an estimate cost of Rs. 200.09 crores, and these road works are under execution in all the districts.

5.9 Twelfth Finance Commission Road Works – 2009-2010 and 2010-11

For the year 2009 – 2010, 1727.40 km of road works at an estimated cost of Rs.103.60 Crores were taken up under Twelfth Finance Commission funds. Priority is given to upgrade Panchayat and Panchayat Union roads which are connecting and passing through AGAMT 2009-10 Village Panchayats. So far 1194.37 Km of road works have been completed with an expenditure of Rs.62.25 crores.

During 2010-11, a further allocation of Rs.103.60 crores will be made for the maintenance of Panchayat and Panchayat Union roads under this component.

5.10 Programme for Comprehensive Development of Dharmapuri and Krishnagiri Districts.

To curb the rise of Naxalite elements in the backward districts of Dharmapuri and Krishnagiri, a Socio-economic Development Programme was launched in the year 2003-04. For 2009-10 a provision of Rs.7.50 crores has been made. In the year 2009-10, construction of new houses, Group House repairs, tool kits and implements for youth, individual assistance to physically handicapped/widow and destitutes have been taken up. For 2010-11 also, a provision of Rs.7.50 crores will be made for this Programme.

6. PART - II SCHEMES

6.1 The Government have, vide G.O. Ms.No. 81 RD & PR(SGS -IV) Department dated 3.8.2009, sanctioned Renovation of the Conference Hall, Meeting Hall and the provision of invertors in the Directorate of Rural Development and Panchayat Raj, Panagal Building a total cost of Rs. 50 lakhs. For the year 2010 - 11, it is proposed to take up Modernisation of 5th Floor in the Commissionarate of Rural Development and Panchayat Raj, Panagal Building at a cost of Rs. 30 lakhs.

6.2 Construction of Office Buildings

During 2010-11, it is proposed to take up construction of Office Buildings to the Development Wing of Collectorate of Coimbatore District and Project Director, District Rural Development Agency, Nilgiris District at a total cost of Rs. 125 lakhs.

6.3 Construction of Residential Quarters

It is proposed to construct Residential Quarters for the Project Director, District Rural Development Agency, Pudukottai District at a cost of Rs. 28.50 lakhs.

6.4 Provision of Vehicles for Tamil Nadu State Election Commission

The Government have, vide G.O. Ms.No. 83 RD & PR(SGS -IV) Department dated 3. 8.2009, sanctioned Computers at a cost of Rs.8 lakhs for and Fax Machines at a cost of Rs.0.30 lakhs to Tamil Nadu State Election Commission. For the year 2010 -11, it is proposed to provide 2 Vehicles to Tamil Nadu State Election Commission at a cost of Rs. 10 lakhs.

6.5 During 2010-11, it is proposed to provide Desktop computers and accessories, Laser Printers, Scanners and Fax Machines to the officers of Rural Development and Panchayat Raj Department, Secretariat at a total cost of Rs. 6.50 lakhs.

7. TAMIL NADU CORPORATION FOR DEVELOPMENT OF WOMEN

The Government of Tamil Nadu is committed to promoting inclusive growth by ensuring equal rights, equal opportunity and progress for all women with a special focus on the poor and marginalised sections of the society. The Tamil Nadu Corporation for Development of women (TNCDW) was established in 1983 with these objectives in mind. The Corporation implements Mahalir Thittam, IFAD assisted Post Tsunami Sustainable Livelihoods Programme and also Swarnajayanti Gram Swarozgar Yojana (SGSY), a major anti-poverty programme meant for self employment of rural poor.

The Self Help Group movement which was started in a small way in Dharmapuri District in the year 1989 has now grown into a mammoth movement covering all districts of the State

targeting poor families and marginalised sections of the society. TNCDW has been spearheading the SHG movement in the State.

7.1 Restructuring and strengthening of TNCDW

In order to bring about greater synergy and better coordination in implementing various schemes for Self Help Groups, Tamil Nadu Corporation for Development of Women was brought under the control of Rural Development and Panchayat Raj Department from July 2006. Further the Board of TNCDW was broad based and reconstituted vide G.O.Ms.No:148,Rural Development and Panchayat Raj(CGS-II) Department, dated 12.10.2006 to include representatives from Industry, NGO sector, Banks and Specialists who can positively guide the Corporation with their valuable inputs.

In order to strengthen the monitoring arrangements at Block level, Government have issued orders vide G.O.Ms.No:106 Rural Development and Panchayat Raj (CGS-I) Department, dated 20.6.2007 to involve Block Development Officer (VP) and other Block staff for

monitoring and supervising Mahalir Thittam Programme.

Additionally 30 Assistant Project Officer posts were sanctioned vide G.O.Ms.No:177, Rural Development and Panchayat Raj (CGS-II) Department, dated.5.12.2006 supplementing the existing strength of the Project Implementation Units.

Recruitment of Assistant Project Officers from open market was done to further strengthen the Project Implementation Units at the districts for effective implementation of the schemes as per G.O.Ms.No:30, Rural Development and Panchayat Raj (CGS-II) Department, dated 8.3.2007. In addition, 3 posts of Additional Director have been created in the head office to facilitate better monitoring vide G.O.Ms.No:108, Rural Development and Panchayat Raj (CGS-I) Department, dated 21.6.2007.

The Government vide G.O.Ms.No:14, Rural Development and Panchayat Raj (CGS-III) Department, dated 4.02.2010 have brought Tamil Nadu Welfare Society for Self Help Groups, the specialized agency to undertake initiatives to market SHG products, under the control of TNCDW.

7.2 Mahalir Thittam

The programme is implemented in partnership with NGOs and community-based organizations such as PLFs which are affiliated to TNCDW after due process. So far 4,41,311 SHGs have been formed as of March 2010 with 69.91 lakh women members and with total savings of Rs. 2,568 crores. Out of this 1,25,493 new SHGs with 18.92 lakh women members have been formed over the last four years.

The members and office bearers of the SHGs promoted by Mahalir Thittam are provided systematic training to bring about qualitative changes in their attitude and to promote cohesion and effective functioning of the group.

All the SHG members are imparted training in 4 modules for 4 days to orient them to the SHG concept. The office bearers of the SHGs (Animator and Representative) are given training in 3 modules for 6 days to enhance leadership quality, team building and book keeping.

7.2.1 Group Formation

In order to enable all women living below poverty line to join and benefit from the Self Help

Group movement, it has been estimated that one lakh new SHGs have to be formed in the State. To achieve this, 50,000 SHGs were formed in 2009-10 and another 50,000 new SHGs will be formed during 2010 -11.

Though the project was very successful with respect to the number of SHGs formed in the State, the coverage was not universal and inclusive. For example, at the beginning of 2007-08, there were still 3,644 Village Panchayats in the State where the coverage of women in the SHG movement was less than 25% and in 5,014 Village Panchayats the coverage was between 25% to 50%. Similarly the coverage of MGNREGS women workers in SHG movement was also less than 50%. Hence from 2008-09, new SHG formation in rural areas has been taken up with a special focus on the above categories and during the last two years 25,304 SHGs have been formed with MGNREGS women workers and 19,696 SHGs have been formed in Village Panchayats with inadequate coverage.

Similarly in urban areas the number of SHGs formed from among the poorest of the poor such as women residing in slums was less than 1,000 groups at the beginning of 2006-07. A special thrust has been given in the last four years to the

formation of new women SHGs in urban slums. Over 38,000 SHGs have been formed in urban slums as on 31.3.2010.

During 2010-11 also, new SHG formation will be undertaken with a special focus on MGNREGS women workers, urban slum dwellers and in Village Panchayats where SHG coverage is still inadequate.

Table 18 gives the details of SHGs as on 31.03.2010.

Table -18
Details of SHGs

No. of SHGs	4,41,311
No. of SHG Members	69.91 lakhs
No. of Rural SHGs	3,02,092
No. of Members in Rural SHGs	48,33,472
No. of Urban SHGs	1,39,219
No. of Members in Urban SHGs	21,57,894
Total Savings	Rs.2,568 crores
No. of SHGs credit linked	4,02,046
Total credit	Rs.8,129.61 crores

7.2.2 Non-Governmental Organisations

Mahalir Thittam is implemented in partnership with NGOs who undertake formation of SHGs, organise training support and monitor their activities. For rendering these services, NGOs are paid formation cost, monitoring cost and also incentive for enabling SHGs to access bank credit.

As on 31.03.2010, 469 NGOs have been affiliated with TNCDW as per the revised affiliation norms listed in G.O.Ms 155 Rural Development and Panchayat Raj (CGS-1) Department, dt.05.09.2007. The new agreement with these NGOs contains many salient features including performance based incentive and greater emphasis on quality and also provides an enabling environment for the growth of community – based organisations like Panchayat Level Federations. These affiliated NGOs are being subjected to performance evaluation annually.

7.2.3 Community Resource Persons

In order to bring sustainability to the SHG movement as well as make it more community based, 5,000 Community Resource Persons (CRPs) have been developed from among SHG members. CRPs undertake capacity building training of the SHGs and provide continuous handholding support

to the community-based organisations. They are also used as effective tools of IEC for other Government schemes and are involved in training Social Audit Committee members under MGNREGS programme.

7.2.4 Revolving Fund to SHGs

SHGs become eligible for Revolving Fund (RF) after passing the first credit rating which is undertaken 6 months after the date of formation of the SHGs. It is aimed at augmenting the group corpus and makes them credit worthy to access Bank loan.

Prior to 2006-07, there was no scheme to provide RF subsidy to urban SHGs. The Government announced a new scheme to provide RF subsidy to urban SHGs in 2006-07. During the last 4 years Rs. 87.93 crores have been provided as RF subsidy to 87,939 urban SHGs in the State. Similarly during the last four years 1,93,944 rural SHGs have been provided RF subsidy of Rs. 10,000/- each with the total amount of Rs 193.94 crores. As such during the four years from 2006-07 to 2009-10, RF subsidy of Rs. 281.88 crores along with the Bank credit of Rs. 1,164.23 crores have been disbursed to a total of 2,81,883 SHGs. With the enhanced allocation of RF subsidy by the

Government, the waiting time of the SHGs to receive RF after the credit rating which used to vary from 6 months to 4 years has been reduced to almost zero. During 2010-11, another 65,000 SHGs will be provided RF subsidy. Details of RF sanctioned to the SHGs since 2006-2007 is given in Table- 19.

Table -19
Year- wise Details of RF Disbursal

Year	No. of SHGs			Financial Assistance		
	Rural	Urban	Total	Subsidy	Credit	Total
2006-07	19,024	5,000	24,024	24.02	36.04	60.06
2007-08	18,563	25,000	43,563	43.56	65.34	108.91
2008-09	1,06,047	43,953	1,50,000	150.00	739.69	889.69
2009-10	50,310	13,986	64,296	64.30	323.16	387.46
Total	1,93,944	87,939	2,81,883	281.88	1,164.23	1,446.12

(Rs.in
Crores)

7.2.5 Credit Linkage

Bank credit is one of the most critical inputs for empowering SHGs and to reduce rural indebtedness. Banks normally extended cash credit of Rs.10,000 to Rs.30,000 to SHGs along with RF

subsidy of Rs.10,000 provided by Government. The quantum of credit extended by banks to SHGs was not adequate to meet the credit requirements of all the SHG members. Therefore the Government have taken special efforts to increase the quantum of credit to SHGs and ensure credit is made available to SHGs in multiple doses. Due to the efforts taken by Government, Banks in the State have started providing minimum of Rs.50,000 as first linkage and minimum of Rs.1 lakh and Rs.1.50 lakhs as second and third linkages respectively. In order to ensure that the SHGs get timely and adequate financial assistance the Government have taken initiatives to provide repeat loans in the form of second and subsequent doses of credit linkage to the SHGs. The details of credit availed by SHGs are given in **Table 20**.

Table- 20
Details of Credit Linkage

Sl. No.	Year	Achievement
		(Rs.in crores)
1	Upto 2001	120.30
2	2001 - 02	97.91
3	2002 - 03	184.65
4	2003 - 04	271.32
5	2004 - 05	490.62
6	2005 - 06	600.44
7	2006 - 07	593.45
8	2007 - 08	804.70
9	2008 - 09	2,174.57
10	2009 -10	2,791.65
	Total	8,129.61

From the inception of Mahalir Thittam, SHGs have been assisted with the cumulative credit linkage of Rs.1,765.24 crores only upto March 2006. But during the last four years alone, credit

linkage to SHGs has touched Rs.6,364.37 crores due to the positive interventions made by the Government and the whole hearted co-operation received from the Banks in the State. During 2010-11, the focus of Mahalir Thittam would be on increasing credit linkages to SHGs, particularly repeat loans and a credit target of Rs.3,000 crores has been fixed for the year 2010-11.

To supplement the existing bank credit to SHGs, it is envisaged that PLFs will develop into community level financial institutions catering to the credit requirements of SHGs obviating the influence of moneylenders who are charging exploitative rate of interest. During 2008-09, 102 PLFs under Mahalir Thittam have been sanctioned bulk loan of Rs.27.52 crores by various banks. TNCDW will take necessary steps to further strengthen the financial intermediary role of the PLFs during 2010-11 also.

7.3 Panchayat Level Federation

Government of Tamil Nadu have formed about 4.41 lakhs SHGs under Mahalir Thittam implemented through TNCDW over a period of 20 years. The success achieved in the project has prompted the Government to further strengthen the movement and make it sustainable by forming

federations of SHGs at Village Panchayat, Block and District level. PLFs have been formed in all the 12,618 Village Panchayats in the State.

The PLF provides a common platform for the SHGs to share their experiences and voice their problems. The PLF can help achieve what individual SHGs cannot, by pooling in their talents and resources and exploiting economies of scale both in production and marketing. PLF can also guide and monitor the functioning of SHGs in a Village Panchayat and also form and train new SHGs. Strengthening of PLFs is the key for achieving sustainability of the SHG movement in the long run.

- Since 2006-07, the Government have taken various initiatives such as providing seed money, instituting Manimegalai Awards to best PLFs and capacity building of office bearers of PLFs. The Government ordered restructuring of PLFs with the objective of making them more inclusive, transparent and participatory and also to improve their governance and sustainability vide G.O.Ms.No:125 Rural Development and Panchayat Raj (CGS-3) Department, dated 21.7.2008.

- In order to accord legal status to the PLFs and facilitate them to access Bank Credit the Government have ordered to register all PLFs under Tamil Nadu Societies Registration Act, 1975. The Government have also vide G.O.Ms.No:111 Commercial Taxes and Registration (M1) Department, dated 17.11.2008 exempted the PLFs from the purview of Section 25 and 42 of Tamil Nadu Societies Registration Act, 1975. This exemption has provided an institutional framework for PLFs to take up income generation activities and benefit from them.
- A detailed action Plan has been drawn up to restructure all the PLFs in the State in three years in a qualitative manner. So far 1,407 PLFs have been restructured under Mahalir Thittam in the State. During 2010-11 a total of 3,780 PLFs would be restructured and further strengthened by providing capacity building to the office bearers and members of both PLF and HLF on Governance and Finance Management modules. Also, TNCDW will undertake further capacity building of the PLF members and office bearers, on areas like Social Audit, Identification of Business Opportunities etc.

- On completion of six months from restructuring the PLFs are graded based on indicators covering participation, inclusion, governance, transparency, credit discipline and community development initiatives.

7.3.1 Incentive to Restructured PLFs

To encourage the well functioning restructured PLFs, the Government have announced sanction of Rs. one lakh incentive for each successfully graded PLF and allocated Rs.10 crores during 2009-10 for this purpose. Accordingly 1,000 successfully graded PLFs have been sanctioned an incentive of Rs. one lakh each. During 2010-11 another 4,000 eligible PLFs will be sanctioned an incentive of Rs. one lakh each at an allocation of Rs.40 crores.

7.3.2 Bulk Loan to PLFs

Financial intermediation is one of the primary roles of PLF and it is envisaged that PLFs will evolve into community level financial institutions catering to the credit requirement of SHGs. In this regard successfully graded PLFs become eligible for financial linkage and can access bulk loan from the Banks and on lend it to its members. In few districts bulk loans were sanctioned to the

restructured PLFs on pilot basis. The experience of these PLFs showed that PLFs could successfully avail bulk loan from the banks, on lend the amount to member SHGs and repay the loan with interest to the Banks without any default. During 2009-10, 102 PLFs have been provided bulk loan of Rs.27.52 crores by various Banks

7.4 Skill Training

The great industrial boom in the recent years has created a heavy demand for skilled manpower in the industrial sector particularly in manufacturing and service sectors offering vast employment opportunities. Skill training is a pre-requisite for exploiting the opportunities offered by the growing economy and to make the unskilled and semi skilled youth employable. In order to equip the rural youth with adequate capacity to compete in the job market and acquire gainful employment, the Government of Tamil Nadu introduced Youth Skill Training in the year 2006-07. This programme has been successfully implemented during the last four years.

During the last four years 56,748 youth have undergone skill training in various trades. The trade-wise details of youth trained under this scheme is given in **Table 21**.

Table- 21
Trade- wise Number of Candidates Trained

Sl. No.	Name of the Trade	No. Trained
1	IT/ ITES and Computer hardware	10,845
2	Construction Equipments	9,757
3	Driving and Automobile Mechanism	8,786
4	ReadyMade Garments and Textile	6,269
5	Nursing and Hospital Management	5,459
6	Others	15,632
Total		56,748

The year-wise details of youth trained under this scheme is given in **Table 22**.

Table- 22
Year- wise Number of Candidates Trained

Sl.No.	Year	No. trained
1	2006-07	5,634
2	2007-08	5,851
3	2008-09	25,123
4	2009-10	20,140
Total		56,748

During 2010-11 another 25,000 youth will be trained under Youth Skill Training programme at a cost of Rs.20 crores.

Under Enterprise Development Training programme, SHG members who are interested in taking up economic activities particularly in urban areas are trained through reputed institutions. 4,000 women will undergo this training during 2010-11.

7.5 Manimegalai Awards

To encourage the well-functioning SHGs and PLFs, the Government announced Manimegalai awards at State and District level in the year 2006-07. Awards are presented to 5 best PLFs and 10 best SHGs at the State Level. One best PLF and 3 best SHGs at the District level are given Manimegalai awards and the best SHG at the Block level is given a certificate. The awards have been presented for the last three years and have been instrumental in motivating the SHGs and PLFs to strive for better performance.

The Government vide G.O.Ms.No:89 Rural Development and Panchayat Raj (CGS-3) Department, dated 05.08.2009 have increased the Manimegalai Award money from Rs.1.00 lakh to Rs

3.00 lakhs for the Best PLFs at State Level and from Rs.50,000 to Rs.1.00 lakh for the best SHGs at State Level as well as for the best PLF at District Level. The Award money for the best SHGs at District Level has been increased from Rs.10,000/- to Rs 25,000/-. The names of the best PLFs which have received State level Manimegalai Award for the year 2008-09 are given in **Table 23**.

Table- 23

**Manimegalai Award for Best PLFs -
2008-09**

Sl. No.	Name of the District	Name of the PLF
1	Vellore	Yelagiri PLF
2	Namakkal	Ramapuram PLF
3	Thiruvannamalai	Padavedu PLF
4	The Nilgiris	Jaganarai PLF
5	Thiruvarur	Moondramsethi PLF

7.6 Award to Bankers

Bankers are playing significant role in the empowerment of women by extending credit to the SHG members for debt swapping, consumption needs and for productive purposes. To honour the Banks as well as individual Bank branches which have shown outstanding performance in extending credit linkage to SHGs in the State, awards at both State and District level have been instituted by the Government. These awards would motivate the outstanding performers and also create a healthy competition among the Bankers.

At State level, 3 best performing Banks and 5 Bank branches are given award. At District level, one Bank and 3 Bank branches get the award. The names of the Banks as well as individual Bank branches which have received State level Bankers Award for the year 2008-09 are given in **Table 24**.

Table – 24
Bankers Award 2008-09

I. Names of the Best Performing Banks at State level

First	Indian Bank
Second	State Bank of India
Third	Indian Overseas Bank

II. Names of the Best Performing Exclusive SHG Bank Branches at State level

First	Indian Bank, Microsate –I, Chennai
Second	Indian Bank, Microsate – II, Chennai

III. Names of the Best Performing other Bank Branches at State level

First	Indian Bank, Usilampatti , Madurai District
Second	Indian Bank, Pulikarai, Dharmapuri District
Third	Indian Bank, Kaveripattinam, Krishnagiri District
	Indian Bank, Mathur, Krishnagiri District

7.7 Issue of Identity Cards to SHGs

The Government have announced that Identity (ID) cards will be issued to all Mahalir Thittam SHGs. The ID cards will help SHGs to gain recognition in society and also have easy access to Government offices and Banks. The ID card will contain group details such as savings, credit rating status, loans as well as member details. ID cards have been issued to Mahalir Thittam SHGs in 11 districts and in remaining 21 districts it will be completed in 2010-11.

7.8 Swarnajayanti Gram Swarozgar Yojana (SGSY)

SGSY, a major anti-poverty programme is being implemented since April 1999, with the prime objective of bringing the assisted poor families above the poverty line by ensuring reasonable and sustained level of income over a period of time. This scheme adopts SHG approach and aims to graduate them from micro credit stage to micro-enterprises stage by providing skill development training, bank credit, infrastructure facilities and much needed marketing support to the products produced by them. Government of India and the

State Government are sharing the costs in the ratio of 75:25.

In order to ensure that there is greater convergence of activities taken up for the benefit of SHGs in the State, monitoring of the implementation of SGSY scheme has been transferred to TNCDW from 2008-09.

In 2010-11, a sum of Rs. 133 crores is likely to be allocated for the implementation of the scheme with a credit target of Rs. 220 crores. In order to implement the scheme in a more purposeful manner, the following initiatives will be undertaken in 2010-11:

- A sum of Rs. 50 crores will be utilised for disbursing the subsidy component of Revolving Fund to 50,000 eligible SHGs formed in rural areas.
- 6,500 SHGs will be provided with economic assistance with maximum eligible subsidy being 50% of the project cost with a ceiling of Rs.1.25 lakh.
- Greater emphasis will be laid to encourage SHGs to opt for major key activities around which suitable clusters can be created at

District / Block levels. Necessary infrastructural facilities will be created for these clusters and activity based federations.

- Qualitative skill development training through reputed institutions will be imparted to the assisted SHGs.

7.8.1 National Rural Livelihood Mission (NRLM)

Government of India has launched a new scheme called National Rural Livelihood Mission by restructuring the existing SGSY scheme. This scheme is likely to be implemented from 2010-11.

NRLM proposes universal mobilization of BPL households into SHGs, promotion of SHG federations at Village, Block and District level, enhancement of RF subsidy and provision of interest subsidy to SHGs as well as placement linked skill development training for rural youth.

While some of these features are already present in Mahalir Thittam and Vazhndhu Kaattuvom Project, the proposed programme is a major improvement upon the SGSY.

7.8.2 Marketing of SHG Products

Since SHGs do not have adequate capacity, market intelligence and negotiation skills to promote their products, Government have taken various initiatives to support them. To ensure better monitoring and greater co-ordination between different agencies in promotion of SHG products, Tamil Nadu Welfare Society for SHGs has been brought under TNCDW.

A major permanent marketing complex for SHG products is being constructed at a cost of Rs.15.33 crores near Valluvarkottam in Chennai and it is nearing completion. Similarly to create better marketing facilities in rural areas, 90 Village Haats(three per district) are being constructed at the cost of Rs.13.50 crores.

To promote SHG products in urban and semi-urban areas, a calendar of exhibitions has been prepared to conduct exhibitions at State, District and Block levels. During 2009-10, 2 State level, 60 District level and 125 Block level exhibitions were conducted with the total sale of Rs.17.53 crores. During 2010-11, 2 State level, 60 District level and 130 Block level exhibitions will be conducted.

7.9 Action Plan for 2010-11 for TNCDW

During 2010-11, TNCDW would focus on the following areas:

- 50,000 new SHGs will be formed among MGNREGS women workers, urban slum dwellers and in areas which have poor coverage of SHGs.
- Revolving Fund along with Bank credit will be provided to 65,000 SHGs and subsidy along with bank credit will be given to about 6,500 SHGs to take up economic activities.
- Credit linkage to the tune of Rs.3,000 crores will be provided to SHGs.
- PLF restructuring would be undertaken in a qualitative manner and 3,780 PLFs will be restructured this year and their office bearers trained.
- 4,000 eligible PLFs will be sanctioned an incentive of Rs. 1 lakh each.
- 25,000 youth will be trained under Youth Skill Training Programme.

- ID cards will be issued to all Mahalir Thittam SHGs in the remaining 21 Districts.
- Efforts will be taken to form activity based clusters and necessary infrastructural facilities, marketing support would be provided to them.

7.10 International Fund for Agricultural Development (IFAD) assisted Post-Tsunami Sustainable Livelihoods Programme (PTSLP)

TNCDW is the nodal agency for implementing the IFAD assisted PTSLP. The objective of PTSLP is to build self-reliant coastal communities which are able to manage their livelihoods in a sustainable manner. The Project is implemented at a total outlay of Rs.298.57 crores over a period of 8 years in 114 coastal Panchayats in Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanniyakumari districts.

The Project envisages the development of community infrastructure, formation of Fish Marketing Societies (FMS), development of Micro enterprises, capacity building of SHGs, skill training for youth and creating awareness on disaster management for coastal school students.

During 2008-09 & 2009-10, staff have been positioned in the Project Management Unit (PMU), six District Implementation Offices (DIOs) and 30 cluster offices to facilitate implementation of project activities. Ten Facilitating NGOs and two Resource NGOs have been engaged in the Project Districts. The Project has completed Baseline Survey of 1.55 lakh households in the project area and based on its analysis Project interventions have been initiated. Under Community Infrastructure Programme, 681 works identified through Micro Plans will be executed during 2010-11. Guidelines for Project funding of Vulnerability Reduction Fund covering individual disaster have been formulated. Structured Survey of 7,414 SHGs has been completed in the project villages and 1,044 weak SHGs have been identified.

So far 7 FMS have been formed (3 in Nagapattinam, 3 in Kanyakumari and one in Cuddalore) and debt relief has been provided for 293 fishermen. Under Coastal School Programme, 30,215 students have been taken for exposure visit and 3,305 teachers have been trained on disaster preparedness to create awareness among coastal school students.

7.10.1 Action Plan for 2010-11:

During 2010-11, IFAD assisted PTSLP would focus on the following areas:

- Under Coastal Area Resource Management, 681 Community Infrastructure works identified through Micro Plans in 114 coastal Panchayats will be taken up and activities for enhancing Fisheries Resource Base will be undertaken.
- Vulnerability Reduction Fund will be put into operation with community participation and Venture Capital Fund will be transferred to PLFs for promoting Micro Enterprises through Bank linkage.
- One Fishermen Federation and Ten FMS with necessary marketing infrastructure will be formed and debt redemption assistance will be extended to the fishermen of these societies. Also ten Fish Landing Centres, one Out Board Repair Centre and one Boat Yard will be established.
- Vocational training for 1,000 youth and necessary capacity building for 1,044 weak SHGs in six project districts will be conducted.
- Capacity Building of 109 PLFs will be taken up after the restructuring process is completed.

The Government have so far provided Rs.30.53 crores for undertaking Project activities. In 2010-11 Rs.37.12 crores have been provided in the Budget for this Project.

8. WORLD BANK AIDED VAZHNDHU KAATTUVOM PROJECT

Vazhndhu Kaattuvom Project (VKP) is one of the key development initiatives of the Government of Tamil Nadu to reduce poverty and empower the rural poor. The Project provides assistance for productive livelihood activities to poor and very poor people in the village through the Community Driven Development (CDD) approach. The Project is being implemented vigorously in the State from October 2006 onwards. The Project is being implemented for a period of 6 years with an outlay of Rs.717 Crores.

The objectives of the Project are to empower the poorest of the poor, the marginalised and the differently abled and to promote sustainable livelihood for them. The Project develops Community-Based Organisations (CBOs) and strengthens them, enhances the skills

and capacities of the poor and promotes transparent governance and social accountability. To achieve these objectives the Project has adopted key non-negotiable principles.

8.1 Project Area

The Project is implemented in 2,515 Village Panchayats in 70 backward Blocks spread over 16 Districts (including the newly formed Tiruppur District) covering about 5.2 lakh households.

Table – 25

Details of Project implementation

Phase	No. of Blocks	No. of Village Panchayats	Month of commencement
I	15	578	October 2006
II	15	585	April 2007
III	20	635	February 2008
IV	20	717	February 2009

8.2 Institutional Arrangements

There is a State level Society to implement the Project and to supervise it. In each Project District there is a District level Society responsible for Project implementation. A five member multi disciplinary Project Facilitation Team is constituted at the cluster level to cover 10-15 Village Panchayats. At the Village Panchayat level, the Village Poverty Reduction Committee is vested with the responsibility of Project implementation. The Social Audit Committee at the Village level acts as a guardian of Project's principles.

8.3 Project Strategy

The Project follows the following strategy to achieve its objectives: -

8.3.1 Initiation Activities

Communication Campaign

The Project undertakes intensive IEC campaign to disseminate information about the objectives of the Project, the non-negotiable principles and the activities of the Project.

Participatory Identification of Poor

The target beneficiaries of the Project, the poorest of the poor, vulnerable and differently abled are identified by the community itself using Participatory Identification of the Poor (PIP) methodology along with social mapping and wealth ranking. It is a simple but powerful tool, which is transparent and verifiable. This methodology has found wide acceptance, better targeting and ownership among all stakeholders.

8.3.2 Institution Building Activities

The Project promotes community organisations like Village Poverty Reduction Committees (VPRCs), Social Audit Committees (SACs), Self Help Groups (SHGs), Panchayat Level Federations (PLFs) and Community Professional Learning and Training Centres (CPLTCs).

- **Village Poverty Reduction Committee** is an inclusive autonomous community organisation formed under the Project predominantly with the representation of the target population. VPRC has the institutional and financial capacity to plan, monitor and support the skill building and to assist differently abled and vulnerable. The VPRC

constitutes the Village Panchayat President as the Ex-Officio Chairperson, a woman SHG member from the target population from each hamlet, a PLF office bearer, a representative of the differently abled and two nominated youth members. The VPRC is accountable to the Grama Sabha.

- **The Social Audit Committee** is a social accountability mechanism and reports directly to the Grama Sabha. It is a 5-7 member body that monitors the activities of VPRC, PLF and Economic Activity Federations. Performing the role of a watch dog, it ensures that the Project is implemented in accordance with the Project principles.
- **Self Help Groups** are institutions of poor at village level. The SHGs formed under the Project are from among the left out target poor. Tribal SHGs and special groups for differently abled are also promoted with focus on inclusion, empowerment and collective action. Community SHG Trainers closely monitor the SHGs, providing handholding support.

- **Panchayat Level Federations** are second level institutions of SHGs that render both financial and non financial services. The PLFs are aimed to provide easy and continuous access to finance at the right time to the SHGs, which is a crucial factor to enable the poor to come out of poverty. PLFs also monitor the formation and development of SHGs.
- **Community Professional Learning and Training Centre** is an institutional mechanism for the Community Professionals (CPs). It is established and managed by the community themselves. Apart from developing social capital which is key to the sustainability of the Project, CPLTCs provide a platform for community members to share and maximise their learning and experience.

8.3.3 Capacity Building Activities

To build the capacity of the members of Community-Based Organisations in planning, budgeting, implementation, monitoring and managing the Project activities, the Project promotes training through structured modules, exposure visits and internal learning forums.

8.3.4 Financial Linkage Activities

Vulnerable and differently abled identified by the Project are provided individual assistance by VPRC. SHGs consisting of left out target poor, special SHGs formed from among the differently abled and SHGs formed before the launch of the Project are linked to Banks after assessing their readiness and financial discipline through the process of credit rating.

8.3.5 Livelihood Promotion Activities

To augment livelihood and to improve the household income of the target poor, multipronged approach is followed.

- The demand supply gap existing among the industries is utilised by providing job oriented skill training to unemployed rural youth. Skill training is conducted through reputed industrial houses leading to employment in Corporate sector or to self employment,
- Assistance through small loans from VPRCs or through the livelihood corpus fund available with PLFs, thereby promoting individual livelihoods,

- To achieve sustainability and scale, Economic Activity Federations (EAFs) that have potential to be financially and institutionally viable are provided capacity building, capital support, linkages and technical assistance to develop business plans and to manage the economic activity.

8.3.6 Consolidation Activities

The Project develops second level institutions like PLFs, CPLTCs and EAFs to provide support and guidance to first level institutions like SHGs, CPs, etc. These institutions would provide sustainability even after the Project withdraws.

Developing Social Capital

The Project has taken efforts to select experienced members of Village Poverty Reduction Committee/SHG to build their capacity to develop them as Community Professionals.

- A cadre of home grown Community Professionals (CPs) who have good local knowledge with hands on experience and who can effectively communicate with people, and who are willing to provide their services as trainers to other Project villages

or line departments is developed within the Project thereby providing income opportunities and establishing a resource pool within the community which will be always available with the community.

- CPs organise themselves into Community Professional Learning and Training Centres (CPLTCs) to provide cost effective and quality service based on need.
- CPs who are experienced in various Project activities like conducting PIP process, Community Operational Manual training, funds management, PLF activities are promoted to give specialised assistance.
- Trained Community Professionals are used as effective instruments of IEC of different programmes and training Social Audit Committee of MNREGS, PLF governance training to non-Vazhndhu Kaattuvom Project districts, SHG training in Chennai Corporation, IEC activities under TSC, Health Programmes, etc.

Incentivising performance

Village Panchayats are provided incentives for their pro-poor and supportive efforts in the implementation of the Project. The Village Panchayat incentive fund is based on meeting conditions of transparency, accountability, equity, participation, efficiency of functioning, their response and contribution to Project and to the poor. This helps in building bond between the Community-Based Organisations and the local Government and in the process cementing mutual accountability and transparency in activities between community and local Government.

8.4 Impact of the Project

The Project is implemented in four phases. Project activities are going on in full swing in all phases covering 2,515 Village Panchayats. The important accomplishments of the Project are as follows:

8.4.1 Social Inclusion

Focusing on effective targeting of poor, the principle of equity and inclusiveness has been followed in the Project. This has helped in inclusion of the poorest of poor, differently abled and

vulnerable in strong community based organisation where they occupy key positions.

- 2,581 community organisations like VPRCs and SACs have been formed and capacitated.
- The ultra poor and vulnerable have been mobilised into 17,927 SHGs.
- 1,489 PLFs have been restructured and registered under the Tamil Nadu Societies Registration Act, 1975. The restructuring process has ensured adequate representation of the target poor thereby giving them a determining role in the decision making process.

8.4.2 Financial inclusion

On successful mobilisation of the target poor into SHGs and imparting training to them, the Project has linked them with formal Banking institutions for credit. Similarly, PLFs are given financial linkage.

- An amount upto Rs.20,000 given as seed money to 14,310 SHGs, from Project fund.

- 10,741 newly formed SHGs provided Revolving Fund to the tune of Rs.60.68 crores and second credit linkage to 1,322 SHGs to the tune of Rs.14.73 crores.
- 9,756 existing SHGs given Revolving Fund of Rs. 47.25 crores and 3,573 existing SHGs given second credit linkage of Rs. 57.18 crores
- 944 PLFs accessed Amudha Surabhi Fund (ASF) to the tune of Rs. 66.6 crores.
- 149 PLFs received sanction for bulk loan from the banks to the tune of Rs. 34.69 crores.

8.4.3 Empowering the marginalized

The Project has been able to reach the marginalised like differently abled, vulnerable and tribals, empower and mainstream them by proactively including them during social mobilisation, institution building and enabling them to access their entitlements. These efforts have enhanced their quality of life and helped in securing dignity. To have a focused intervention, special fund of 40% of Village Poverty Reduction Committee fund is allocated

to exclusively assist differently abled and vulnerable persons for starting livelihood activities thereby improving their socio-economic conditions.

- Nearly 1,19,837 benefits due to differently abled and vulnerable persons have been secured, through convergence with other Government schemes after the intervention of the Project.
- 65,886 differently abled have been mobilised into 6,144 special SHGs and 3,348 SHGs have received Rs. 18.70 crores through Revolving fund.
- National ID cards have been given to 72,123 differently abled persons.
- 94,496 differently abled and vulnerable persons given individual assistance to start small livelihood activity.
- 9,727 people have received assistive devices through Project intervention.
- 4,290 persons have benefited through maintenance grant of Rs 500/- per month

and 3,253 persons under Niramaya Insurance.

8.4.4 Empowering the Tribals

In order to empower the tribals, the Project has provided higher allocation to exclusive tribal VPRCs. Higher allocation of Project funds is also granted to tribal families. Tribal community facilitators who are familiar and sensitive to the needs of Tribals are engaged for better facilitation of Project activities.

- 130 exclusive Tribal VPRCs formed.
- 33 Tribal facilitators appointed.

8.4.5 Economic Inclusion

Promotion of Livelihood activities based on local resources and skills is one of the major components of the Project. The Project follows a multi pronged strategy by providing skill training and placement, improving existing livelihoods and introducing to emerging opportunities. The Project has facilitated the rural youth to upgrade traditional skills, or obtain access to new skills, based on their competencies. This has helped them secure wage employment in reputed industrial houses and

enabled them in starting up gainful self employment activities. The Project provides loans to individuals from Amudha Surabi Fund through PLF to start income generating activities. The Project supports formation of economic activity federations around major livelihood activities.

- 62,486 youth have benefited from skill training and out of 46,356 youth who have completed skill training, 37,831 youth are gainfully employed (81% of those who have completed training).
- 43,990 households given loan totaling Rs.44.29 crores from ASF to start individual livelihood activities.
- 66 Economic activity federations with a cumulative membership of 2,757 persons have been formed and Rs.221.00 lakhs have been released to these federations. The federations have taken up dairy, garment making, floriculture, coir making, goat rearing, etc as income generating activities.

8.4.6 Promoting Good governance & Social accountability

The principles of good governance and social accountability is sine- qua- non for the Project. The CBOs are fully capacitated to adopt the non-negotiable principle of equity, transparency, inclusion, accountability and participation in all activities.

Project level

- Process monitoring is done on a continuous basis by three independent consultancy firms.
- To ensure project funds are utilised for the intended purpose, Professional audit firms have been appointed to audit the accounts of all VPRCs and PLFs.
- To ensure compliance to environmental safeguards in all stages of implementation of livelihood Projects an Environmental Resource Agency has been contracted.

Community level

- The SAC performs the role of guardians of Project principles and ensures adherence to non negotiable principles by all CBOs.
- All information relating to Project activities and funds are displayed on the notice boards which are located in strategic places in the villages.
- All major decisions in the Project are taken with the approval of Gram Sabha. CBOs give their periodical report on progress to Gram Sabha.

8.5 Community based Insurance Scheme

Project provides a social security measure to target population at affordable rates. The Universal Health insurance scheme which is subsidised by Government of India has been taken up and successfully implemented in selective Blocks. Building on the principle of Project intervention through Community-Based Organisations, this initiative is also managed by community themselves. The Block level federation plays the role of third party administrator and selects the

participating hospitals. This initiative is being extended to all Project Blocks.

8.6 HR - Best Practices

Realizing the importance of attracting and retaining good human resources, the Project has adopted innovative HR practices. The Project functionaries are taken on contract and the recruitment takes place through an independent HR agency. The Project lays a lot of emphasis on building the skills of its functionaries through training, workshops and exposure visits. The Project has developed a performance appraisal system that rewards good performance and retains skilled and committed staff.

8.7 World Bank Support Missions

The progress of the Project is continuously supported by the periodical visit of the World Bank Support Missions. So far seven support missions of the World Bank have visited the Project and praised it in all successive missions. Some of the observations from the recent missions are given below. It is also noteworthy to mention here that the last support mission has rated the Project Management as "Highly Satisfactory".

“Some of the design and implementation areas that stand out are: inclusion of the very poor, vulnerable, youth, women, tribal and differently abled population in decision making and benefits,.....”

– *World Bank Mid – Term Review Mission, February 2009*

“Overall, the Mid term review shows that excellent progress has been made in employment generation and skill training with 30,000 youth trained and 22,000 of them employed with minimum cost to the VKP program. This is a good indication that training provided has been effective. Of those that had been targeted for skills development belonged to the Poorest of the Poor”

–*World Bank Mid-Term Review Mission, February 2009*

“A remarkable innovation of community to community transfer of experience and knowledge has emerged in the form of Community Professional Learning Training Centres”

–*World Bank Mid-Term Review Mission, February 2009*

“Achievements under the Project continue in the field of inclusion especially its focus on disability, tribal and most backward communities, and the

poorest women as well as on income generation through mobilisation of left-out poor and vulnerable into SHGs and linking them to banks and skills development and employment creation, especially for youth. About 23,300 youth have already benefited from employment. The program has also received very high level commitment of Government of Tamil Nadu”

– *Seventh World Bank Implementation Support Mission, December 2009*

“Social inclusion remains one of VKP’s core pillars and field visits confirmed to the mission that the poorest, vulnerable and marginalised groups are typically being reached, through the Project’s initial PIP process and subsequent attention to the left out poor. The mission’s field visit to a tribal VPRC in Theni district indicated that good social mobilisation work has been carried out, despite challenges in the tribal villages (e.g., poorer access to services; more remote settings; discrimination from neighboring communities, etc.)”

– *Seventh World Bank Implementation Support Mission, December 2009*

“Formation and strengthening of village institutions has made good progress, especially in smooth roll out of restructured PLFs in Project

villages – not an easy task and this achievement is acknowledged”

– *Seventh World Bank Implementation Support Mission, December 2009*

“Good progress has been made in functioning of the community professional Centres and providing cost effective service to the communities.”

– *Seventh World Bank Implementation Support Mission, December 2009*

8.8 Financial Performance

The expenditure incurred under the Project from inception till 31.03.2010 is Rs. 388.44 crores. A sum of Rs.184.14 crores has been provided in the Budget Estimate for the year 2010-2011.

8.9 Additional Financing Proposal

The Project has been able to create deep impact in the villages covered by it in a short period of time. This demonstrates the efficacy of Community Driven Development (CDD) approach adopted by the Project. The results of mid-term evaluation done by an independent agency have

also shown that the Project has achieved exemplary results in the field and has surpassed the targets set at the beginning of the Project. There is a strong case for expanding activities of such a successful project to other deserving backward Blocks of the State. Considering this, an Additional Financing Proposal for Rs. 950 crores has been sent to the World Bank by the State Government through the Government of India. Additional Financing Proposal seeks to further consolidate the achievements made in the existing Project area as well as to expand the Project to 50 new Blocks, out of which 46 Blocks would fall in 10 new Districts and 4 Blocks would fall in the existing Districts. Government of India has recommended the proposal to the World Bank. The World Bank is expected to approve the proposal soon.

9. TSUNAMI REHABILITATION SCHEMES

9.1 Introduction

On 26th December 2004, the Tsunami that had originated near Indonesia struck the coastal area of Tamil Nadu and caused heavy damages to the life and property of people. The Government of Tamil Nadu took massive efforts to reconstruct damaged roads and public infrastructure, construct

new houses and restore the livelihood of affected people.

Many Departments of the Government are implementing the Tsunami Rehabilitation Projects. In view of the large financial allocation for the projects and physical spread of activities undertaken by the Rural Development and Panchayat Raj Department, a separate Tsunami Project Implementation Unit (TPIU) was set up since 01.08.2005 to monitor the projects implemented by this Department.

The following programmes are implemented by the TPIU through District Implementation Units (DIUs) at district level.

- I. Tsunami Emergency Assistance Project (TEAP) of the Asian Development Bank (ADB) at an outlay of Rs.292.94 crores with loan and grant assistance for livelihood promotion and infrastructure development.
- II. Rajiv Gandhi Rehabilitation Package (RGRP) of the Government of India (GoI) for tsunami affected areas at an outlay of about Rs.716 crores as grant for

reconstruction of vulnerable houses and for provision of basic amenities.

- III. Emergency Tsunami Reconstruction Project (ETRP) – Vulnerability Reduction of Coastal Community Project (VRCCP) with the assistance of the World Bank at an estimated cost of about Rs.670 crores as credit for reconstruction of vulnerable houses and formation of evacuation routes.

Under these Programmes, the financial expenditure incurred as on 13.5.2006, was only Rs.4.95 crores. Due to the thrust given by this Government to accelerate the pace of implementation, the expenditure under these programmes has increased to Rs.864.84 crores as on 31.3.2010 (TEAP - Rs.292.94 crores and RGRP - Rs.571.90 crores). Also as against the deployment of only 61 persons for the TPIU and DIUs till 13.5.2006, 331 posts have been suitably filled up as on date for better implementation of the projects.

9.2 Tsunami Emergency Assistance Project (TEAP) funded by Asian Development Bank (ADB)

The project was implemented at an outlay of Rs.292.94 crores. The project commenced on 06.04.2005 and extended upto 31.10.2009. The funds have been mainly utilized for the restoration of livelihood and damaged infrastructure in the coastal habitations. Under this project, 1,602 habitations spread across 257 coastal Village Panchayats in the 12 coastal Districts were benefited.

i) Livelihood Component

Under this component, the vulnerable sections of the society were provided with Revolving Fund Assistance and Economic Assistance, grant was provided for differently abled persons and capacity building of the community was taken up. The total expenditure under this component was Rs.183.20 crores.

a) Special Projects

Major initiatives were taken up for capacity building and livelihood related community infrastructure as detailed below:

- An SHG complex has been taken up near Valluvarkottam in Chennai at a total cost of Rs.15.32 crores. This SHG complex is planned to be completed in June, 2010.
- 15 Direct Paddy Purchase Centres have been completed at a cost of Rs.1.62 crores in Nagapattinam and Thanjavur Districts.
- A Handloom Weavers' Cluster with 250 handlooms has been upgraded in Nagercoil at a cost of Rs.61.09 lakhs.
- 9 Bulk Milk Coolers, 37 Milk Parlours and 160 Dairy Co-operative Societies have been established at a cost of Rs.4.06 crores for the benefit of SHGs.
- A Crafts Village in Villupuram district has been established at an expenditure of Rs.67.49 lakhs to promote local crafts.
- 93 Fishermen Societies have been provided with Rs.2.96 crores as working capital assistance.
- Training has been imparted to about 20,000 fishermen and their family members in sea safety measures at a cost of Rs.1.13 crores.

b) Capacity Building

Under this component, basic orientation training, animators and representatives training, entrepreneurial development programmes and skill upgradation training have been provided to the SHGs to enable them to function as viable groups and to take up various economic activities. Rs.4.47 crores has been incurred as expenditure for the above purpose.

ii) Rural Infrastructure

a) Roads and Drainages

610 road works to a length of 699 kms have been completed in the coastal Village Panchayats at a cost of Rs.89 crores.

b) Public Buildings

Renovation and extension of 196 Village Panchayat office buildings in the coastal Village Panchayats have been completed at a cost of Rs.5.54 crores.

iii) Sanitation

21 short advertisement films have been produced at an estimated cost of

Rs.67.28 lakhs for creating awareness on usage of toilets and personal hygiene in rural areas.

9.3 Rajiv Gandhi Rehabilitation Package (RGRP) funded by Government of India

The RGRP project is being implemented by the State Government and is funded by Government of India as grant. The project envisages to cover all those vulnerable houses lying within 200 metres from HTL and also the Government built houses under the schemes such as Indira Awaas Yojana (IAY), Singaravelar Fishermen Housing Scheme etc., which are 10 years old as on 01.01.2006 and within 1000 metres from the HTL. Further, this project provides necessary basic amenities in the affected areas.

The following are the major components of the project:-

- 1) Provision of basic amenities in the Non-Governmental Organisations (NGOs) constructed housing sites.
- 2) Construction of NGOs backed out houses.
- 3) Provision of basic amenities in the NGOs backed out housing sites.
- 4) Reconstruction of vulnerable houses.

- 5) Provision of basic amenities in the vulnerable housing sites as per the norms of Anaithu Grama Anna Marumalarchi Thittam (AGAMT).

Table - 26

Progress in reconstruction of vulnerable houses and basic amenities under RGRP

(Rs. in crores)

Sl. No	Component	No. of works taken up	No. of works completed	Allocation	Expenditure	% of Expenditure to Allocation
1	Reconstruction of vulnerable houses	18,302	12,665	499.22	377.15	76
2	Reconstruction of NGO backed out houses	2,687	2,687	65.76	63.09	96
3	Basic Amenities					
	i) Roads	976 (638 km)	915 (542 km)	96.09	82.32	85
	ii) Public Buildings	316	291	5.25	4.14	79
	iii) Street Lights	5,699	5,699	2.50	2.50	100
	iv) Sanitation	5,922	5,800	4.70	4.38	93
	v) Other works	307	284	16.66	12.78	77
4	Others (Shifting allowance, Rent, Insurance, etc.)			25.54	25.54	100
	Total	34,209	28,341	715.72	571.90	80

1) Provision of basic amenities in NGOs constructed housing sites

The Government have taken up 169 basic amenities such as CC roads, street lights, water supply, sanitation and land filling to the estimate of Rs.57.34 crores at the sites where the NGOs have constructed houses but not provided these basic amenities. 161 works have been completed and an expenditure of Rs.49.41 crores has been incurred as on 31.3.2010.

2) Construction of NGOs backed out houses

Some of the NGOs initially agreed to take up the construction of tsunami damaged houses in the Districts of Tiruvallur, Kancheepuram, Villupuram, Nagapattinam and Thoothukudi. But, after two years of tsunami occurrence, they have backed out from construction of 2,687 houses. Finally, Rural Development and Panchayat Raj Department had to construct these houses in 17 habitations of the above Districts and Rs.63.09 crores has been incurred as expenditure.

3) Provision of basic amenities in NGO backedout housing sites

56 basic amenities works have been taken up and completed at the NGO backed out housing sites and an expenditure of Rs.6.08 crores has been incurred.

4) Reconstruction of vulnerable houses

The basic aim of this Project is the reconstruction of vulnerable houses in coastal areas with disaster resistance features. 18,302 houses (17,207 in situ and 1,095 relocated) have been taken up across 333 habitations and covering 146 coastal Village Panchayats. 12,665 houses have been completed so far (69%) and the remaining 5,637 houses are in progress at different stages. Out of the tendered value of Rs.499.22 crores, the expenditure so far incurred is Rs.377.15 crores (76%). All the pending houses are programmed to be completed before September, 2010.

5) Provision of basic amenities as per AGAMT norms in the vulnerable housing sites

3,238 basic amenities works such as CC roads, street lights, burial ground / cremation sheds, village ponds, necessary public buildings etc have been taken up as per the AGAMT norms in the coastal Village Panchayats at the tendered cost of Rs.68.14 crores. 3,138 works have been completed as on 31.3.2010 and the expenditure incurred is Rs.52.55 crores (77%). The pending works will be completed before May, 2010.

Other important features of RGRP

i) Provision of shifting allowance and rent allowance

One time shifting allowance of Rs.1,000/- and a monthly rent allowance of Rs.500/- for 18 months have been given to the in situ beneficiaries of the vulnerable houses. Rs.17.49 crores have been released to 17,207 in situ beneficiaries.

ii) Insurance coverage

A sum of Rs.2.10 crores has been provided by the Government for insuring 20,989 houses against 14 types of natural hazards for a period of 10 years.

iii) State Quality Monitors (SQMs)

The State Quality Monitors in the cadre of retired Superintending Engineers/ Chief Engineers have been engaged to ensure quality in the construction of houses and provision of basic amenities.

iv) Provision of hand pumps

1,002 hand pumps have been provided in the villages covered by RGRP at a cost of Rs.86.07 lakhs from the Central Planning Commission Grant.

9.4 Emergency Tsunami Reconstruction Project – Vulnerability Reduction of Coastal Communities Project (ETRP-VRCCP) funded by World Bank

To ensure vulnerability reduction of coastal communities and to reconstruct the vulnerable houses in the tsunami affected areas, Government of Tamil Nadu formulated the Emergency Tsunami Reconstruction Project (ETRP) with the financial assistance of the World Bank. The Government in consultation with the World Bank have restructured the project for about Rs.670 crores for reconstruction of about 17,000 houses lying between 200 metres to 1000 metres from High Tide Line (HTL). The Government have accorded

administrative sanction vide G.O.Ms.No.475, Revenue (NC4.1) Department, dated 15.12.2009. The project period has been extended till 31.12.2011.

Project Components

- a) Reconstruction of vulnerable houses:** About 17,000 vulnerable houses lying between 200 metres to 1,000 metres from HTL are proposed for reconstruction in the coastal areas.
- b) Evacuation routes:** Evacuation routes are proposed along coastal stretch for easy escape in times of emergencies to access the safer shelters.

Procurement relaxations

Certain relaxations to the procurement guidelines were sought for from the World Bank by the Government of Tamil Nadu with respect to 1) annual turnover criteria of the contractors 2) the criteria on value of single civil work carried out by the contractors 3) criteria of minimum quantities of works 4) prior review of rebidding cases by World Bank and 5) negotiation with the L1 contractors. 3 out of 5 relaxations sought for were agreed to by the World Bank. In addition,

World Bank accepted the Statement of Expenditure (SOE)-based disbursement instead of Output-based disbursement and also agreed to revise the closing date of the project as December 31, 2011 instead of December 31, 2010. World Bank has also agreed to GoTN's request to fund 80% of actual cost of construction of a house instead of 80% of the unit cost of Rs.2.78 lakhs for each house.

Activities Completed

i) NGOs as Third Party Facilitators

11 NGOs have been selected to work as Third Party Facilitators in 11 coastal Districts to ensure that the project is implemented with participation and monitoring of the beneficiaries. The services expected from the NGOs include support to the District project functionaries in beneficiaries selection, social auditing, community participation and monitoring changes in house design. The NGOs have completed the revalidation of beneficiaries, training and creation of awareness to the beneficiaries.

ii) Identification of beneficiaries

The beneficiaries surveyed by the Revenue Department have been revalidated by the NGOs and they have identified 15,056 beneficiaries as eligible for reconstruction of vulnerable houses. Beneficiaries

list was also approved by the Gram Sabha of the concerned Village Panchayats.

iii) Procurement plan

Procurement plan for reconstruction of 15,056 houses into 157 packages has been prepared and got approval from the World Bank.

iv) Soil test

Soil tests have been conducted to decide the type of foundation in all the habitations where construction of houses is proposed.

v) CRZ clearance

CRZ clearance was obtained from the Ministry of Environment and Forests, Government of India / State Coastal Zone Management Authority for 6,145 houses lying between 200 metres to 500 metres from HTL.

vi) Technical bid documents and Tenders

Technical bid documents have been prepared for all the 157 packages and approval has been obtained for 11 prior review packages from the World Bank. Tenders received for the packages are under scrutiny. After finalization of tenders, construction work will be commenced.

10. BUDGET FOR 2010-11

A sum of Rs. 8,013.21 crores has been provided in the Budget for 2010-11. Out of which the projected revenue expenditure is Rs. 5,009.22 crores and capital expenditure is Rs.3,003.99 crores.

11. CONCLUSION

During the past four years, Tamil Nadu has been in the forefront in the country in the implementation of various rural development programmes. Further, several path-breaking initiatives and system improvements have been brought about in the Rural Development and Panchayat Raj Department with regard to Schemes, Panchayat Raj and Establishment matters. As stated before, the Supreme Court of India itself has commended the implementation of MGNREGS in Tamil Nadu and has exhorted other States in the country to follow the Tamil Nadu model. Three districts of Tamil Nadu won MGNREGS awards at the National level for 2007-08 and two districts for 2008-09. Under MPLAD Scheme, Tamil Nadu stands first at All India level in the cumulative utilization of funds (at 97.14% utilisation since 1993). Under Total Sanitation Campaign, 1,966 Village

Panchayats of Tamil Nadu won Nirmal Gram Puraskar Awards for the 3 years from 2006-07 to 2008-09. The implementation of innovative State-funded Schemes like AGAMT, Samathuvapuram, Namakku Naame Thittam and Panchayat Union School Renovation Programme have come in for high praise from all quarters. Thanks to AGAMT, Tamil Nadu will have the distinction of being the only State in the country to have a Library and a Sports Centre in each and every Village Panchayat by 2011. The mega Kalaingar Veetu Vasathi Thittam is the latest path-breaking scheme of Tamil Nadu which aims at replacing all the huts in rural Tamil Nadu over a period of 6 years, and Tamil Nadu is poised to become the first "hut-free" State of the Country by 2016.

This Government has taken a number of new initiatives to streamline the functioning of the Panchayat Raj System. These include the tabling of an Annual Report on the state of Panchayats in Tamil Nadu; abolition of Jamabandhi which had become redundant; reconstitution of Appointment Committee of Panchayat Unions; enhancement of penalties to enable the Village Panchayats to strictly enforce the provisions of Tamil Nadu Panchayats Act, 1994; significantly increased devolution of SFC grants to Panchayat Raj Institutions and

streamlining the release of funds; pooling of Assigned Revenues at the State level and releasing a part of it to the PRIs as grant and utilising the remaining part for funding special projects; provision of telephones and computers to all Village Panchayats; provision of vehicles to all Panchayat Union Chairpersons; enhancing the Fixed Travelling Allowance for PRI representatives; issuing Identity Cards to the heads of PRIs; designating November 1st of every year as "Local Bodies Day"; institution of the Uthamar Gandhi Village Panchayat Awards for the best-performing Village Panchayats; institution of Corporate Social Responsibility Awards; and the constitution of Fourth State Finance Commission well in advance.

This Government has also taken a number of measures in the past four years to strengthen and streamline the administrative machinery of the Rural Development and Panchayat Raj Department. Restructuring of the District Rural Development Agencies; upgradation of all posts of Extension Officers to Deputy Block Development Officers; strengthening of the Engineering Wing of the Department at all levels; creation of a large number of administrative posts at all levels to improve the quality of implementation and monitoring of schemes; bringing the Makkal Nala Paniyalars and

Panchayat Assistants into time scale of pay; timely recruitments and promotions of all categories of staff; prompt replacement of condemned vehicles with new vehicles for BDOs, Assistant Directors, Assistant Executive Engineers and Executive Engineers and sanction of new vehicles to all Principals of RIRDs and Additional Directors of Rural Development are some of the key reforms undertaken by this Government in Establishment matters.

The SHG movement has been reoriented to bring the poorest of the poor into the SHG movement such as MGNREGS women workers in the rural areas and slum dwellers in the urban areas. Due to the significantly enhanced allocations for RF subsidy, the waiting time to avail of the Revolving Fund, which used to be about 6 months - 4 years from the date of passing the first credit rating, has now been reduced to almost zero. This Government is actively promoting the Panchayat level federations (PLFs) of SHGs, which represent the next stage in the evolution of the SHG movement, by restructuring the PLFs to make them more inclusive, transparent and participative; and by encouraging them to take up economic activities on a bigger scale than what an individual SHGs can do and also the role of financial intermediaries

between banks and SHGs. The institution of awards to best performing SHGs, PLFs and Bankers has helped promote healthy competition among these institutions, and has thrown up role models for others to emulate.

The World Bank-assisted Vazhndhu Kaattuvom Project has been highly successful in empowering the very poor, vulnerable, differently-abled and tribals by including them in decision making processes; creating well-governed community institutions like VPRCs, SHGs, PLFs and CPLTCs and also a cadre of para professionals like CPs, CSTs, Book keepers, CDFs etc., thereby developing social capital within the community; providing employment through job-oriented skill training to a large number of rural youth by successfully bridging the information gap between industries and unemployed rural youth; and increasing the income of rural households through livelihood promotion activities. Successive Missions of the World Bank have highly commended the performance of the Project, which has encouraged us to submit a proposal to the World bank for Additional Financing for 50 Blocks through the Government of India.

The implementation of ADB-funded TEAP has been completed on 31.10.2009. SHGs, differently-abled persons and fishermen have benefited immensely from the livelihood interventions under the project. Under the Government of India-funded RGRP, about 20,989 houses are being reconstructed at a cost of about Rs.565 crores and basic amenities are being provided at a cost of about Rs.150 crores. 83% of the works have been physically completed while the percentage of expenditure to the total allocation is 80%. Under the World Bank-assisted ETRP-VRCC project, about 15,056 vulnerable houses have been taken up. Tenders have been called for all in all cases, and the works are likely to commence shortly.

When we set out in May 2006, this Government was faced with immense challenges including a massive backlog of incomplete works; a large number of vacancies in all cadres; major Schemes like the MGNREGS, Vazhndhu Kaattuvom, TEAP, RGRP and ETRP being virtually non-starters; and so on. Through painstaking effort and unflinching devotion, we succeeded not only in overcoming all these challenges but went on to win encomiums for the excellent implementation of all rural development programmes - Externally-aided, Centrally-sponsored and State-funded. The quality

of our work in AGAMT, MGNREGS, women's SHGs, Vazhndhu Kaattuvom and the Tsunami Rehabilitation Projects has come in for special praise from all quarters. At the inaugural function of the New Legislative Assembly-cum-Secretariat Complex at Chennai on 13.3.2010, the Honourable Prime Minister of India, Dr. Manmohan Singh, himself observed that Tamil Nadu was "in the forefront in the country in rural development". While looking back in satisfaction over all that has been achieved in the past four years, we are conscious of the fact that rural transformation and poverty alleviation are a continuous endeavour. Under the inspiring leadership of our Honourable Chief Minister, we shall continue our efforts to light up the lives of the rural poor.

M.K.STALIN,
Deputy Chief Minister