



**RURAL DEVELOPMENT AND  
PANCHAYAT RAJ DEPARTMENT**

**POLICY NOTE**

**2007-2008**

**Demand No. 42**

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**GOVERNMENT OF TAMILNADU  
2007**

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# **RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT**

## **POLICY NOTE 2007-08**

### **1. INTRODUCTION**

*"If one goes abroad, one notices little difference between a village and a town in terms of the amenities available. Villages there have equally beautiful houses, roads, shops, restaurants, hotels, bus stands and railway stations as towns have. That is why, villagers there have little incentive to go and settle in towns and the towns do not get congested. When our villages are provided with the same amenities as the towns, villagers will no longer feel the need to migrate to towns"*

**- Kalaingar M. Karunanidhi, Hon'ble Chief Minister**

Rural development is the key to India's economic transformation as a majority of its population lives in the rural areas. Villages in Tamil Nadu have relatively better facilities and services in terms of electrification, drinking water supply, road connectivity, transportation, education and health infrastructure when compared to most other States. Yet, improving these amenities further so as to bridge the urban-rural divide has been a principal policy focus of the Government of Tamil Nadu – as stated by the Honourable Chief Minister in the quotation above.

The Rural Development and Panchayat Raj Department is responsible for the implementation of various Centrally sponsored and State schemes for poverty alleviation, employment generation, sanitation, capacity building, womens' social and economic empowerment, 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 12,618 Village Panchayats, 385 Panchayat Unions (co-terminous with Blocks) and 29 District Panchayats under the purview of the department.

### **2. PANCHAYAT RAJ INSTITUTIONS (PRIs)**

Local Self Government in Tamil Nadu has a long history 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 10<sup>th</sup>-11<sup>th</sup> 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 Panchayat Act 1950. Pursuant to the White Paper on the "Reform of Local Administration" in 1957, the Madras Panchayat 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.

In 1992, the 73<sup>rd</sup> Amendment to the Constitution was enacted and it brought about a number of fundamental changes in the Panchayat Raj system. Consequently, the Tamil Nadu Panchayats Act 1994 came into force with effect from 22.4.1994. Some of the important changes brought about by the 73<sup>rd</sup> 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 level.
- b) Mandatory conduct of Local Body elections every five years.
- 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 preparing a comprehensive development plan for the district.
- h) Introduction of the concept of 'Grama Sabha' comprising all registered voters in a Village Panchayat.

## **2.1 Panchayat Elections**

### **2.1.1. 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. As the Village Panchayat-wise 2001 Census figures were received only in May 2006, there wasn't enough time for fresh delimitation of wards of the three tiers of Panchayats. It was also considered appropriate to take up the delimitation of Panchayat wards after the delimitation of Parliamentary and Assembly Constituencies is over. Hence the elections were held based on the existing Panchayat wards by the introduction of a new section 28A in the Tamil Nadu Panchayats Act, 1994. There was high participation of voters in the rural areas with a record turnout of 76%. The elections to the posts of ward members of Village Panchayats, Panchayat Unions and District Panchayats and for Presidents of Village Panchayats were *direct* and held in two phases on 13.10.2006 and 15.10.2006. The elections to the posts of Vice Presidents of Village Panchayats, and Chairpersons and Vice-Chairpersons of Panchayat Unions and District Panchayats were *indirect* and held on 28.10.2006. While the elections to the seats (i.e. ward members) and offices (i.e. heads) of District Panchayats and Panchayat Unions were held on party basis, the elections to the seats and offices of Village Panchayats were held on non-party basis. In Tamil Nadu, Panchayat Unions and the District Panchayats have single member wards while the Village Panchayats have both single member and multi-member wards.

**Table 1** furnishes the number of seats and offices in the three tiers of Panchayats for which the elections 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

### **2.1.2 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.

**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 Chairpersons	29	10	34%	7	24%	0	0%
2	Panchayat Union Council Chairpersons	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%

### **2.1.3 Successful conduct of elections in Pappapatti, Keeripatti, Nattarmangalam and Kottakachiyendal Village Panchayats**

Although ordinary and casual elections to rural Local Bodies were held regularly throughout Tamil Nadu from 1996 onwards, the four Village Panchayats of Pappapatti, Keeripatti and Nattarmangalam in Madurai District and Kottakatchiyendal Village Panchayat in Virudhunagar District posed a problem as elections could not be properly held for prolonged periods owing to local opposition to the posts of Presidents being reserved for Scheduled Castes.

In Pappapatti, no nominations were filed for the posts of President as well as ward members in the ordinary and casual elections held from October 1996 to October 2001. In the casual elections held in April 2002, the President alone was elected but he resigned immediately after assuming office. In October 2002, two nominations were filed for the post of President but were later withdrawn. In April 2003, no nominations were filed. In October 2003, the President alone was elected but he resigned immediately after assuming office. In September 2004, no nominations were filed. In April 2005, two nominations were filed but due to death of one candidate, election did not take place. No ward member was elected during the 10 year period 1996-2006.

In Keeripatti, no nominations were filed for the posts of President as well as ward members in the ordinary and casual elections held from October 1996 to October 2001. In the casual elections held in April 2002, the President alone was elected but he resigned immediately after assuming office. In the casual elections held in October 2002, April 2003 and October 2003, nominations were filed for the post of President only but were subsequently withdrawn. In September 2004, no nominations were filed. In April 2005, the President alone was elected; but on the date of assumption of charge, he resigned. No ward member was elected during the 10 year period 1996-2006.

In Nattarmangalam, during the casual elections held on 25.12.1996, the President and ward members were elected and continued in office for 5 years i.e. up to October 2001. But during the ordinary elections held in October 2001 and in the subsequent 6 casual elections held till April 2005, no nominations were filed for the posts of President as well as ward members.

In Kottakachiyendal, no nominations were filed for the posts of either President or the 2 posts of ward members reserved for SCs in the ordinary elections held in October 1996 and in the subsequent casual elections held till 2001. However, elections were held for the non-reserved posts of ward members and the Vice President was also indirectly elected. This arrangement continued till 2001. During the ordinary elections held in October 2001, and in the subsequent 6 casual elections, none came forward to file nominations for the posts of President as well as ward members. Hence no elections were held.

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. While the posts of Presidents of Village Panchayats reserved for Scheduled Castes were rotated after ten years, the Government took a deliberate decision not to apply the rotation in respect of these four Panchayats. 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.

A function "Samathuva Peruvizha" to felicitate the newly elected Presidents, Vice-Presidents and community leaders of Pappapatti, Keeripatti, Nattarmanglam and Kottakachiyendal Village Panchayats was held on 13.11.2006 and was presided over by the Honourable Chief Minister of Tamil Nadu. A special incentive grant of Rs.20 lakhs was allotted to each of these Village Panchayats for developmental works.

#### **2.1.4 Training for the newly elected Village Panchayat Presidents**

Two days' orientation training was conducted for the newly elected Village Panchayat Presidents between 15.11.2006 and 30.11.2006 at 125 venues across the 29 districts in the State. Since more than 80% of the Village Panchayat Presidents are first-timers, they were sensitised on their roles and responsibilities, maintenance of accounts, conduct of meetings and implementation of schemes. It is proposed to impart periodic training to the elected representatives of Local Bodies in various schemes like National Rural Employment Guarantee Act (NREGA), Swarna Jayanti Gram Swarozgar Yojana



(SGSY), Anaithu Grama Anna Marumalarchi Thittam (AGAMT) etc. through the State Institute of Rural Development (SIRD) and the five Regional Institutes of Rural Development (RIRDs). In order to ensure quality training to the elected representatives and the officials of Rural Development department, it is now proposed to improve the facilities in the five Regional Institutes of Rural Development in terms of better class rooms and teaching equipment, seminar halls, hostels, kitchens among others. It is also proposed to create a corpus fund for training the elected representatives of the 3 tiers of Panchayats on a regular basis.

### **2.1.5 Conference of Local Body Heads**

A conference of Chairpersons of District Panchayats, Panchayat Unions and heads of urban Local Bodies was conducted on 18.03.2007 at Chennai in the presence of the Honourable Chief Minister. Various issues pertaining to effective functioning and empowerment of Local Bodies were deliberated upon and discussed in this conference.

### **2.2 Functional Devolution**

This Government is committed to ensuring that the PRIs function as effective institutions of local self Government. In 1996, soon after the conclusion of first ordinary elections to the three tiers of Panchayats, the Government constituted a 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 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, various sectoral 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 functions in their respective spheres to the three tiers of Panchayats.

Again, Government constituted a High Level Committee in November, 1997 under the Chairmanship of Thiru.Ko.Si.Mani, the then Hon'ble Minister for Rural Development and Local Administration with experienced persons including sitting MLAs of various political parties as members of the Committee to recommend additional devolution of powers 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 implementation.

No such Committee was constituted during the period 2001-06. But this Government, in continuance of its commitment to give further powers and responsibilities to rural and urban Local Bodies, constituted a High Level Committee under the Chairmanship of the Hon'ble Minister for Rural Development and Local Administration, Thiru.M.K.Stalin vide G.O.Ms no.6 RD & PR (C1) Department dated 22.1.2007. This Committee met on 07.03.2007 at

Chennai to have the first round of deliberations and will give its recommendations in due course.

The decentralization and delegation of powers and functions to Panchayats is a continuous and dynamic process. This Government is always open to the idea of delegating even more powers and functions to the rural Local Bodies, especially the Village Panchayats and Panchayat Unions. In this connection, it is worth pointing out that Tamil Nadu has always pressed for a two tier Panchayat Raj system with strong and vibrant Village Panchayats and Panchayat Unions as they existed under the old Tamil Nadu Panchayats Act, 1958. This Government is of the opinion that the reasons which led to the abolition of old District Boards, are still valid and applicable to the third tier of District Panchayat. This Government will press the Union Government to bring in Constitutional amendments to give States the necessary leeway to have Panchayats either at the Block level or at the District level or both, as deemed fit, while making the lowest tier of Village Panchayats mandatory for all the States.

### **2.3 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. It has also been clarified that while Collectors may initiate the public hearing exercise and make their draft recommendations, Government will pass final orders only after the Delimitation Commission of India completes its work of delimitation of Parliamentary and Assembly constituencies.

### **2.4 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 26<sup>th</sup> January, 1<sup>st</sup> May, 15<sup>th</sup> August and 2<sup>nd</sup> 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 1/3<sup>rd</sup> 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.

## 2.5 Village Panchayats

There are 12,618 Village Panchayats in the State spread across the 29 districts and the 385 Blocks. The average number of Village Panchayats per district is 435 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 (681) and Kancheepuram (648) are some of the districts with a large number of Village Panchayats. As can be seen from **Table 4**, the populations of Village Panchayats in Tamil Nadu are 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)**

Population	No. of Village Panchayats
Below 500	66
501-3,000	8,418
3,001-10,000	3,948
10,001-25,000	174
Above 25,000	12
Total	12,618

Similarly, wide variations are also noticed in the income levels of the various Village Panchayats as can be seen from **Table 5**.

**Table 5**  
**Income-wise Classification of**  
**Village Panchayats**

**(Average income of 3 years**  
**from 2003-04 to 2005-06)**

<b>Sl. No</b>	<b>Income Range</b>	<b>No. of Village Panchayats</b>
1	Upto Rs.50,000	10
2	Rs.50,000 to Rs.1 lakh	178
3	Rs.1 lakh to Rs. 5 lakhs	7,422
4.	Rs. 5 lakhs to Rs 10 lakhs	3,181
5	Rs. 10 lakhs to Rs. 25 lakhs	1,489
6	Rs.25 lakhs to Rs.50 lakhs	252
7	Rs.50 lakhs to Rs. 1 crore	60
8	Rs.1 crore to Rs.3 crores	24
9	Above Rs.3 crores	2
	<b>Total</b>	<b>12,618</b>

At present, 3.48% (6% of 58%) of the Second State Finance Commission grant is earmarked as 'Equalisation Fund' to weaker Village Panchayats. There is need to develop a mechanism superior to the Equalisation Fund. It is therefore proposed to allocate a minimum of Rs. 3 lakhs to each Village Panchayat, irrespective of its size and population, out of the Village Panchayat share of the Third State Finance Commission grant and allocate the balance according to the population. This way, it will be ensured that even the weaker Village Panchayats have sufficient income to enable them to discharge their functions satisfactorily. It is also to be noted that under the Anaithu Grama Anna Marumalarchi Thittam, financially weaker Village Panchayats get priority in the implementation of the scheme.

### **2.5.1. Functions**

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), Sampoorna Grameen Rozgar Yojana (SGRY), Central Finance Commission grant.
- k) such other duties as the Government may, by notification, impose.

### **2.5.2. 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:**

Local cess, surcharge on stamp duty, entertainment tax (70% share), seigniorage charges (100%) and lease amount (50% share) on minor minerals, social forestry auctions.

**d) Grants:**

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

### **2.5.3 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 Village Panchayats do not need external approvals for administrative sanction for taking up works up to Rs. 1 lakh from their General fund. However, the Collector's prior administrative sanction is necessary in respect of all Centrally sponsored and State 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 upto 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.

#### **2.5.4 Uthamar Gandhi Village Panchayat Award**

Uthamar Gandhi Village Panchayat Award has been instituted vide G.O.Ms no. 111 RD & PR (C2) Deptment dated 5.9.2006. This award will be 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 will be given a certificate, shield and a cash prize of Rs.5 lakhs each while their Presidents will be given a certificate and a medal. Awards can also be given posthumously. For 2006-07, 124 proposals were received from Collectors out of which 45 proposals were short-listed for field verification by a team headed by an IAS Officer. Amongst these, 15 Village Panchayats shall be conferred with Uthamar Gandhi Village Panchayat Award.

For 2007-08, Rs.75 lakhs will be provided for giving this award.

### **2.6 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.

#### **2.6.1. Functions and Powers**

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.

### **2.6.2. 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:**

Local cess surcharge, entertainment tax (30% share), lease amount of minor minerals (50% share).

#### **c) Grants:**

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

The Panchayat Union Councils can sanction and execute works up to Rs.5 lakhs from their General funds without any external approvals. However for Centrally sponsored and State schemes, prior administrative sanction of the District Collector is necessary.

## **2.7 District Panchayats**

There are 29 district Panchayats in the State.

### **2.7.1. 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 Panchayat 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 Sector and Rural Industries etc.
- d) planning and review of rural housing programmes particularly housing for SC/STs.
- e) identification of major water supply schemes.

### **2.7.2 Resources**

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

District Panchayats can sanction and execute works up to Rs.10 lakhs from their General funds without any external approvals. However in the case of Centrally sponsored schemes, prior administrative sanction of the District Collector is necessary.

### **2.8 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). Currently 8% of the State's total own net tax revenues (other than entertainment tax) is devolved to the rural and urban Local Bodies in the ratio of 58:42 respectively. 87% of the allocation for rural Local Bodies is being shared among the three tiers in the ratio of 47:45:8 among Village Panchayats, Panchayat Union Councils and District Panchayats respectively. The grant is being released every month to the Local Bodies. The balance 13% consists of Equalisation fund (6%), Incentive fund (5%) and Reserved fund (2%).

Based on the recommendations of Third State Finance Commission, it is proposed to allocate a higher share of State's own tax revenues for the rural and urban Local Bodies in the next five years, beginning with 9% for the year 2007-08. The percentage of devolution will be progressively increased to 10% within the award period of the Third State Finance Commission. The ratio of the shares of rural and urban Local Bodies will continue to be 58:42. 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 (12,618), the



allocation for the rural Local Bodies is proposed to be 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.

In 2006-07, Government had allocated Rs.1,224.76 crores as the State Finance Commission grant for the rural Local Bodies. For 2007-08, the allocation is likely to be Rs.1585.72 crores – an increase of nearly 30%.

## **2.9 Central Finance Commission Grant**

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

For 2007-08, this Government has decided vide its G.O.Ms.No.19 RD & PR Department dated 26.02.2007 that the entire Twelfth Finance Commission Grant will be allocated only to Village Panchayats on the basis of population. The grants should be utilised by the Village Panchayats entirely for the operation and maintenance cost of water supply, street lighting and sanitation.

A sum of Rs. 174 crores will be provided for the year 2007-08.

## **2.10 Assigned/Shared Revenues:**

The major sources of assigned/shared revenues to the rural Local Bodies are Local cess, Local cess surcharge, 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.250-300 crores. The Local cess is equal to the land revenue collected and is credited to the Village Panchayats. The Local cess surcharge is between five and ten times the land revenue collected and is credited to the Panchayat Unions. 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 has been 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 is also considerable inequity in the distribution of what are essentially Government revenues. Hence, the Government is considering the development of an alternative sharing formula for assigned/shared revenues that facilitates quick and easy disbursement and is also equitable.

### 3. ESTABLISHMENT

The posts of Makkal Nala Paniyalar were abolished by the previous Government on 31-5-2001. After this Government assumed office, 13,100 posts were revived and 12,774 Makkal Nala Paniyalars have joined duty till 31.3.2007. Makkal Nala Paniyalars assist the Village Panchayat Presidents in the collection of taxes, maintenance of assets, implementation of schemes, etc. They have also been asked to prepare the muster rolls of labourers working under Tamil Nadu Rural Employment Guarantee Scheme works in the National Rural Employment Guarantee Act districts of the State.

Since the Puratchi Thalaivar MGR Noon Meal Scheme is dealt with by the Department of Social Welfare and Nutritious Meal Programme at the Secretariat level, the control of the scheme hitherto vested with the Directorate of Rural Development and Panchayat Raj Department has been transferred to the Directorate of Social Welfare vide G.O.Ms.no.80 (SGS-3) RD & PR Department with effect from 20.7.2006.

The control of Tamil Nadu Bhoodan Board was transferred from the Directorate of Rural Development and Panchayat Raj to the Commissionerate of Land Reforms vide G.O. Ms.No.144 (SGS-3) Rural Development and Panchayat Raj Department dated 20.07.2006 since the Bhoodan Board also deals with the distribution of land to the landless .

This Government relaxed the special rules pertaining to the service qualifications for promotion of Extension Officers to the post of Deputy Block Development Officer vide G.O.Ms.No.154 Rural Development and Panchayat Raj (C4) Department dated 20.10.2006. It is now stipulated that working as an Extension Officer (Panchayats) for a period of not less than one year is sufficient for promotion as a Deputy Block Development Officer.

The Part-Time Clerks/Panchayat Assistants working in the Village Panchayats who were on consolidated pay have been brought under time scale of pay with effect from 1.9.2006. Accordingly, the Full-Time Panchayat Assistants have been designated as Panchayat Assistants Grade I and given the time scale of pay of Rs.1,300-20-1,500-25-2,000. The Part-Time Clerks have been designated as Panchayat Assistants Grade II and they have been given a time scale of pay of Rs.625-10-725-20-925.

Large numbers of vacancies in all categories of staff, which affected the implementation of schemes adversely, was a problem this Government had to face when it assumed office in May 2006. Taking expeditious action, orders have been passed permitting the filling up of vacancies in all categories from the Assistant Director downwards, viz.,

- i) 30 posts of Assistant Directors, 187 posts of Assistant Engineers and 1001 posts of Junior Assistants through the Tamil Nadu public Service Commission (TNPSC);

- ii) 559 posts of Typists and 71 posts of Stenotypists through the Directorate of Technical Education;
- iii) 407 posts of Overseers, 54 posts of Junior Draughting Officers, 657 posts of Road Inspectors, 63 posts of Office Assistants through Employment Exchange;
- iv) 333 posts of Junior Assistants, 1 typist, 14 posts of Night watchmen, 50 posts of Office Assistants, 4 posts of Drivers on compassionate grounds;
- v) 8 posts of Typists, 37 posts of Night watchmen and 2 Drivers from among daily wage employees;
- vi) 20 posts of Night watchmen and 182 posts of Drivers through the Tamil Nadu Ex-Servicemen Corporation Limited (TEXCO).

In order to ensure fairness and transparency in recruitments done through Employment Exchange, the Rural Development and Panchayat Raj Department has ordered vide Letter no. 31101/E3/2006-4 dated 28.12.2006 that all such recruitments be done strictly by following Employment Exchange seniority-cum-communal roster by calling for a panel of names in the ratio of 1:1 from the Employment Exchange.

The Government has sanctioned posts at the rate of 2 Computer Assistants and 2 Technical Assistants per Block and one Technical Assistant for every 10 Village Panchayats in each of the six National Rural Employment Guarantee Act districts viz. Cuddalore, Villupuram, Tiruvannamalai, Nagapattinam, Dindigul and Sivaganga in order to improve the implementation of this Programme.

Krishnagiri district, which was formed in 2004, lacked a separate Engineering Wing at the district level. It has been sanctioned the posts of one Executive Engineer, one Assistant Executive Engineer, one Senior Draughting Officers, 2 Junior Draughting Officers and one Driver.

The Government has passed orders enabling the upgradation of the posts of Project Officers, DRDAs to Additional Directors whenever required vide G.O.Ms.No.17 RD & PR Department dated 21.02.2007, subject to condition that the total number of sanctioned posts of Additional Directors is not exceeded.

The Government also proposes to restructure the District Rural Development Agencies, whose staffing pattern is not attuned to the current schemes and priorities. A similar restructuring is contemplated with regard to the Project Implementation Units of Mahalir Thittam project. The Block Development Officer (Village Panchayats) will be made responsible for liaising with the non-Governmental organizations (NGOs) and financial institutions for the implementation of Mahalir Thittam and Swarna Jayanti Gram Swarozgar Yojana (SGSY).

#### **4. CENTRALLY SPONSORED SCHEMES**

## **4. 1 Indira Awaas Yojana (IAY)**

The Indira Awaas Yojana was launched as an independent scheme from 1997-98 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 the poverty line. 3% of the financial allocation is earmarked for the disabled persons. Beneficiaries are selected from the Below-the Poverty-Line (BPL) list approved by the Grama Sabha. New houses as well as upgradation of kutcha houses are being taken up under the scheme. It is funded by the Centre and the State in the ratio of 75:25.

### **4.1.1 New houses:**

From 1.4.2005 onwards, the unit cost of a new house has been fixed at Rs. 25,000 for ordinary soil and Rs. 27,500 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 has been raised from Rs.9,000 to Rs.12,000 per house. The minimum plinth area of a house shall 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. This year, it has been decided to dovetail a further subsidy of Rs 1,200 out of Total Sanitation Funds to enable each beneficiary construct a toilet in the IAY house.

### **4.1.2 Upgradation of kutcha houses:**

This can be taken up to a maximum of 20% of IAY allocation. The unit cost is Rs.12, 500.

During 2007-08, 49,850 new houses are likely to be constructed and 11,077 kutcha houses upgraded at a financial outlay of Rs. 198.29 crores, inclusive of the State Government's additionality of Rs.59.82 crores towards the RCC roofing cost.

### **4.1.3 Finalisation of Below Poverty Line survey list:**

As per Government of India's guidelines, a Socio-Economic Survey for the Tenth Plan period for identifying households below the poverty line (BPL) was conducted during 2002-03 in Tamil Nadu. Instead of fixing an 'income criterion' or an 'expenditure criterion' to determine poverty status as done during previous surveys, a new approach based on 13 socio-economic indicators, with each indicator carrying marks ranging from 0 to 4, was prescribed to rank rural households. The total marks secured by a household could vary from 0 to 52. The cut-off mark for the identification of a family as a BPL family has been fixed as 17.

Numerous representations were received by this government from the public as well as elected representatives that several eligible households had been left out and ineligible households included in the BPL lists prepared pursuant to the socio-economic survey of 2002-03. This Government, therefore,

ordered that the list of BPL households be displayed for public scrutiny in each Village Panchayat office during July-August, 2006, besides handing over copies of the lists to the concerned Chairpersons of the Panchayat Unions, MLAs and MPs. The applications received for inclusion or deletion were got verified by the Block officials. The lists were substantially revised and the updated BPL lists were put up for the approval of the Grama Sabha held on 14.11.2006. There are provisions for appeal to the BDO (Village Panchayats) and the Collector. Continuous updation efforts are being made to ensure that only deserving households find place in the BPL lists.

#### **4.2 Sampoorna Grameen Rozgar Yojana (SGRY)**

The primary objective of the scheme is to give supplementary wage employment to rural labour, thereby providing food security and improving the nutritional levels in rural areas. The secondary objective of the scheme is the creation of durable community assets and development of rural infrastructure. The district allocation is apportioned in the ratio 20:30:50 among the District Panchayat, Panchayat Unions and Village Panchayats.

Out of the Village Panchayats allocation, 50% is to be spent on creation of need based infrastructure in SC/ST habitations/wards. Out of the allocation to the District Panchayat and Panchayat Unions, 22.5% is to be spent on individual/group works for the benefit of the SC/ST community living below poverty line and 15% for minority community.

Wages to labourers are paid partly in cash and partly in the form of rice, which is given through fair price shops. The Government of Tamil Nadu has fixed the minimum wage at Rs.80 per day. The Centre and State contribute to the cash portion of the scheme in the ratio 75:25. The cost of the food grains is borne by Government of India and the transportation charges are borne by the State Government.

In 2007-08, this scheme will be implemented in 19 Districts only since SGRY has already been merged with the National Rural Employment Guarantee Scheme (NREGS) in the six districts of Cuddalore, Dindigul, Nagapattinam, Sivagangai, Tiruvannamalai, Villupuram and is to be extended to four more districts viz., Thanjavur, Tiruvarur, Tirunelveli and Karur Districts.

It is proposed to take up the following works on priority under SGRY in the year 2007-08:

- a) Improvements to Panchayat Offices.
- b) Library Buildings.
- c) Cement Concrete roads
- d) Noon meal centres/Kitchen sheds/ Anganwadi centres.
- e) Public Distribution shops
- f) Approach road to Burial Grounds.

It is also proposed to take up the dwelling units for SCs/STs on a priority under the 22.5% component of District and Block Panchayats of SGRY scheme at the unit cost of IAY houses itself.

#### **4.3 National Rural Employment Guarantee Act 2005 – Tamil Nadu Rural Employment Guarantee Scheme (TNREGS)**

The National Rural Employment Guarantee Act was enacted in September 2005. The Tamil Nadu Rural Employment Guarantee Scheme (TNREGS) was launched on 2.2.06 and is being implemented in six districts, viz., Cuddalore, Dindigul, Nagapattinam, Sivagangai, Tiruvannamalai and Villupuram. During 2007-08, the scheme is being extended to four more districts, viz., Thanjavur, Tiruvarur, Tirunelveli and Karur.

##### **Objectives of the Scheme:**

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

The Village Panchayat will issue job cards to every registered household. Work should be given within 15 days to persons who apply for the same, failing which an unemployment allowance shall be payable by the State Government at the rate prescribed in the Act. Payment of the statutory minimum wage and equal wages for men and women are other notable features of the scheme.

##### **Funding Pattern:**

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

- a) The entire cost of wages for unskilled manual workers.
- b) 75 percent 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 and work site facilities.
- d) Administrative expenses of the Central Employment guarantee Council.  
The State Government will bear 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.

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

- a) Formation of new ponds.
- b) Renovation of existing ponds, kuttais, kulams, ooranies, 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.

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 implementational bottlenecks.

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

1. A separate Rural Schedule of Rates was approved exclusively for this scheme in the G.O.Ms. no. 77, RD & PR (CGS-1) Department dated 14.07.2006, thereby removing a major hurdle in getting the statutory minimum wage of Rs.80 per day for seven hours of prescribed work. Rates for working on laterite rock, which is common in Sivaganga district, were added to the Schedule vide G.O M.S No 35 RD & PR Department dated 12.3.2007.
2. A series of sensitization and training programmes have been organized for the Village Panchayat Presidents and implementing officials of all the six districts.
3. A minimum of 30% registrations has been insisted upon in each Village Panchayat. The percentage of registrations has exceeded 30% in all but 5 out of the 3830 Village Panchayats in the six districts. In fact, the percentage of registered households in the six districts as on 31.3.07 has touched 50%, which indicates that there is widespread awareness about the scheme.

4. 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.
5. Makkal Nala Panialars (MNPs) have also been made responsible for the implementation of the scheme at the field level.
6. Additional technical and computer staff (563 Technical Assistants and 180 computer operators) have been sanctioned to the six districts vide the G.O.Ms No.153, RD&PR (CGS-1) Department, dated 20.10.2006. This has helped in better supervision of works and prompt payment of wages to the workers.
7. Only 100% labour intensive works have been taken up in order to prevent the entry of contractors who are strictly banned as per the guidelines.
8. 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.
9. 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:
  - I. President of the Village Panchayat.
  - II. Vice – President of the Village Panchayat
  - III. Ward Member of the area where the work is executed
  - IV. An SC/ST Ward Member, if none of the persons in Sl.nos. 1, 2 and 3 belongs to SC/ST Community.
  - V. Two animators of graded Self Help Groups.
  - VI. A representative of the Panchayat Level federation.
10. A 25-member Tamil Nadu State Employment Gurantee council has been constituted vide the G.O Ms No. 117, RD & PR (CGS-I) Department, dated 14.09.06 to monitor and review the implementation of the scheme. The first meeting of this council was held on 25.11.2006.
11. It is proposed to institutionalise a system of social audit to ensure total transparency and accountability in the implementation of the scheme.

As a result of the concerted efforts taken by this Government, a sum of Rs.152.14 crore has been utilized and over 185 lakh mandays of employment have been generated up to 31.3.07. About 82% of the work force comprises



women and 56% are Scheduled Castes. A notable feature of the scheme is that it has had a buoyant effect on rural wages.

#### **4.4 Swarna Jayanti Gram Swarozgar Yojana (SGSY)**

SGSY is being implemented since April 1999 as a major anti-poverty scheme for the rural poor, by organizing them into Self Help Groups (SHGs), providing them with skill development training and helping them to get credit linkage with financial institutions and providing infrastructure and marketing support for the products produced by them. Government of India and the State Government are sharing the costs in the ratio of 75:25.

10% of the scheme fund is allocated for the training component, 20% for the infrastructure component and 70% for revolving fund-cum-subsidy component. The SHGs, after the first grading, are provided with a revolving fund of Rs.25,000 (bank loan of Rs.15,000 and Rs.10,000 as subsidy). After the second grading, the successful groups are provided with economic assistance, the maximum eligible subsidy being 50% of the project cost with a ceiling of Rs.1.25 lakhs.

In 2007-2008, a sum of Rs.69.39 crores is likely to be allocated for the implementation of this scheme with a credit target of Rs.131.79 crores.

In order to implement the scheme in a more purposeful manner, the following initiatives have been taken

- i. A directory of reputed Training Institutions has been prepared which will facilitate the conduct of useful training programmes under SGSY.
- ii. An elaborate Activity Mapping exercise has been done throughout the State and two leading activity clusters have been identified for each Block with a view to promoting these activities under the Economic Assistance component.

#### **4.5 Total Sanitation Campaign (TSC)**

Government of India restructured the Comprehensive Rural Sanitation Programme with effect from 1.4.1999 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 1.4.2006, 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) 60:20:20 for individual household toilets and solid and liquid waste management and community sanitary complexes, with 20% contribution from beneficiaries/Panchayats.
- c) 70:30 for school and anganwadi toilets.

It is proposed to launch a State level Multi-Media campaign this year in order to change the mind-set of the rural public regarding sanitation practices and generate demand for individual household toilets.

#### **4.5.1 Nirmal Gram Puraskar**

To give a fillip to the Total Sanitation Campaign, the Government of India launched an incentive scheme from 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' as may be seen in **Table 6**.

**Table 6**

#### **Cash Incentive Criteria for Nirmal Gram Puraskar**

<b>Particulars</b>	<b>Population</b>	<b>Incentive (Rs in lakhs)</b>
Village Panchayat	Less than 1,000	0.50
	1,000 to 1,999	1.00
	2,000 to 4,999	2.00
	5,000 to 9,999	4.00
	10,000 and above	5.00
Block	Upto 50,000	10.00
	50,001 and above	20.00
District	Upto 10 lakhs	30.00
	Above 10 lakhs	50.00

For the year 2006-2007, 480 Village Panchayats and 8 Blocks have been recommended for Nirmal Gram Purashkar. The selected Panchayats will be awarded the award in 2007-08.

#### **4.6 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 crore 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 districts falling within the constituency of the concerned MP. In the case of Rajya Sabha, the MP 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. Individual works to the maximum value of Rs.25 lakhs can be taken up under this scheme. 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.

For 2007-08, Rs.114.00 crore is likely to be allotted for works under MPLADS.

#### **4.7 Pradhan Mantri Gram Sadak Yojana (PMGSY)**

The Government of India launched PMGSY on 25<sup>th</sup> December, 2000 to provide all-weather roads to all rural habitations with population more than 1000 by the year 2003 and to all habitations with population between 500 and 1000 by the year 2007. This is a 100% centrally assisted scheme.

Phase I to Phase III (2001-02 to 2003-04) of the scheme were implemented by the Rural Development and Panchayat Raj Department. However, Phase IV of PMGSY (2004-05) was entrusted to Highways Department as per G.O.Ms. no. 301, Highways Department, dated 22.12.2004.

Since the Panchayat Raj Institutions have to be involved in all stages of implementation of the scheme, this Government re-transferred PMGSY to Rural Development and Panchayat Raj Department vide G.O.Ms.no.95, RD & PR Department, dated 17.8.2006. However, the Tamil Nadu Rural Infrastructure Development Corporation (TNRIDC) was continued as the State nodal agency for receiving funds from Government of India. This threw up certain operational difficulties as Phases I to III and V of the scheme are implemented by the Rural Development and Panchayat Raj Department with the prospect of future phases following suit. So the Government designated the Tamil Nadu Rural Housing and Infrastructure Development Corporation (TNRHIDC) which is under the administrative control of the Director of Rural Development and Panchayat Raj as the State nodal agency vide G.O.Ms.no.15, RD & PR Department, dated 14.2.2007.

Under Phases I to III (2001-02 to 2003-04) road works to a length of 3,364.62 Km. were taken up at an estimated cost of Rs.434 crores out of which 3,244.55 Km. have been completed incurring an expenditure of Rs.378.70 crores. The Highways Department is implementing Phase IV (2004-05) of the programme at an estimated cost of Rs.117.91 crores covering a road length of 826 Km.

Under Phase V (2005-06), road works to a length of 849.13 Km. are being executed at an estimated cost of Rs.182.05 crores. This Department is taking action to cover all the remaining unconnected habitations with a population of 500 and above in Phase VI to be proposed in 2007-08.

## **4.8 National Project on Biogas Development**

This is a 100% Centrally sponsored scheme envisaging a subsidy of Rs.2,100 for general category and Rs. 2,800 for SC/ST and small farmers and Rs.3,500 for hilly areas. The tentative allocation for 2007-08 is Rs.62 lakhs.

## **5. STATE SCHEMES**

### **5.1 Anaithu Grama Anna Marumalarchi Thittam**

This Government launched a 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 over the next five years. In terms of allocation, this is by far the biggest among all the Centrally sponsored and State schemes currently under implementation. 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 incomes and are finding it difficult to provide the statutory services or improve infrastructure, this scheme proposes to accord priority to the poorest Village Panchayats in terms of *per capita* income. One fifth of the Village Panchayats in each Block will be 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 1997-2002, will be taken up in the fifth year (2010-11).

Under the scheme, the Government had allocated Rs. 508 crores for 2,540 Village Panchayats during 2006-07 at the rate of Rs. 20 lakhs per Village Panchayat. For 2007-08, the scheme is going to be taken up in 2,534 villages at an outlay of Rs. 506.80 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.

Unlike the old Anna Marumalarchi Thittam in which only one Village Panchayat was taken up per M.L.A. constituency in each year, under the Anaithu Grama Anna Marumalarchi Thittam, on an average, about 12 Village Panchayats will be taken up in each M.L.A. constituency every year. Further, all the Village Panchayats in the State will be covered over a period of just five years. There is also a special focus on the poorest Village Panchayats. Again, unlike the Namadhu Gramam Thittam, implemented during 2004-06, in which resources were spread very thinly across all the 12,618 Village Panchayats in the State (at the rate of Rs.1.10 lakhs per Panchayat in 2004-05 and Rs.1.25 lakhs per

Panchayat in 2005-06) with the result that no significant impact was visible in any Village Panchayat, under the Anaithu Grama Anna Marumalarchi Thittam, a significant injection of resources to the tune of Rs.20 lakhs is being made in each Village Panchayat. Further, funds from other schemes of Rural Development and Panchayat Raj department and other departments such as Highways, Public Works, Social Welfare, Health, Education, Agriculture Engineering, 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 at least 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/ Union Engineer and the Panchayat President concerned.
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 per village.
4. At least one pond/orani 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 orani 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 1 metre 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 costing upto Rs.2 lakh may be constructed or an existing building may be modified suitably and books worth at least Rs.35,000 are to be bought for the 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.

The Government have also proposed to hand over all the libraries set up under AGAMT scheme to the Director of Public Libraries to ensure their proper

upkeep in the future. It has also been decided to permit the Village Panchayats to incur an expenditure of upto Rs. 10,000 per year to maintain the sports centres set up under AGAMT.

## **5.2 Member of Legislative Assembly Constituency Development Scheme (MLACDS)**

Member of Legislative Assembly Constituency Development Scheme 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 crore to Rs.1.20 crore vide G.O.Ms.No.134, RD & PR (SGS.II) Department, dated 29.9.2006. 50% of the allocation (Rs.60 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. The Government also decided to provide the MLAs with a Lap-top/Desktop top computer and a multi functional colour laser printer to assist them in their day to day working.

During 2006-07, the following items of works were held as priority under the earmarked component of Rs.60 lakhs: 1.Cement Concrete Roads (25 lakhs), 2. Sodium Vapour Lamps (15 lakhs), 3.Upgradation of existing roads (20 lakhs). In Municipal Corporation areas, the earmarked component could be used for taking up any work connected with basic amenities. These priorities are likely to be revised for 2007-08.

The Government has permitted the MLAs to allocate their funds under MLACDS for the construction of houses for SCs/STs (like IAY scheme in rural areas) in Town Panchayat areas. The Government has also permitted MLAs to allot funds under MLACDS to repair the group houses that are at least 10 years old. As in the case of Member of Parliament Local Area Development Scheme, works involving desilting of ponds, rivers, ooranies and channels have been banned under MLACDS.

The total allocation for MLACDS for 2007-08 is likely to be Rs.282 crores.

## **5.3 NABARD RIDF XII –2006-07**

For the good upkeep of the road networks in the State, NABARD assistance to the tune of Rs.107.39 crores was obtained by the Government for the strengthening of 889 bus plying roads in Panchayat Unions and Panchayats to a length of 1543.32 Km. A sum of Rs.50 crores has been released as 1<sup>st</sup> instalment and disbursed to all districts. The works are in progress.

## **5.4 Twelfth Finance Commission Grant Road Works –2006-07**

The Twelfth Finance Commission Grant was utilized effectively for the maintenance of black topped roads connecting and passing through the Village Panchayats in which AGAMT is being implemented. The sanctioned amount of

Rs.103.60 crores has been disbursed to the districts. The works are in progress. For 2007-08, an amount of Rs. 103.60 crores will be sanctioned for roads to be taken up in 2007-08 AGAMT villages.

### **5.5 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 2007-08, a provision of Rs. 7.50 crores has been made.

## **6. PART II SCHEMES**

The following new schemes are being implemented in the year 2007-08:

### **6.1 Modernisation of Training Institutions:**

The Government has decided to modernize the Regional Institutes of Rural Development (RIRDs) by providing financial assistance for construction of class rooms, teaching equipment, seminar halls, hostels, dining rooms, kitchens among others at a cost of Rs.3.50 crores.

### **6.2 Offices of Assistant Directors (Audit):**

The Government has proposed to construct office buildings for Assistant Directors (Audit) of Cuddalore, Kanniyakumari, Thanjavur and Dharmapuri whose offices are not presently functioning at the district headquarters at a cost of Rs.60 lakhs.

### **6.3 Vehicles for Rural Development Officials:**

In order to enable field level officials to monitor the Rural Development works more effectively and efficiently, the Government has sanctioned 123 vehicles at a cost of Rs.5.62 crores to those Assistant Directors (Panchayat), Assistant Directors (Audit), Executive Engineers (RD), Assistant Executive Engineers (Water Supply), Assistant Executive Engineers (PMGSY) and Block Development Officers who currently do not have vehicles, besides DRD's office.

### **6.4 Xerox and Fax machines to all Block Offices:**

The Government has also decided to provide at a cost of Rs.2.92 crores a Xerox machine and a fax machine to all the 385 Block offices and also the offices of Assistant Directors (Audit) in order to ensure a greater efficiency in the office administration.

### **6.5 Office Of Tamil Nadu State Election Commission:**

The Government has sanctioned an amount of Rs.1.50 crore for construction of the office building of the Tamil Nadu State Election Commission.

## **7. TAMIL NADU CORPORATION FOR DEVELOPMENT OF WOMEN**

Tamil Nadu Corporation for Development of Women Limited was established in the year 1983 with the prime objective of socio-economic development and empowerment of rural women. The Corporation was under the administrative control of Social Welfare Department from inception till mid 2006. In July 2006, Vide G.O.Ms.No. 81 dt: 20.7.2006, the Corporation was brought under the administrative control of Rural Development and Panchayat Raj Department in order to bring about greater synergy and better coordination in implementing various schemes for Self Help Groups.

The Board of TNCDW was broad based and reconstituted vide G.O.Ms.No:148 Rural Development & Panchayat Raj (CGS-II) Department dated 12.10.2006 to include representatives from Industry, NGO sector, Banks and specialists who can provide valuable guidance to the Corporation.

This Government spearheaded the Self Help Group (SHG) concept in the country by forming SHGs in Dharmapuri district with the assistance of International Fund for Agricultural Development (IFAD) as early as September 1989. Later this scheme was extended to the erstwhile Salem and South Arcot districts in the year 1991-92 and further expanded to include Madurai and Ramanathapuram districts in the year 1992-93.

### **7.1 Mahalir Thittam**

The overwhelming success of the IFAD Project paved way for the now popularly called "Mahalir Thittam" project, which was launched during 1997-98 with State Government funding in Villupuram, Dharmapuri (Krishnagiri), Namakkal, Cuddalore, Ramanathapuram, Madurai, Theni, Karur, Virudhunagar, Salem, Tiruvarur, Thoothukudi, Vellore and Tiruvallur districts.

During 1998-99, due to great demand it was extended to Tirunelveli, Tiruvannamalai, Erode, Pudukottai, Sivagangai, Nilgiris and Tiruchirapalli districts.

In 1999-2000 the scheme was further extended to the districts of Kanniyakumari, Coimbatore, Dindigul, Kancheepuram, Perambalur (Ariyalur), Thanjavur and Nagapattinam. Finally, it was extended to Chennai in the year 2001-02 to cover the entire state.

Tamil Nadu Corporation for Development of Women implements Mahalir Thittam in partnership with Non-Governmental Organisations (NGOs) who form SHGs, train and monitor them.

### **7.2 Self Help Groups**

A small homogeneous group of poor women consisting of 12 to 20 members voluntarily formed to promote savings and mutually agreeing to contribute a common fund to be lent to its members as per the group's decision



is called as "Self Help Group" (SHG). The members have to be in the age group of 18-60 years.

The unique feature of the SHG is its ability to inculcate among its members sound habits of thrift, savings and banking. Due to this quality SHGs have been recognized as useful vehicles to help the poor in accessing financial resources, which were hitherto not available to them and has helped them break away from the clutches of exploitative moneylenders.

Regular savings, periodic meetings, compulsory attendance, and systematic training are the salient features of the SHG concept. Normally, each SHG member saves around Rs.100/- per month. Each group selects one animator and two representatives from among themselves. The animator is responsible for providing leadership to the group and to maintain the various registers. The representatives assist the animator and maintain the bank accounts of the group.

The SHGs excellent track record of repayment of loans is the cornerstone for the success of the SHG movement in the state. The percentage of repayment of loans by SHGs is as high as 98%. The SHG members use their collective wisdom and peer pressure to ensure proper end use of credit.

### **7.3 Capacity Building**

The capacity building of the SHGs is critical for the cohesiveness of the group and its effective functioning. This is achieved through a series of systematic trainings, like the basic training (i.e.) SHG member training and animator and representative training within 6 months of the formation of the group.

#### **7.3.1 SHG Member Training:**

This training is imparted to all the members of the SHG in 4 modules in 4 days. The primary objective of this training is to orient all members to the SHG concept and bring out the hidden talents and capacity of all the members. In the year 2006-07, the per diem payable to the SHG members attending the training was increased to Rs.45/- per day from Rs. 7.50/- per day.

#### **7.3.2 Animator and Representative Training**

The animator and one representative from each SHG are given this training in 3 modules in 6 days. The main objective of this training is to enhance the leadership quality, team building spirit and to build their capacity to maintain books of accounts. The per diem payable to the trainees was increased in 2006-07 to Rs.45.00 per day from Rs.20.00 per day in 2006-07.

#### **7.3.3 Community resource persons**

In the current year, it is proposed to develop community resource persons drawn from self-help groups and their federations who will undertake the task of training the SHG members and their leaders. Around 5000 community resource persons will be developed in the course of next two years.

#### **7.4 Credit Rating**

The SHGs that complete 6 months become eligible for credit rating. Credit rating is a bench marking exercise to grade the group and ascertain its credit worthiness. The credit rating committee consists of an Assistant Project Officer from Mahalir Thittam, a representative from DRDA, a Banker, and a NGO representative. In an effort to strengthen the Panchayat level federation (PLF) of the SHGs, one representative from the PLF has been included in the credit rating committee. Regularity of savings, frequency of meetings, proper maintenance of registers, internal loaning and repayment are some of the key parameters for rating of groups. The successfully credit rated SHGs, become eligible for credit linkage. They are given revolving fund through schemes like SGSY, TAHDCO or directly provided loans by banks.

The groups also undergo a second credit rating after the lapse of another six months to ascertain their readiness and suitability to undertake an economic activity. The groups which pass the second credit rating are provided financial assistance to start an economic activity through SGSY / TAHDCO schemes along with bank funding.

#### **7.5 Non-Governmental Organisations**

Mahalir Thittam is implemented through NGOs who help in the formation of SHGs, provide training and monitor the SHGs. The NGOs are provided formation cost and monitoring cost for the above activities. The NGOs who are interested in partnering with TNCDW for implementation of Mahalir Thittam are affiliated, if they satisfy the prescribed norms like

- Past experience in forming SHGs
- Unblemished track record for three years
- Adequate infrastructure facilities.

There are at present 628 approved NGOs under Mahalir Thittam. The five-year agreement entered by Mahalir Thittam in 2002 with the NGOs has expired in March 2007. A new agreement is being drafted and will come into effect from the current year. The new agreement will give greater focus for promotion of livelihood activities paving the way for economic empowerment of SHGs. The existing norms for affiliation of NGOs will be reviewed in tune with the new strategy.

#### **7.6 Present Status of SHGs**

The SHG movement, which was started in 1989 as a spark in the horizon, has emerged as a powerful and vibrant movement illuminating the lives of poor women across the length and breadth of the state. As of March 2007, 22020 new SHGs have been formed including 12564 SHGs in Annaiithu Grama Anna

Marumalarchi Thittam villages this year adding upto a cumulative total of 3,37,744 SHGs under Mahalir Thittam .

In 2006-07, 5000 urban SHGs have been provided revolving fund of Rs.10,000 each at a total cost of Rs.5 crores. Table 7 gives the details of SHGs as on 31.03.2007:

**Table 7**

**Details of SHGs**

Total No. of SHGs	3,37,744
Total No. of Group Members (in lakhs)	54.32
No.of Rural Groups	2,73,255
No.of Rural Group Members	44,26,731
No.of Urban Groups	64,489
No.of Urban Group Members	10,06,028
Total Savings (Rs. in Crores)	Rs.1,382
Credit rated groups	3,04,051
Credit linked groups	2,73,098
Amount of loan disbursed (Rs. in Crores)	Rs.2,337.79

**7.7 Panchayat Level Federation**

Under Mahalir Thittam, a federation of SHGs is formed at the Village Panchayat Level called the Panchayat Level Federation (PLF) comprising of two representatives from each SHG in the Panchayat. The PLF provides a common platform for the SHGs to share their experiences and to voice their problems. The PLFs can help achieve what individual SHGs cannot, by pooling in talent and resources and exploiting economies of scale both in production and marketing. They can also guide and monitor the functioning of SHGs in a Village Panchayat and also form and train new SHGs. Strengthening PLFs is the key to achieving sustainability in the long run.

Government orders were issued as early as 2002 in G.O.Ms. No.116 SW & NMP Department dated 31.7.2002 to form Panchayat level Federations in all the Panchayats but the PLFs have been dormant due to lack of systematic training about their roles and responsibilities.

In the year 2006-07, various initiatives were taken by the Government to revitalise and strengthen the PLFs.

- Out of 12618 Panchayats, 12405 PLFs have been formed so far.
- Office bearers of 11971 PLFs have been imparted training on their roles and responsibilities.
- 3202 PLFs have been provided seed money of Rs.10, 000/-each.
- SHG buildings have been handed over to PLFs for management.
- Efforts have been taken to register all SHGs with the PLF.
- PLF representative has been included as a member of the credit rating team
- Provision has been made to affiliate well functioning PLFs with Mahalir Thittam on par with NGOs for formation of new SHGs, monitoring, etc.
- Manimegalai awards will be presented to 5 best PLFs at the state level and one best PLF at the district level.

The above initiatives have been very effective in rejuvenating the PLFs. In 2007-08, it is proposed to take the following steps to further strengthen the PLFs:

- Higher-level capacity building will be imparted to the PLF office bearers on governance aspects as well as financial management.
- Community and marketing infrastructure provided under SHG livelihood schemes will be entrusted to PLFs for management.
- PLF certification will be made mandatory for processing NGOs claims for new group formation, monitoring and training costs.
- Registration of all SHGs formed by the NGOs with PLF will be included as a covenant in the new NGO agreement.

### **7.8 Entrepreneurship Development Training and Skill Training For Women (EDP)**

EDP training for 7 days is conducted by TNCDW to orient the SHG women on the fundamentals of entrepreneurship and micro enterprises including opportunities available to start economic activities. In 2006-07, 22,000 SHG women have been imparted EDP training at a cost of Rs. 88 lakhs. Similarly skill training is also provided to SHG women in a particular chosen activity to imbibe basic skills and knowledge required to start livelihood activities. 22,327 SHG women have been provided skill training in the year 2006-07.

Currently most of skill trainings imparted to SHG women are of short duration i.e., less than a month. It is observed that short-term skill trainings do not equip the SHG women with adequate skills to undertake viable economic activities. EDP is now just a stand-alone training programme and can be more effective if it is incorporated as an integral part of skill training.

Hence, in 2007-08, it is proposed to impart skill training of longer duration i.e., more than a month, with better quality and also incorporating a five-day capsule of Entrepreneurship development training. This skill training will be imparted through reputed institutions.

### **7.9 Youth Self Help Groups**

The success of the women SHGs has revealed the tremendous potential available in society, which can be tapped for the development of society by well-designed Government programmes. With this objective in mind and to provide employment to unemployed youth, this government announced the youth self help groups scheme in 2006-07.

As on 31.3.2007, 9397 youth SHGs have been formed and 1396 youth SHGs have been provided revolving fund of Rs.10,000/- each. With a view to improve the employability of the youth, skill training has been imparted to 4098 youth through reputed industrial houses and institutions like L&T, MRF and TVS Research and Training centre among others.

### **7.10 Impact Of Mahalir Thittam**

Mahalir Thittam has systematically cultivated the SHG movement and strengthened their capacity through various training programmes which has resulted in perceptible change in the social status of women in general and rural women in particular. The SHG movement has brought about the following:

- Increased self-confidence and communication skills among SHG women.
- Greater awareness and participation of poor women in various welfare schemes of the Government.
- SHG women undertake multifarious economic activities leading to economic empowerment.
- Women have united together breaking the social barriers of caste, creed and religion.
- Participation in Gram Sabha and Panchayati Raj activities.
- More than 6800 women SHG members elected to Local Bodies in 2006.
- Easy access to credit and improved credit worthiness of women SHGs.
- The problem of "kandhu vatti" (usurious interest) system has been solved.
- Formation of youth groups encouraged by success of women SHGs.

### **7.11 IFAD Assisted Post Tsunami Sustainable Livelihood Programme (PTSLP)**

In G.O.Ms.No.136, RD & PR Department, dated 19.10.2005, the Tamil Nadu Welfare Society (TNWS) for self help groups and District Supply and Marketing Societies (DSMSs) have been designated as the nodal agencies for the implementation of this programme at the state and district levels respectively. Since these organisations neither have the experience nor staffing to implement this programme, the government decided to implement the programme through the Tamil Nadu Corporation for Development of Women.

The Government of Tamil Nadu sent a proposal on the change of implementing agency on 10.8.2006 to the Finance Ministry, Government of India seeking the concurrence of IFAD, which is based in Rome. IFAD has given its concurrence to the proposed change on 28.2.2007. This project, which will be implemented over a period of 8 years at an outlay of 68.591 million US dollars (equivalent to Rs.308.66 crores at current rates), is now ready for implementation. In the current year, the project activities will commence in the 6 project districts namely Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam and Kanniyakumari.

### **7.12 Tamil Nadu Non Governmental Organisation And Volunteers Resource Centre (TNVRC)**

TNVRC is a resource centre promoted by TNCDW from the year 2001 for the purpose of capacity building of development agencies (Government/NGO/Community). In 2006-07, TNVRC implemented Tamil Nadu State Aids Control Society supported HIV/AIDS awareness training programme for SHG women in 7 districts, viz., Cuddalore, Dharmapuri, Madurai, Namakkal, Nilgiris, Ramanathapuram and Vellore. The objective of the programme was to sensitise a large population of rural people about HIV/AIDS in a cost effective manner using the ubiquitous SHG network.

Five PLF members from each Block were trained as master trainers and they in turn imparted the orientation training to all the SHG animators in the Block. The animators will orient the SHG members and also the community members. 8,35,648 SHG women members belonging to 52,228 SHGs are being given basic orientation and awareness training effectively on prevention and protection from AIDS in the seven districts. During 2007-08, this programme will be upscaled to 11 more districts.

### **7.13 Community Outreach And Awareness Programmes Through Self Help Groups**

During 2007-08 TNCDW proposes to create a platform for convergence of various government programmes focusing on community outreach and awareness in the areas of Health, Sanitation, Child labour, post literacy etc., using SHGs as a conduit to reach large sections of rural population. The main objective is to improve the utilisation of the funds available under various government programmes and channelise them effectively through women SHGs who are the target groups for many government schemes.

### **7.14 Action Plan For 2007-08**

The focus areas of TNCDW for 2007-08 will be:

- 25000 new SHGs will be formed under Mahalir Thittam and Vazhndhu Kaattuvom Project.
- The Panchayat level federations will be strengthened by imparting higher-level training on governance and financial management to the office bearers.
- PLF members will be taken on exposure visits to well functioning federations within and outside the State.
- Community and marketing infrastructure provided under SHG livelihood schemes will be entrusted to PLFs for management.
- PLF certification will be made mandatory for processing NGOs claims for new group formation, monitoring and training costs.
- 2500 community resource persons will be developed from among the SHG members to look after the training requirements of SHGs.
- A new agreement with NGOs will come into force this year which will be outcome based and with emphasis on increasing the credit linkage and livelihood promotion activities for SHGs.
- Comprehensive longer duration skill training with quality will be imparted to women through reputed institutions to facilitate promotion of micro enterprises.
- Activity based clusters at least one per district will be identified. Technical support will be provided to the SHGs involved in the cluster activities in design, procurement of inputs, marketing etc.
- Greater thrust will be given for formation of youth SHGs. 5000 youth will be imparted skill training to improve their employability.
- TNCDW will provide a platform for convergence of community outreach programmes in health, sanitation, child labour, post literacy etc., through SHGs.

## **8. WORLD BANK-AIDED VAZHNDHU KAATTUVOM PROJECT**

The Government of Tamil Nadu is committed to addressing inequity and alleviating poverty by implementing various developmental schemes. While Mahalir Thittam and other initiatives have been successful in mobilising and forming SHGs of the poor, more efforts are required to

- Include the poorest of the poor in the SHG movement.
- Strengthen existing SHGs by building their skills, capacities and resources to make them self-sufficient and sustainable.

- Provide financial resources and linkages for enhancing the livelihoods of SHG members and thereby generating significant increase in their incomes.
- Promote stronger linkages between SHGs and Village Panchayats.

With these objectives in mind, Government of Tamil Nadu prepared a concept note on "Tamil Nadu Poverty Reduction Initiative" in 2000–01. Based on this concept, Vazhndhu Kaattuvom Project was prepared and posed to World Bank for assistance. This project was approved by the World Bank in July 2005 and launched in November 2005. This project will be implemented over a 6 year period with World Bank assistance. The total outlay of this project is Rs.717 crores.

This Project is a community driven development based project with shift in focus from group formation and social empowerment of Mahalir Thittam to livelihood promotion and economic empowerment. The target population of this project will primarily be very poor households, the most vulnerable sections, marginalized communities and the physically challenged.

The targeting will be based on participatory identification of the poor from the above categories.

### **8.1 Project Area**

The Project will be implemented in 2432 Village Panchayats in 70 backward Blocks spread over 15 districts. The project Blocks and districts have been selected based on the following criteria:

- 50% weightage accorded to percentage of SC/ST population of the Blocks.
- 50% weightage given to the Below Poverty Line population.

### **8.2 Project Components**

The main components of the Project and the respective fund allocation is as follows:



**Table 8****Component wise Project Funding**

<b>Sl. No</b>	<b>Component</b>	<b>Amount (Rs. in crores)</b>	<b>%</b>
<b>A1.</b>	Forming & strengthening Village Institutions	69.90	9.75
<b>A2.</b>	Village Fund a) VPRC Fund b) Livelihood Fund c) VP Incentive Fund d) Para-professional & federation development fund	200.10 299.00 48.00 20.00	27.90 41.70 6.70 2.80
<b>B</b>	District and State support for Village Livelihood Programme	31.54	4.40
<b>C</b>	Project Management	48.56	6.75
	<b>TOTAL</b>	717.10	100.00

## **A1. Forming and Strengthening Village Institutions**

The initial project activities like communication campaigns, participatory identification of the poor, formation of Village Poverty Reduction Committee (VPRC) and formation of Self Help Groups of the left out poor are undertaken in this component.

## **A2. Village Fund**

### **i) VPRC Fund:**

This fund is directly released to the Village Poverty Reduction Committee and is managed by it. Building the capacities of SHGs, providing seed money to SHGs, skill training to youth and providing rehabilitation assistance to the disabled and vulnerable are the activities under the VPRC Fund.

### **ii) Livelihood Fund:**

The objective of this fund is to improve the livelihoods of the target population and is meant for providing part grants for economic activities of Self Help Groups (SHGs) / Economic Activity Groups(EAGs).

### **iii) Village Panchayat Incentive Fund:**

This component provides incentive to Village Panchayats which are playing a pro-active role in implementing the project and are pro-poor. Village Panchayats qualifying for the incentive fund receive Rs.6 lakhs each.

### **iv) Para professional and Federation Development Fund:**

This component's objective is to develop local resource persons and to assist SHG federations and federations formed around economic activities.

## **B. District and State support for village livelihood programme**

The key activities under this component are:

- Capacity Building of the district and state level staff
- Establishing linkages and partnerships with Banks, Academic Institutions, Corporate sector and other agencies to provide financial and marketing support to the target poor.
- Developing Management Information System and monitoring mechanisms.

## **C. Project Management**

This component is meant for overall planning, coordination and management of the project at state and district levels.

### **8.3 Institutional Arrangements**

The Institutional arrangements for implementing the project are:

- Society at State level
- Societies at the District level
- Project Facilitation Teams at the Cluster level covering about 10 – 15 panchayats.
- At the Panchayat level, an inclusive and representative Village Poverty Reduction Committee is the key implementing agency. A social audit committee constituted by the Grama Sabha plays the role of guardian of the project principles.

#### **8.3.1 Village Poverty Reduction Committee (VPRC)**

The VPRC is a community organisation formed under the project comprising representatives of the target population. The Village Panchayat President is the Ex-officio Chairperson of the VPRC. Each hamlet in the panchayat is represented by a women SHG member from the target population

in the VPRC. In addition, the PLF Secretary, a representative of the disabled, two members representing existing village level committees (viz. water and sanitation committee, village education committee) are also nominated to the VPRC by the Grama Sabha. The size of the VPRC is 10-20 members and is accountable to the Grama Sabha.

### **8.3.2 Social Audit Committee (SAC)**

The social audit committee is a watchdog committee of 5 members appointed by the Grama Sabha to continuously monitor the project activities and to ensure that the project benefits reach the target poor in line with the project principles. The social audit committee reports to the Grama Saba and is a social accountability mechanism.

## **8.4 Implementation Cycle**

Vazhndhu Kaattuvom Project lays great emphasis on the participation of the community in all processes and is implemented in stages.

**a. Initiation stage:**

- Communication campaign to create awareness.
- Approval from Grama Sabha to join the project.
- Release of Village Panchayat initiation fund to Village Panchayats.
- Participatory Identification of Poor (PIP) exercise undertaken by the Community.
- Formation of VPRC and Social audit committee.

**b. Capacity building stage:**

- Formation of new SHGs from left out poor, disabled and imparting training.
- Release of VPRC fund to VPRC in instalments.
- Building capacity of VPRC, SAC and PLF office bearers.
- Releasing seed fund to SHGs and skill training.

**c. Livelihood stage:**

- Formation of Economic activity groups and preparation of business plans.
- Appraisal of business plans and arranging bank linkage.
- Release of livelihood fund to SHGs / EAGs.
- Implementation of business plans

**d. Consolidation stage:**

- Formation and strengthening Economic activity federations and SHG federations.
- Establishing partnerships and linkages with corporate sector and other institutions.

### **8.5 Pilot Projects under Japan Social Development Fund Grant**

To test Vazhndhu Kaattuvom Project approach, pilot projects are being implemented from the year 2005 in 10 village panchayats. Two models are being tested in the pilots:

- a. VPRC Model
- b. Village Panchayat Model

**a. VPRC Model:**

The Vazhndhu Kaattuvom design in which the project is implemented through the Village Poverty Reduction Committee is tested in the following six Village Panchayats.

**Table 9**

**Pilots implementing VPRC model**

<b>SI.No.</b>	<b>Village Panchayat</b>	<b>District</b>
1	Kaduvanchery	Kancheepuram
2	Idayanchathu	Vellore
3	Odanthurai	Coimbatore
4	Ma. Kolakudi	Cuddalore
5	G. Usilampatti	Theni

6	Kadambur	Villupuram
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## **b. Village Panchayat Model:**

In this model, the Village Panchayat is responsible for implementing the project and funds are released directly to the village panchayat. A Village development committee is constituted including representatives of the poor, disabled and vulnerable which plays an advisory role to the elected body. Unlike the VPRC model, the Village Panchayat model does not restrict the use of project funds only for promoting organisations and livelihoods but also permits creation of basic amenities and other infrastructure. The pilot panchayats are:

**Table 10**

**Pilots implementing**  
**Village Panchayat model**

<b>Sl.No.</b>	<b>Village Panchayat</b>	<b>District</b>
1	Thuthipattu	Vellore
2	Keerapalayam	Cuddalore
3	Araichi	Trichy
4	Melathur	Pudukottai

### **8.5.1 Achievements in pilot Panchayats:**

- 3390 left out poor and 936 disabled and vulnerable persons have been mobilised into SHGs.
- 172 new SHGs have been credit rated and linked to banks.
- 195 disabled and 214 vulnerable persons like widows, destitutes have been provided with individual assistance for livelihood.
- 19 para professionals have been trained in different trades like artificial insemination, masonry, CNC operation, etc.
- 6 Economic activity groups have been provided a sum of Rs. 20 lakhs for livelihood activities. The groups are involved in jute production, mat weaving, dairy, renting out materials for functions and mineral water production among others.

### **8.5.2 Lessons from pilot Panchayats:**

The implementation of the pilot project has provided valuable lessons to the project.



- Identification of target poor through participatory methodologies by the people themselves is able to ensure better targeting and ownership of the community.
- Involvement of the community in decision making through Grama Sabhas and VPRCs ensures transparency and accountability in project implementation.
- Given proper capacity building, community organisations like VPRCs are able to prioritise and plan for their development and manage funds judiciously.
- Social accountability mechanisms like display boards and social audit committees are very effective in monitoring and ensuring that benefits reach the target poor.
- Special focus for the disabled and vulnerable with exclusive fund allocation is imperative to make a positive impact on their socio economic status.
- Close handholding support and facilitation by project staff is very essential for social and economic empowerment of the poor.

### **8.6 Differences between Vazhndhu Kaattuvom Project and Mahalir Thittam**

- Vazhndhu Kaattuvom Project is implemented through community organisations like Village Poverty Reduction Committees unlike Mahalir Thittam where NGOs are the implementing agencies.
- Apart from poor women, Vazhndhu Kaattuvom project has a special focus and exclusive fund allocation for disabled and other vulnerable sections like tribals, destitutes, etc.,
- Vazhndhu Kaattuvom project promotes economic activity groups of the poor and accords high priority for livelihood development.
- There is no formal involvement of Village Panchayats in Mahalir Thittam whereas Village Panchayats have a crucial role to play in Vazhndhu Kaattuvom project activities.

### **8.7 Project Status**

The project implementation was taken up in the following 15 Blocks covering all the 15 project districts from October 2006 in the first phase.

**Table 11**  
**First Phase Project Blocks**

Sl.No	District	Block	No. of Village Panchayats
1	Coimbatore	Gudimangalam	23
2	Cuddalore	Nallur	64
3	Kancheepuram	Kunrathur	44
4	Nagapattinam	Kilvelur	38
5	Namakkal	Erumapatti	24
6	Ramanathapuram	Bogalur	26
7	Salem	Ayodhyapattinam	32
8	Theni	Bodinaickanur	15
9	Tiruvallur	Ellapuram	53
10	Tiruvarur	Koradacheri	44
11	Tirunelveli	Manur	41
12	Thiruvannamalai	Chengam	44
13	Thoothukudi	Pudur	44
14	Vellore	Gudiyatham	44
15	Villupuram	Kandamangalam	45
	<b>Total</b>		<b>581</b>

In the second phase, project implementation has been taken up in 14 Blocks, covering 518 village panchayats. The following tasks have been accomplished in the project Blocks:

- The project staff both at district and cluster level are in place in all districts.
- Induction training has been provided to all project staff.
- Village Panchayat initiation fund of Rs. 35,000/- per Village Panchayat has been released to all 581 Village Panchayats taken up in the first phase.
- Initial communication activities have been completed in all the 581 Panchayats.
- Participatory identification of poor is in progress to identify the target population with the active participation of the community.
- As on 31.3.2007, the process has been completed in 495 Village Panchayats and the list of the target poor have been approved in the Grama Sabha. In 411 Village Panchayats, Village Poverty Reduction Committees have been constituted.
- Initial communication activities have been completed in 443 Village Panchayats as on 31.3.2007 in the 14 Blocks taken up in the second phase.

The third and fourth phases of project implementation will commence in August 2007 and December 2007 respectively and all the 70 Project Blocks will be covered in the year 2007-08.

A sum of Rs. 132 crores has been provided in the Budget Estimate for implementation of the project during the year 2007-08.

### **8.8 Convergence of Mahalir Thittam and Vazhndhu Kaattuvom Project**

To avoid duplication of efforts and to achieve convergence, Mahalir Thittam is proposed to be implemented through Vazhndhu Kaattuvom Project staff and community organizations like Village Poverty Reduction Committees in the 70 project Blocks of Vazhndhu Kaattuvom Project. To facilitate this convergence, provision has been made under Mahalir Thittam to affiliate Village Poverty Reduction Committees for formation of new SHGs, training and monitoring SHGs on par with NGOs.

### **9. TSUNAMI REHABILITATION SCHEMES**

Tsunami hit the coast of Tamil Nadu on 26.12.2004 causing unprecedented damage to lives, livelihood and properties in the State. The Government of Tamil Nadu mobilized its resources to take up rescue and relief efforts. To restore livelihood, recreate habitats and rehabilitate damaged public properties and infrastructure, the efforts of the Government are being supplemented by the Central Government, Asian Development Bank and the World Bank through the following schemes: -

- i) Tsunami Emergency Assistance Project (TEAP) of the Asian Development Bank (ADB) at a cost of Rs.300.62 crores with loan and grant components.
- ii) Emergency Tsunami Reconstruction Project (ETRP) of the World Bank at a cost of Rs.1350 crores as loan.
- iii) Rajiv Gandhi Rehabilitation Package for Tsunami Affected Areas funded by the Government of India at a cost of Rs.497.95 crores as grant.

The Post Tsunami Sustainable Livelihood Programme (PTSLP) funded by the International Fund for Agricultural Development (IFAD) is under transfer to the Tamil Nadu Corporation for Development of Women.

Many departments of the Government including Rural Development and Panchayat Raj Department are implementing the tsunami rehabilitation projects. The Project Management Unit (PMU) established in the Revenue Department is coordinating this effort. In view of large allocation (Rs.2148.57 crores) to the Rural Development and Panchayat Raj Department, a separate Project Implementation Unit (PIU) has been set up for overseeing the implementation of this Department's projects since 1.8.2005.

Only a meagre amount of Rs.4.95 crores had been spent under TEAP and ETRP programmes till 13.05.2006. During 2006-07, this Government has initiated measures to accelerate the pace of implementation and provide the much needed thrust for livelihood promotion and infrastructure restoration. This

thrust has yielded results and the total expenditure under these schemes as on 31.03.2007 is Rs.155.41 crores. It may be noted that Rural Development & Panchayat Raj Department alone has contributed to nearly 73% of the total expenditure for all departments under Tsunami Rehabilitation Programmes.

For putting the projects on fast track, 237 posts were sanctioned for the Tsunami Project Implementation Unit and District Implementation Units of this Department. While only 61 posts had been filled up till 13.5.2006, 216 posts have been filled up till date.

### **9.1 Tsunami Emergency Assistance Project (TEAP) assisted by Asian Development Bank (ADB)**

This project is being implemented at a cost of Rs.300.62 crores over a period of three years starting from 06.04.2005. It will benefit the 12 coastal districts of Tiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam, Tiruvarur, Thanjavur, Pudukottai, Ramanathapuram, Tuticorin, Tirunelveli and Kanniyakumari. Asian Development Bank has sanctioned the livelihood, sanitation and incremental operating cost components as 100% grant.

The expenditure under this programme till 13.05.2006 was only Rs.4.95 crores. In the last 10 months, an expenditure of Rs.142.35 crores has been incurred, thereby significantly accelerating the pace of rehabilitation works. The components of this project and the financial progress as on 31.03.2007 may be seen in **Table 12**.

**Table 12**  
**Components of TEAP**

(Rs. in Crores)

Sl. No	Component	Funds Allocated	Expendi- ture from 6.4.05 to 13.5.06	Expendi- ture from 14.5.06 to 31.3.07
1.	Livelihood	190.10	2.88	112.07
2.	Sanitation	5.86	0.92	0.01
3.	Rural Infrastructure			
	a) Roads and Drainages	77.06	1.15	26.26
	b) Public Buildings	22.19	0	0.02
4.	Incremental Operating Costs	5.41	0	3.99
	<b>Total</b>	<b>300.62</b>	<b>4.95</b>	<b>142.35</b>

### **9.1.1 Livelihood Component**

The Livelihood component of Rs.190.10 crores is meant for the restoration of livelihood of Tsunami affected people in the coastal areas. This component provides for microfinance and microenterprises, capacity building and Special Assistance to the vulnerable sections of the society. 80% of total allocation of Rs.190.10 crores has been set apart for providing revolving fund, economic assistance, special assistance to the disabled, deserted women and widows and NGOs' support cost while the balance 20% is earmarked for Livelihood-related community infrastructure and capacity building.

#### **Revolving Fund**

25,955 Self Help Groups have been given Revolving Fund at a cost of Rs.67.26 crores. This has transformed the lives of poor women by providing them cheap, reliable and accessible credit for meeting their consumption and working capital needs. Many of them have used this money to improve their livelihood by creating new or improving their existing income generating assets.

#### **Economic Assistance**

Groups which have stabilized and have the aptitude for taking up micro enterprises have been provided economic assistance. 1341 SHGs have availed of economic assistance at a cost of Rs.15.71 crores for a variety of activities

including animal husbandry, palm leaf products, fish pickle, brick making, etc. It is expected that another 1200 groups will be provided economic assistance in the current year.

### **Special Assistance for the Disabled**

The disabled, widows and deserted women are the most vulnerable sections of the society and more so in disaster-affected areas. Their social capital is often meagre and they find it difficult to access schemes meant for the general population. Bank credit is also hard to come by. In the last ten months, this Government has launched a massive campaign to improve the livelihood of the disabled. 26,954 persons with disabilities have been assisted with a grant of Rs.10,000 each at a cost of Rs.26.95 crores. This assistance was provided to the eligible disabled in all the coastal districts, instead of restricting it to the coastal Blocks/Village Panchayats. The quality of life of these people has substantially improved after availing of this assistance. This is one of the single largest initiatives ever undertaken by this Government for the welfare of the disabled.

### **Community Infrastructure**

Some of the major proposals on hand are:-

- Construction of Marketing-cum-Exhibition Complex for SHGs' products at a tentative cost of Rs.5 crores near Valluvar Kottam in Chennai. In response to an open advertisement, Expressions of Interest have been received from seven architects and are currently under process.
- Construction of 15 Direct Paddy Purchase Centres at a cost of Rs.1.50 crores in Nagapattinam and Thanjavur districts in order to help farmers in coastal areas to get remunerative prices for their agricultural produce.
- Upgradation of the handloom weavers' cluster in Nagarcoil for export promotion at a cost of Rs.50 lakhs in consultation with the Handlooms Export Promotion Council of Government of India, the State Handlooms Department and the apparel export industry.
- Provision of bulk milk coolers to 19 societies procuring more than 2500 litres of milk per day at a cost of Rs.3.09 crores to improve the milk collection efficiency and involving SHGs in marketing Aavin products by setting up 45 Parlours at a cost of Rs.2.01 crores.
- Setting up a Crafts village in Villupuram district and a Sculptors' park in Mahabalipuram at a cost of about Rs.10 crores to promote rural crafts which are part of our cultural heritage.

### **Capacity Building**

SHGs members are being given basic orientation training, Animator & Representative training to enable them to function as viable groups. Entrepreneurial Development Programme and Skill upgradation training are being given to groups which are taking up Economic Activities. A sum of Rs.1.47 crores has been spent for providing such training. There is a growing need for qualified wage employees in various fields. To meet the livelihood needs of this segment it has been proposed to provide vocational training to individuals. Reputed institutions with good placement records have been selected for this purpose. Post-training placement of beneficiaries shall be the responsibility of the training institutions. This programme will be given greater thrust in the current year.

### **9.1.2 Sanitation**

Under this component, a sum of Rs.5.86 crores has been provided for taking up a sanitation campaign to promote safe sanitation practices among the people living in coastal areas.

### **9.1.3 Road Works**

Under the rural infrastructure component, a sum of Rs.77.06 crores has been provided for taking up Roads and Drainage works in Tsunami affected areas. 501 works with a total road length of 564 kms have been taken up. 220 works have been completed. The rest are expected to be completed shortly. A sum of Rs.27.41 crores has been spent.

### **9.1.4 Public Buildings**

Renovation and upgradation of old Village Panchayat and Panchayat Union Buildings are being taken up at a cost of Rs.22.19 crores under the Public buildings component. These works will be completed during 2007-08.

## **9.2 Emergency Tsunami Reconstruction Project (ETRP) assisted by World Bank**

This project is being implemented in eight districts namely Tiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam, Tuticorin, Tirunelveli, and Kanniyakumari. The project period is 3 years with effect from 09.08.2005. The main components of this project as originally proposed were:

- Reconstruction of damaged houses.
- Provision of basic amenities.

The World Bank had allocated Rs.1080 crores for the reconstruction of damaged houses and Rs.270 crores for the provision of basic amenities. However, since all the tsunami-damaged houses had been taken up for reconstruction by NGOs (under the supervision of the Special Commissioner and Commissioner of Revenue Administration – cum – Relief Commissioner), the ETRP funds could not be utilised for reconstruction of damaged houses. So, the provision of basic amenities for those habitations alone where the NGOs took up

only house reconstruction was proposed under ETRP. World Bank funding is appropriate for mega projects, but where each work is small and the project is an aggregation of a large number of small works such as cement concrete streets, side drains, electrification, etc, the World Bank's procurement procedures were found to be too complicated leading to delays. In order to overcome this difficulty, the Government have issued orders to provide basic amenities by utilising the funds available under the Rajiv Gandhi Package, instead of ETRP vide G.O.Ms.No. 34, RD & PR (CGS-II) Department, dated 12.3.2007. Tenders received for basic amenities works are under process.

As a result of these changes, the scope of ETRP had to be reworked and the Government has decided to propose the utilisation of these funds for taking up the reconstruction of 'vulnerable' houses between 200 metres and 1000 metres from the High Tide Line. The proposal has been posed by the Government in the Revenue Department to the World Bank and discussions in this regard with the World Bank are being held. Rural Development and Panchayat Raj Department will commence the reconstruction of these houses after getting the World Bank clearance for the above proposal.

### **9.3 Rajiv Gandhi Rehabilitation Package**

Orders have been issued in G.O.Ms.No.60 Revenue (NC.IV-2) Department dated 29.01.2007 for reconstruction of 'vulnerable' houses in rural areas within 200 metres and the houses within 1000 metres from High Tide Line constructed under Indira Awaas Yojana and other Government financed schemes which are more than 10 years old as on 01.01.2006 under the Rajiv Gandhi Rehabilitation Package for Tsunami Affected Areas. The construction of these houses will commence shortly.

Even two years after the Tsunami, some of the NGOs are yet to start construction of houses. In G.O. Ms. No. 625, Revenue (NC.IV-2) Department, dated 20.09.2006, Government sanctioned the reconstruction of 2,920 such NGO-backed out houses at an estimated cost of Rs.2.10 lakhs per house together with basic amenities at Rs.40,000 per house under the Rajiv Gandhi Rehabilitation Package. After a detailed survey in Tiruvallur, Kancheepuram, Villupuram and Nagapattinam districts, the actual number of houses requiring reconstruction turned out to be 1860 houses - both *in situ* and in acquired sites. Tenders have been received for the construction of the houses and work orders are being issued.

## **10. BUDGET FOR 2007-08**

A sum of Rs. 3470.37 crores has been provided in the budget for 2007-08 out of which the projected revenue expenditure is Rs. 2664.26 crores and capital expenditure is Rs. 806.10 crores.

## **11. CONCLUSION**



This Government has brought about all round improvement in the functioning of the Rural Development and Panchayat Raj Department in the last ten months. Orders have been passed for filling up the large number of vacant positions from the level of Assistant Directors down to Panchayat Assistants. The huge backlog of spill over works has been completed through close monitoring and constant follow-up. Major programmes such as National Rural Employment Guarantee Scheme, Tsunami rehabilitation schemes and Vazhndhu Kaattuvom Thittam have been given a big thrust and are now progressing well. The Anaithu Grama Anna Marumalarchi Thittam, a landmark scheme and the biggest among all Centrally sponsored and State-funded schemes, which aims at providing urban amenities in rural areas has been launched. Several path-breaking initiatives have been taken to strengthen the SHGs and PLFs; to form youth into self-help groups and impart skill training; and to provide Livelihood assistance to the disabled in all the coastal districts. The third ordinary elections to the rural and urban Local Bodies were successfully conducted in October 2006. In particular, the longstanding problem of non-conduct of elections to the reserved Village Panchayats of Pappapatti, Keeripatti, Nattarmangalam and Kottakatchiyendal was solved. A High Level Committee has been constituted to recommend further devolution of powers, functions and duties to rural and urban Local Bodies. The recommendations of the Third State Finance Commission are being acted upon promptly. Major policy changes in the funding of Panchayat Raj Institutions are being effected and this should greatly improve the delivery of services at the grass root level. We are hopeful that under the inspiring leadership of our Honourable Chief Minister, we will be able to discharge the onerous responsibilities cast upon us by the people of Tamil Nadu.

**M.K.STALIN,**  
**Minister for Rural Development**  
**and Local Administration.**