

**RURAL DEVELOPMENT AND PANCHAYAT RAJ
DEPARTMENT
Demand No. 42
POLICY NOTE 2009-2010**

1. INTRODUCTION

'Villages are the backbone of a Nation's prosperity' – was the strong belief of Mahatma Gandhi. We must strive to achieve prosperity by developing the villages. For this, the amenities available in towns should be brought to the villages as well.

-Kalaingar M. Karunanidhi, Hon'ble Chief Minister

It is a truth universally acknowledged that Rural Development is the key to the economic transformation of any nation that is predominantly rural in character. India is no exception. Even though Village Panchayats in Tamil Nadu have relatively better facilities and services 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. With this end in view, Tamil Nadu has been implementing the pioneering Anaithu Grama Anna Marumalarchi Thittam (AGAMT) since 2006-07 by virtue of which, every Village Panchayat in Tamil Nadu will have its own library, playground, village pond, burial/cremation ground, drinking water systems, streetlights, cement concrete streets, among others by 2011. Tamil Nadu, under the dynamic leadership of the Honourable Chief Minister Kalaingar M. Karunanidhi, has also pioneered such innovative programmes as Women's Self-Help Groups (since 1989-90), Samathuvapurams (since 1997-98) and Namakku Naame Thittam (since 1997-98). Further, Tamil Nadu is one of the best performing States in the implementation of the National Rural Employment Guarantee Scheme (NREGS) which guarantees wage employment of 100 days in a year to rural households whose members are willing to do unskilled manual work.

As per the 2001 Census, Tamil Nadu's rural population was 3.62 crores, amounting to 58% of the total population. Ariyalur (88.6%), Villupuram (85.5%), Dharmapuri (84.9%), Pudukottai (84.6%), Krishnagiri (84.3%), Perambalur (83.9%), Tiruvannamalai (82.1%), Tiruvarur (79.8%) and Nagapattinam (77.8%) districts are predominantly rural in character. At the same time, Coimbatore (30.9%), Kanniyakumari (34.6%), the Nilgiris (41.8%),

Theni (45.9%) and Madurai (48.3%) districts are relatively urban in character with less than 50% of their population living in rural areas.

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

2. PANCHAYAT RAJ INSTITUTIONS

2.1 History of Panchayat Raj Institutions

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

In the post independence era, the first enactment in democratic decentralization in the State was the Madras Village Panchayats Act, 1950. Pursuant to the White Paper on the "Reform of Local Administration" in 1957, the Madras Panchayats Act, 1958 and Madras District Development Council Act, 1958 were enacted with the following salient features:

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

This two-tier system operated very well till 1975 and elections were held regularly. Subsequently, the tenures of the Panchayat Unions and Village Panchayats were extended up to 1.2.1977 and 12.9.1979 respectively. Thereafter, Special Officers (Block Development Officer for all the Village Panchayats in a Block and Divisional Development Officer for all the Panchayat Unions in a Division) managed the rural Local Bodies till the next elections in 1986. The elected rural Local Bodies continued in office till March 1991. Again, no elections were held till October 1996 and the Special Officers managed the rural Local Bodies.

2.2 Constitution (73rd Amendment) Act, 1992.

Though the Panchayat Raj Institutions were in existence in various forms in various States, these institutions did not acquire the status and dignity of viable and responsive people's bodies due to a number of reasons including absence of regular elections, prolonged supersession, insufficient representation of weaker sections like Scheduled Castes, Scheduled Tribes and Women, inadequate devolution of powers and lack of financial resources. In the light of the experience gained and the short-comings that had been observed, the 73rd amendment of the Constitution was enacted in 1992, to enshrine in the Constitution certain basic and essential features of Panchayat Raj Institutions to impart certainty, continuity and strength to them. A number of fundamental changes were brought about in the Panchayat Raj System by virtue of this Act. Pursuant to this, the Tamil Nadu Panchayats Act 1994 was enacted and it came into force with effect from 22.04.1994.

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

- a) Introduction of a three tier system – at the Village, Intermediate (Block) and District levels. [There are 12,620 Village Panchayats, 385 Panchayat Unions (coterminous with Blocks) and 29 District Panchayats in Tamil Nadu].
- b) Mandatory conduct of Local Body elections every five years and conduct of elections before the expiry of the duration of the Local Body or before the expiry of a period of 6 months from the date of its dissolution.
- c) Introduction of reservation of seats (i.e. ward members) and offices (i.e. Chairpersons/Presidents) for Scheduled Castes/Scheduled Tribes in proportion to their population in every Local Body with provision for rotation of the reserved seats and offices.
- d) Introduction of reservation of one-third of total number of seats and offices for women with provision for rotation.
- e) Constitution of a State Election Commission as an independent body to conduct elections to both rural and urban Local Bodies regularly.
- f) Establishment of a quinquennial State Finance Commission to recommend devolution of resources from the State Government to the rural and urban Local Bodies.
- g) Constitution of a District Planning Committee to consolidate the plans prepared by the rural and urban Local Bodies in the district with a view to prepare a comprehensive development plan for the district.
- h) Introduction of the concept of 'Grama Sabha' comprising all registered voters in a Village Panchayat.

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

The Government of Tamil Nadu has had reservations regarding certain aspects of the 73rd Constitutional amendment and our experience of working under the new system for the past 12 years has only confirmed the same. The system prevailing under the old Tamil Nadu Panchayats Act of 1958 wherein the Presidents of Village Panchayats were ex-officio members of the Panchayat Union Council at the Block level ensured organic linkage between the two tiers.

Hence, the name 'Panchayat Union' and it genuinely functioned as a 'union' of Village Panchayats. Since the Village Panchayat Presidents themselves 'doubled up' as ex-officio members of the Panchayat Union Council, there were no separate ward members for the Council. Having separate ward members for Panchayat Unions (6,570 for the State as a whole) and District Panchayats (656) has vastly increased the number of 'members' and has paved the way for inter-tier friction and disharmony. Although Article 243 C (3) of the Constitution states that a State may, by law, provide for the representation of Village Panchayat Presidents on the Panchayat Union Council and Panchayat Union Chairpersons on the District Panchayat, this arrangement is not satisfactory because it can render the Panchayat Union Councils and District Panchayats too unwieldy with too many members and can create disharmony between the two distinct power blocs within each Council. Hence, Tamil Nadu has not invoked Article 243 C (3). The lack of organic linkages between the three tiers results in a scenario where each tier is unaware of what the other two tiers are doing. It often leads to duplication in the selection of works and avoidable paperwork and loss of time in reworking the choices. Tamil Nadu has been pressing for the reversion to the 1958 model where the Presidents of Village Panchayats were ex-officio members of the Panchayat Union Council at the Block level.

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

The Government of Tamil Nadu have, for long held the view that there should have been a single consolidated Amendment to the Constitution covering both rural and urban Local Bodies instead of two Amendments—one covering rural Local Bodies (73rd) and the other urban Local Bodies (74th). This 'compartmentalization' has resulted in a scenario whereby the District Panchayat – instead of being a nodal body responsible for coordinating and monitoring all the rural and urban Local Bodies in the district – finds that its jurisdiction is confined only to the rural areas. In a State like Tamil Nadu with about 42%

urban population, and with several highly urbanised districts such as Coimbatore (69.1%), Kanniyakumari (66%), The Nilgiris (58%), Theni (54%) and Madurai (52%), the argument that the District Panchayat should become a nodal body responsible for coordinating and monitoring the development activities *in the entire district* becomes weak. A system whereby all the Chairpersons of Panchayat Unions, Municipalities and Town Panchayats are ex-officio members of the District Panchayats, with the Chairman of the District Panchayat being either directly or indirectly elected would have been more meaningful and credible. This weakness has been sought to be overcome through the District Planning Committee which has members drawn from both rural and urban Local Bodies, but its composition is flawed because there is no representation for Panchayat Union and Village Panchayat members on it.

A mention was made in His Excellency the Governor's Address in the Tamil Nadu Legislative Assembly in 2006 that the Tamil Nadu would press for the amendment of the Constitution seeking a two tier system of Panchayats and the abolition of District Panchayats. Tamil Nadu did have powerful elected District Boards till they were abolished in 1961. In their place, the District Development Council, an advisory-cum-planning body, comprising all the MPs, MLAs, Chairpersons of Panchayat Unions, Town Panchayats, Municipalities and Corporations in the district with the District Collector as Chairman were set up. The Government of Tamil Nadu believes that Village Panchayats and Panchayat Unions are the two tiers closest to the people, qualifying for the appellation 'local' and represent the 'cutting edge' of Local Self-Government. These two tiers need to be strong and vibrant and strengthened further. This Government is of the opinion that the reasons which led to the abolition of the old District Boards are still valid and applicable to the third tier of District Panchayat, which at present has only an advisory-cum-planning role. At the same time, this Government is aware that other States may have different views on this topic based on their own past legacy. For example, some States want Village and District Panchayats but do not want the intermediate tier (Block or Taluk Panchayat). But there is a general consensus that there is one tier too many under the present system.

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

2.3 Panchayat Elections

2.3.1 Conduct of 2006 Local Body Elections

Though the Tamil Nadu Panchayats Act was enacted in April 1994, only after the change of Government in May 1996, the first ordinary elections were held to all the rural and urban Local Bodies in October 1996. The second ordinary elections to the Local Bodies were conducted during October 2001. The third ordinary elections to the Local Bodies were conducted in October 2006.

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

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

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

2.3.2 Reservation of Seats and Offices and Rotation

Article 243 D of the Constitution relates to reservation and rotation of seats for Scheduled Castes, Scheduled Tribes and Women in rural Local Bodies. The relevant provisions of Tamil Nadu Panchayats Act, 1994 are Sections 11, 20, 32 & 57. These are supplemented by the Tamil Nadu Panchayats (Reservation of Seats and Rotation of Reserved Seats) Rules, 1995. The Rules provide for the reservation of seats by adopting a list of wards or Panchayats arranged in the descending order of the percentage of SCs, STs and Women and applying a 'cut off' at the point where the number of reserved seats and offices is equal to the prescribed ratio. The periodicity of rotation is also fixed under the Rules. The Government amended Rule 7 of the Tamil Nadu Panchayats (Reservation of Seats and Rotation of Reserved Seats) Rules, 1995 vide G.O.Ms. No. 105, RD & PR (C4) Department, dated 1.9.2006 by virtue of which the posts of Presidents of Village Panchayats and Chairpersons of Panchayat Unions and District Panchayats reserved for SCs, STs and Women were rotated - after 10 years - for

the October 2006 elections. While the posts of ward members of all the 3 tiers reserved for Women were rotated - after 10 years – those reserved for SCs and STs were not rotated; in other words, they would continue to be reserved as such until the Government direct otherwise.

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

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

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

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

2.4 Devolution of Powers

Local Government is a State subject figuring as item 5 in List II of the Seventh Schedule to the Constitution of India. Article 243 G of the Indian Constitution enshrines the basic principle for devolution of power to the rural Local Bodies. As per this article, subject to the provisions of this Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-Government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to the preparation of plans for economic development and social justice; the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the 29 matters listed in the Eleventh Schedule.

The Government of Tamil Nadu is committed to ensuring that the Panchayat Raj Institutions function as effective institutions of Local Self-Government. In 1996, soon after the conclusion of the first ordinary elections to the three tiers of Panchayats, the Government constituted the First High Level Committee under the Chairmanship of Thiru L.C. Jain, the then full-time Member of the State Planning Commission to give recommendations on the entrustment of powers and functions to the three tiers of Panchayats. The Committee submitted its report to the Government in April, 1997.

Many of the recommendations of the L.C. Jain Committee have been crystallized into action towards empowering the Panchayats. Apart from the Rural Development Department, other departments such as Agriculture, Animal Husbandry, Forests, Social Welfare, Revenue, Khadi and Village Industries, Education, Health and Family Welfare, Adi-Dravidar Welfare, Co-operation, Food and Consumer Protection, have issued Government Orders for devolution of powers and functions in their respective spheres to the three tiers of Panchayats.

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

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

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

The Third High Level Committee was formed under the Chairmanship of Hon'ble Deputy Chief Minister to devolve more powers and functions to the Local bodies. The first meeting of the Committee was held on 7.3.2007. In continuation of this, a conference of Local Body representatives was held in the presence of Hon'ble Chief Minister on 18.3.2007, following which Regional Conferences of local body representatives were held in Erode (24.7.2007), Trichy (25.7.2007), Tiruvannamalai (03.8.2007), and Virudhunagar (23.8.2007) under the Chairmanship of Hon'ble Deputy Chief Minister. The second meeting of High Level Committee was conducted on 19.9.2007. Further, Hon'ble Deputy Chief Minister conducted discussions on 11.10.2007 and 12.10.2007 with the Secretaries of other departments in order to devolve more powers to the rural Local Bodies. The Committee presented its report to the Hon'ble Chief Minister of Tamil Nadu on 10.12.2007 and submitted a total of 99 recommendations categorized under 39 subjects.

2.4.2 Recommendations of the M.K. Stalin Committee

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

- Grama Sabha to act as a forum of Social Audit for all the schemes implemented by various Departments.
- Approval of the list of all individual beneficiary schemes to be done by Grama Sabha.
- Conversion of multi-member wards into single member wards in all the Village Panchayats as is there in the case of the Panchayat Unions and District Panchayats.
- Stability of tenure of rural and urban Local Body representatives by making the moving and passing of No Confidence Motions more stringent.
- Designating November 1st of every year as the 'Local Bodies Day'.
- Empowering weaker Village Panchayats by enhancing their State Finance Commission grants and allocating the entire Central Finance Commission grants to Village Panchayats so as to enable them to meet the expenditure relating to water supply, electricity charges and sanitation.
- Pooling of assigned revenues of Local Cess, Local Cess Surcharge, and Surcharge on Stamp Duty and Entertainment tax at State Level and apportioning it to the districts thereafter.

- Giving Panchayat Raj Institutions greater operational independence by enhancing administrative sanction powers of Village Panchayats, Panchayat Unions and District Panchayats for works taken out of their General Funds.
- Rationalisation of Village Panchayat Accounts.
- Issue of Identity Cards to the Heads of three tiers of Panchayat and for the Members of Panchayat Unions and District Panchayats.
- Making BDOs (Village Panchayats) as separate Pay Drawing Officers.
- Provision of Telephone facility to all Village Panchayats.
- Provision of Wireless to Panchayat Unions.
- Vehicles for Panchayat Raj Institutions and key functionaries of Rural Development Department.
- Revival of Namakku Naame Thittam.
- Formulation of Panchayat Union School Renovation Programme.
- Setting up of Libraries and Sports Centres in all Panchayats under AGAMT.
- Designating Village Panchayats as 'Village Level Committee' for selecting the beneficiaries and implementing the schemes of various other departments at Village level.

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

2.5 Delimitation of Local Bodies

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

The District Collectors have already conducted public hearings pertaining to the requests from various rural and urban Local Bodies. The proposals are under the consideration of the Government.

2.6 Re-Organizing the Panchayat Union Boundaries in consonance with the Boundaries of Assembly Constituencies

Before the recent delimitation of Assembly Constituencies, 278 Panchayat Unions were coming fully within the boundary of an Assembly Constituency; after delimitation, this number has come down to 213. At present, 172 Panchayat Unions are coming under 2 or more Assembly Constituencies. Hence, the Government have taken up the reorganisation of Panchayat Union boundaries in order to ensure that an Assembly Constituency comprises only full Panchayat Unions. However, the alteration of Panchayat Union boundaries will not, in anyway, affect the present term of office of the elected representatives. The reorganisation of Panchayat Union boundaries will come into force only in the next Ordinary election to Local Bodies to be held in October, 2011.

2.7 Disqualification of Members of Panchayats

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

2.8 Grama Sabha

The Grama Sabha is the grass root level democratic institution in each Village Panchayat. A vibrant Grama Sabha is essential for the effective functioning of Village Panchayats by promoting transparency and accountability in administration, enhancing public participation in the planning and implementation of schemes and in the choice of beneficiaries, and paving the way for social audit. The Government have ordered the conduct of Grama Sabha meetings a minimum of four times a year i.e. on 26th January, 1st May, 15th August and 2nd October.

In order to streamline the procedure for the conduct of Grama Sabha, this Government brought out suitable amendments to the Tamil Nadu Grama Sabha (Quorum and Procedure for convening and conducting of meetings) Rules, 1998 vide G.O.Ms No. 130 RD & PR (C4) Department dated 25.9.2006 and specified that the Grama Sabha shall meet in each of the Village Panchayat wards by

rotation. Since a quorum of 10% of the voters was unattainable and unwieldy for the bigger Village Panchayats, a reduced quorum based on the population of Village Panchayats has been prescribed as shown in **Table 3**.

Table-3
Revised Quorum for Grama Sabhas

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

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

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

2.9 VILLAGE PANCHAYATS

There are **12,620** Village Panchayats in the State spread across the 31 districts, including two new Village Panchayats, viz., Perumathur and Indira Nagar in Kurinjipadi Panchayat Union of Cuddalore District that were notified on 16.8.2008. There are 385 Blocks. The average number of Village Panchayats per district is 421 and per Block is 32. The Nilgiris (35), Kanniyakumari (99), Theni (130) and Karur (158) are some of the districts with fewer Village Panchayats

while Villupuram (1104), Tiruvannamalai (860), Vellore (753), Cuddalore (683) and Kancheepuram (648) are some of the districts with a large number of Village Panchayats. As can be seen from **Table 4**, the population of Village Panchayats in Tamil Nadu is widely varying with some Village Panchayats having populations even below 500 while others have populations exceeding 25,000.

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

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

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

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

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

experience showed that the allocation of the Equalisation Fund by Collectors was by discretion which introduced a certain element of arbitrariness.

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

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

Table- 5
Income-wise Classification of
Village Panchayats

It
seen that
average
levels
only
for
the Village

SI N o	Income Range	No. of Village Panchayats before release of Minimum SFC Grant. (Based on average income of 3 years from 2003-04 to 2005-06)	No. of Village Panchayats after release of Minimum SFC Grant. (Based on income in 2008-09)
1.	Upto Rs.50,000	10	0
2.	Rs.50,000 to Rs.1 lakh	178	0
3.	Rs.1 lakh to Rs. 5 lakhs	7,422	1,021
4.	Rs. 5 lakhs to Rs 10 lakhs	3,181	7,146
5.	Rs. 10 lakhs to Rs. 25 lakhs	1,489	3,902
6.	Rs.25 lakhs to Rs.50 lakhs	252	393
7.	Rs.50 lakhs to Rs. 1 crore	60	121
8.	Rs.1 crore to Rs.3 crores	24	32
9.	Above Rs.3 crores	2	3
	Total	12,618	12,618

is, hence,
the
income
have not
increased
majority of

Panchayats, but also the inequity of the income levels amongst various Village Panchayats has decreased due to the steps taken by the Government.

2.9.1 Functions

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

- a) Construction, repair and maintenance of all village roads.
- b) Extension of village sites and the regulation of buildings.
- c) Lighting of public roads and public places in built-up areas.
- d) Construction of drains.

- e) Cleaning of streets and improvement of the sanitary condition of the village.
- f) Construction and maintenance of public latrines.
- g) Sinking and repairing of wells, the excavation, repair and maintenance of ponds or tanks and the construction and maintenance of water-works for the supply of water.
- h) Maintenance of burial and burning grounds.
- i) Maintenance of parks and reading rooms,
- j) Implementation of schemes such as Indira Awaas Yojana (IAY) and National Rural Employment Guarantee Scheme (NREGS).
- k) Such other duties as the Government may, by notification, impose.

2.9.2 Resources

The important sources of revenue for the Village Panchayat are:

a) Tax revenue:

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

b) Non Tax revenue:

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

c) Assigned and shared revenues:

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

d) Grants:

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

2.9.3 Administrative powers

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

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

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

2.9.4 Uthamar Gandhi Village Panchayat Award

Uthamar Gandhi Village Panchayat Award was instituted vide G.O.Ms No. 111 RD & PR (C2) Department dated 5.9.2006. This award is being given each

year from 2006-07 onwards for those Village Panchayats which have undertaken outstanding works, special initiatives and innovative efforts during the preceding 5 years. The chosen Panchayats are given a certificate, shield and a cash prize of Rs.5 lakhs each while their Presidents are given a certificate and a medal. Awards can also be given posthumously. For 2006-07, 15 Village Panchayats were conferred with Uthamar Gandhi Village Panchayat Award by the Hon'ble Chief Minister of Tamil Nadu on 10.10.2007. For 2007-08, 84 proposals were received from the District Collectors, out of which 43 were shortlisted for field verification by the Committee constituted for this purpose. The above shortlisted Village Panchayats were inspected by three teams of senior officers and the 15 meritorious Village Panchayats were conferred with Uthamar Gandhi Village Panchayat Award by the Hon'ble Chief Minister of Tamil Nadu on 19.12.2008. During 2008-09, an amount of Rs.75 lakhs has been earmarked for giving this award and the District Collectors have been requested to send their proposals.

The details of Uthamar Gandhi Village Panchayat Award-winning Village Panchayats are given in **Table -6**.

Table-6
Uthamar Gandhi Village Panchayat Award –
Winning Panchayats

Sl. No.	2006-07	2007-08
1.	Odanthurai, Coimbatore.	Keelavellakkal, Tirunelveli.
2.	Thindal, Erode.	Pethureddiyapatti, Virudhunagar.
3.	Michael Pattinam, Ramanathapuram.	Thamaraikulam, Ramanathapuram.
4.	Nalukottai, Sivagangai.	Vizhunthamavadi, Nagapattinam.
5.	Kattuputhur, Vellore.	Pallivarthi, Tiruvarur.
6.	Chinnanur, Salem.	Idaiyankudi, Tirunelveli.
7.	Keelathirupalakudi, Tiruvarur.	Seenivasanallur, Thanjavur.
8.	Thikkanankodu, Kanniyakumari.	Thiruvarangam, Ramanathapuram.
9.	Valadi, Tiruchirapalli.	Esanatham, Karur.
10.	Lakshmipuram, Theni.	Thummanatti, The Nilgiris.
11.	Kaadachanallur, Namakkal.	Ramasamynaickenpatti, Theni.
12.	Pappanallur, Kancheepuram.	Mudalaipatti, Namakkal.
13.	Ma. Kolakudi, Cuddalore.	M.M.Kovilur, Dindigul.
14.	Jaggampettai, Villupuram.	Mylambadi, Erode.
15.	Ko. Keeranur, Dindigul.	Kattenthal Sukkanoorani, Sivagangai.

2.9.5 Corporate Social Responsibility Award

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

The Applications received from the organizations directly and through District Collectors by the Commissioner of Rural Development & Panchayat Raj were scrutinized, and the shortlisted organisations were sent to the District Collectors concerned for field verification and remarks. After examining the reports of the District Collectors and the proposal of the Commissioner of Rural

Development & Panchayat Raj, Government vide G.O. Ms. No.18 Rural Development & Panchayat Raj (SS.1) Department, dated 2.3.2009, have issued orders selecting 5 organisations for the Corporate Social Responsibility Award for the year 2007-08 and 4 organisations for the year 2008-09.

2.9.6 Rationalisation of Village Panchayat Accounts

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

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

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

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

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

2.9.7 Abolition of Jamabandhi

The Annual Settlement of Panchayat Accounts was introduced in 1992 at a time when there were no elected Local Bodies and the Panchayat Administration was managed by the Special Officers. However, consequent to the Constitution (73rd Amendment) Act, 1992 and the enactment of Tamil Nadu Panchayats Act, 1994, elected representatives assumed office in the rural Local Bodies in the year 1996 and the elected Local Bodies have an inbuilt system of checks and balances on the expenditure of the Local body funds. Further, the system of Audit of Village Panchayat Accounts has also been introduced and Deputy Block Development Officers have been designated as the Audit Officers. The post of Assistant Director (Audit) has been created for monitoring the progress of audit and the settlement of audit objections. Grama Sabha has also been strongly propagated as a forum of Social Audit of Village Panchayat accounts. In view of the above, it was viewed that the Annual Settlement of Panchayat Accounts by the Jamabandhi Officers did not contribute any value addition for the betterment of Panchayat Administration and that Jamabandhi had merely degenerated into a ritual. Thus, the Government issued orders vide G.O.Ms.No.175 RD & PR (PR2) Department, dated 14.11.2008 dispensing the Annual Settlement of Panchayat Accounts.

2.9.8 Telephones for Village Panchayats

Given the need for Block officials as well as Presidents to communicate with each other frequently, lack of land-line telephone in most of the Village Panchayats was a major hurdle in the implementation of schemes and in the administration of Panchayats. Hence, the Government vide G.O.Ms.No.118 RD & PR Department, dated 02.07.2007 issued orders permitting each Village Panchayat to have a telephone connection and prescribing a monthly ceiling of

Rs.750/- towards telephones charges. So far, a total of 12,572 Village Panchayats out of 12,620 Village Panchayats of Tamil Nadu have been provided with Telephone connections. Once a telephone connection is made available, the Village Panchayat can also have access to the Internet through a dial-up connection.

2.9.9 TNEB Issues

Maintenance of street lights and water supply are the two major functions of the Village Panchayats. Approximately, 70% of the income of the Village Panchayats used to be spent on payment of electricity charges. It was brought to the notice of the Government that in many cases, TNEB raised the bills on Village Panchayats on commercial rates without proper meter reading and levied 12% interest on the dues pending for more than 45 days. Undue delays were also noticed in obtaining estimation for installation of new street lights from TNEB authorities. The Government implemented a series of measures to settle some of these long term problems persisting between TNEB and the Village Panchayats.

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

Based on the Government's direction, TNEB has taken steps to provide electricity meters to all those service connections of Village Panchayats which didn't have meters, besides replacing defective meters. Meter cards have been provided to all service connections in rural areas and TNEB has been asked to raise bills based only on the initial and final readings of the meters. Steps have also been taken to pay up all the arrears due from Village Panchayats to TNEB. Where the arrears have been cleared, an entry that "No arrears are due pertaining to this service connection as on" has been directed to be made on

the meter cards in order to enable the Village Panchayats to start with a clean slate in future.

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

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

2.9.11 Enhancement of Penalties

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

2.9.12 Restriction of exemptions granted to Educational Institutions from House Tax

The Third State Finance Commission had recommended that all fee collecting institutions like nursery, matriculation Schools, tutorial colleges, self financed engineering, medical/dental colleges, para medical institutions, teacher training institutions, coaching centres etc should be subjected to House tax. The Government accepted the recommendation of the Third State Finance Commission and suitably amended rule 15 (c) of the Tamil Nadu Panchayats (Assessments and Collection of Taxes) Rules, 1999 vide G.O. Ms. No.38 RD & PR (PR.1) Department, dated 5.3.2008 and the amended provision now enables the Village Panchayats to levy and collect House Tax on the buildings used by Self financing educational institutions and also from the Government-aided institutions which are conducting self-financing unaided courses.

2.9.13 Empowering the District Collectors to levy and collect Advertisement Tax

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

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

2.9.14 Exemptions under the Building Rules

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

2.10 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.

2.10.1 Functions and Powers

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

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

2.10.2 Resources

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

a) Non tax revenues:

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

b) Assigned and shared revenues:

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

c) Grants:

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

By virtue of enactment of the Tamil Nadu Panchayats (Preparation of Plan and Estimates for works and Mode and Conditions of works) Rules, 2007 vide G.O.Ms.No.203 R.D. & P.R. Dept. dt. 20.12.2007, the Panchayat Union Councils have been empowered to give administrative sanction and execute individual works up to Rs.10 lakhs from their General Funds without any external approval. Earlier the Panchayat Unions were empowered to sanction funds up to Rs.5 lakhs only. For all works costing more than Rs.10 lakhs but not more than Rs.50 lakhs, the District Collector is the competent authority to give the administrative sanction and for works costing more than Rs.50 lakhs, the Director of Rural Development and Panchayat Raj will be competent to accord administrative sanction. However for Centrally sponsored and State funded schemes, prior administrative sanction of the District Collector is necessary.

2.10.3 Wireless to Panchayat Unions

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

2.10.4 Vehicles to Panchayat Union Chairpersons

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

2.10.5 Reconstitution of Appointment Committee of Panchayat Unions

The earlier system of conduct of annual elections to elect a member of Appointment Committee was not conducive to the smooth functioning of the

Panchayat Union administration. Hence in order to provide continuity to the Committee and avoid changing the composition every year with one new member, the Government have issued amendment to Section 96(1)(a) of Tamil Nadu Panchayats Act, 1994 by making the Vice-Chairman of the Panchayat Union as one of the members of the Appointment Committee. Consequent to the amendment, the three members Appointment Committee will consist of the Chairman of the Panchayat Union Council, the Vice-Chairman of the Panchayat Union Council and the Commissioner of Panchayat Union.

2.11 District Panchayats

There are 29 District Panchayats in the State.

2.11.1 Functions

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

- a) Preparation of development plan for the district.
- b) Compilation of administration reports of Village Panchayats and Panchayat Union Councils of the district and preparation of Annual Report for the District.
- c) Planning and review of Agriculture, Land Development, Animal Husbandry, Dairy, Poultry, Fisheries and Rural Industries etc.
- d) Planning and review of rural housing programmes particularly housing for SC/STs.
- e) Identification of major water supply schemes.

2.11.2 Resources

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

By virtue of enactment of the Tamil Nadu Panchayats (Preparation of Plan and Estimates for works and Mode and Conditions of works) Rules, 2007 vide G.O.Ms.No.203 RD & PR Dept. dated 20.12.2007, the District Panchayats have been empowered to give administrative sanction and execute individual works up to Rs.20 lakhs from their General Funds without any external approval. Earlier the District Panchayats were empowered to sanction funds up to Rs.10

lakhs only. For all works costing more than Rs.20 lakhs but not more than Rs.50 lakhs, the District Collector is the competent authority to give the administrative sanction and for works costing more than Rs.50 lakhs, the Director of Rural Development and Panchayat Raj will be competent to accord administrative sanction. However for Centrally sponsored and State funded schemes, prior administrative sanction of the District Collector is necessary.

2.12 Pooling of Assigned 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 till 2006-07, was credited to the Village Panchayats. The Local cess surcharge is between five and ten times the land revenue collected and till 2006-07, was 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 was observed that there is considerable delay in adjusting the various assigned/shared revenues to the Village Panchayats and Panchayat Unions and the paper work involved is disproportionate to the amounts involved. There was considerable inequity in the distribution of what are essentially Government revenues.

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

Revenue has facilitated quick and easy disbursement of these revenues and is also equitable.

2.13 State Finance Commission Grant

To augment the resources of the Local Bodies, financial devolution to the Local Bodies is made on the basis of recommendations of the State Finance Commission (SFC). Based on the recommendations of Third State Finance Commission, a higher share of State's own tax revenues for the rural and urban Local Bodies beginning with 9% (it being 8% till 2006-07) has been allocated for the year 2007-08 and 2008-09. For 2009-10, the Government have increased the allocation to 9.5% of the State's own tax revenues to the rural and urban Local Bodies. The percentage of devolution will be progressively increased to 10% within the award period of the Third State Finance Commission (2007-08 to 2011-12). The ratio of the shares of rural and urban Local Bodies will be 58:42 as before. Since Village Panchayats are entrusted with most of the basic functions such as maintenance of village roads and streets, drinking water supply, street lights, sanitation and solid waste management and they are also the largest in number (12,620), the allocation for the rural Local Bodies is shared in the ratio 60:32:8 among Village Panchayats, Panchayat Union Councils and the District Panchayats from the year 2007-08 onwards. These policy changes are expected to greatly improve the delivery of services at the grass roots level. The quantum of increase in SFC Grants to rural Local Bodies from 2006-07 to 2009-10 is given in **Table – 7**.

Table-7
State Finance Commission Grants to
Rural Local Bodies

Year	SFC Grants (Rs. in crores)	Increase over previous year	
		Amount (Rs. in crores)	% of increase
2006-07	1,224.76	230.00	23.1
2007-08	1,583.58	358.82	29.3

2008-09	1,716.44	132.86	8.4
2009-10	2,065.33	348.89	20.3

2.13.1 Streamlining the modalities of release of State Finance Commission Grant

The State Finance Commission Grant is released from the Directorate of Rural Development and Panchayat Raj to the District Collectors electronically through the Core Banking System (CBS). The District Collectors, in turn, had earlier been sending the funds to the Village Panchayats by adopting various methods like Core Banking System, Real Time Gross Settlement (RTGS), Demand draft system etc. There was lack of uniformity in the procedure and a lot of delays in the adjustment of funds in this process. In order to overcome the above drawbacks, a uniform procedure of transferring the funds through 4 Nodal Banks in each of the Districts to the bank accounts of the Village Panchayats has been prescribed with effect from December 2008. This procedure has significantly speeded up the adjustments of Grants to the accounts of rural Local Bodies.

2.14 Central Finance Commission Grant

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

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

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

2.15 Increase in the allowances of rural Local Body representatives

Fixed Travelling Allowance (FTA) was initially sanctioned by the Government to the Presidents of Village Panchayats and Chairpersons and Members of the Panchayat Unions and District Panchayats vide G.O.Ms.No.262 Rural Development Department dated 20.12.1997. This amount was enhanced by 10% in the year 1999 and was not revised thereafter. The Government have, vide G.O. (D) No.569 RD & PR(C1) Department, dated 28.09.2007, enhanced the FTA of the rural Local Body representatives and the **Table-8** below indicates the FTA rates prevalent previously and enhanced now.

Table-8
Monthly FTA for Rural Local Body representatives

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

2.16 Issue of Identity Cards to Heads of Panchayat Raj Institutions:

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

2.17 Local Bodies' Day

The rural and urban Local Bodies are perhaps the agencies with the maximum public interface. There is need to further strengthen this interface and bring about greater transparency and openness in the functioning of Local Bodies. At the same time, it is also necessary to highlight their achievements and carry out the various information, education and communication campaigns relating to civic administration or implementation of schemes. One method of doing this is to designate a particular day in a calendar year as "Local Bodies' Day" The Government have issued G.O.No.632,RD & PR(C1) Department, dated 26.10.2007 earmarking November 1 as 'Local Bodies' Day" to be celebrated by all rural and urban Local Bodies in Tamil Nadu every year. Tamil Nadu is the first State in the country to do this.

2.18 Electrification of buildings used by other Departments

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

2.19 Stability in tenure of Local Body representatives

The Government felt that frequent moving of no-confidence motions on trivial and unjustifiable grounds affected the continuity in planning and implementation of works in rural Local Bodies and are detrimental to public interest. In order to make the provisions for moving and passing the no-confidence motion more stringent, the Government have amended relevant provisions of the Tamil Nadu Panchayats Act, 1994, wherein the minimum strength required for issuance of motion of no confidence against the Vice-President of the Village Panchayat or the Chairperson or the Vice-Chairperson of the Panchayat Union or the District Panchayat concerned has been increased from the existing half of the sanctioned strength to three-fifth and the minimum strength required for carrying the motion has been increased from the existing

two-third to four-fifth of the strength of the local body concerned. Also it has been stipulated that no motion of any confidence can be brought within one year of the assumption of the office or during the last year of the term of office of the Vice-President of the Village Panchayat or the Chairperson, Vice-Chairperson of the Panchayat Union or the District Panchayat concerned.

2.20 Annual Report on the functioning of Panchayats

As per the original section 165 of Tamil Nadu Panchayats Act, 1994, the District Panchayats had to prepare an annual report giving a full account of their activities during the previous year and forward to the Government and the Government used to lay on the table of the Legislative Assembly all such reports together with their comments thereon. However, since the reports of the District Panchayats were only partial pertaining to only one of the 3 tiers of the Panchayat Raj Institutions and since this report also did not contain the functioning of Panchayat Raj Institutions, elections held, funds released etc. which alone give a comprehensive view of the functioning of Panchayat Raj Institutions, it was decided to place a comprehensive annual report of the state of Panchayats in Tamil Nadu as a whole on the table of the Legislative Assembly. Accordingly, after suitable Act amendment, the first Annual Report was prepared for the years 2006-07 and 2007-08 and placed before the Tamil Nadu Legislative Assembly during February, 2009.

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

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

3. ESTABLISHMENT

3.1. Staffing under NREGS

National Rural Employment Guarantee Scheme (NREGS) was introduced in Phase-I in six districts of Tamil Nadu viz. Cuddalore, Villupuram, Tiruvannamalai, Nagapattinam, Dindigul and Sivaganga with effect from 02.02.2006. The Scheme was extended to four more districts of Thanjavur, Tiruvarur, Karur and Tirunelveli in Phase-II with effect from 01.04.2007 and has been extended to the remaining 20 districts of the State with effect from 01.04.2008.

In order to facilitate proper implementation of the Scheme, the Government have sanctioned technical and supporting staff as shown in **Table-9** below:

Table-9
Posts sanctioned to supervise NREGS
works in Districts

Sl. No.	Category of Post	No. of posts
<i>A. Administration wing:</i>		
1	Superintendents in the level of Block Development Officer	31
2	Deputy Block Development Officers	385
3	Assistants	416
4	Computer Assistants	801
5	Drivers	32
6	Office Assistants	32
<i>B. Technical wing:</i>		
1.	Assistant Executive Engineers (RD)	32
2.	Assistant Engineers (RD)	212
3.	Overseers	673
4.	Junior Draughting Officers	32
Total		2,646

The Government have also, vide G.O. Ms No. 164 RD&PR (CGS1) Department dated 21.10.2008, created a State NREGA Cell, the composition of which is indicated in **Table-10** below:

Table-10
Posts sanctioned to State NREGS Cell

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

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

It is proposed to further strengthen the staffing pattern under NREGS at the District and State level in 2009-10 in order to ensure a further closer monitoring of the Scheme.

3.2 Recruitment of Assistant Engineers (RD)

In order to strengthen the technical wing of the Department, the Government requested to Tamil Nadu Public Service Commission (TNPSC) to recruit 223 posts of Assistant Engineers (RD). Consequently, the TNPSC conducted recruitment examination for Assistant Engineers(RD) and the first list of 214 Engineers was received during 2008-09. The TNPSC has further sponsored 246 Assistant Engineers and this batch of Engineers are expected to join the RD & PR Department shortly.

3.3 Upgradation of the posts of Extension Officers to that of Deputy Block Development Officers

Till August 2008, the Assistants in RD & PR Department were promoted as Extension Officers before being promoted to the Deputy BDO cadre. However, as against this, the Assistants in the Revenue Department are promoted directly to the Deputy Tahsildar cadre and there is no intermediate level like that of Extension officers in RD & PR Department. Also, since the number of Deputy BDO posts were lesser in number than the Extension Officer posts, there was a stagnation at the level of Extension Officers. There was a need to bring parity in the promotion of Assistants in RD & PR Department with that of their counterparts in Revenue and other Departments. Hence, it was announced in

Tamil Nadu Legislative Assembly on 16.04.2008 that all posts of Extension Officers would be upgraded to that Deputy Block Development Officers. Accordingly, 2,544 posts of Extension Officers have been upgraded to that of Deputy Block Development Officers as per the G.O. Ms. No. 138 RD & PR (E4) Department dated 28.08.2008

3.4 Absorption of Makkal Nala Paniyalargal in the vacancies arising in the posts of Office Assistants, Night Watchmen and equivalent posts.

It was announced in Tamil Nadu Legislative Assembly on 16.04.2008 that the eligible Makkal Nala Paniyalargal would be absorbed in 50% of the vacancies which arise in the posts of Record Clerks , Office Assistants, Night watchmen and equivalent posts. Accordingly, orders have been issued in this regard by the Government in G.O.Ms. No. 179 RD & PR (E.5) Department dated 27.11.2008. So far 184 Office Assistant and 30 Watchman posts have been filled up by absorption from Makkal Nala Paniyalargal.

3.5 Sanction of Time Scale to the post of Makkal Nala Paniyalarkal

The Makkal Nala Paniyalarkal working in the Village Panchayats were getting a consolidated pay of Rs. 950 and a conveyance allowance of Rs.50/- per month. Based on the recommendations of the Sixth Pay Commission, the Government, vide G.O.Ms.No.234, Finance (Pay Cell) Department, dated 1.6.09, have brought the salary of the Makkal Nala Paniyalarkal to the special time scale of pay of Rs. 2,500-5,000 and a grade pay of Rs. 500 per month with effect from 1.6.09.

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

This Government had to face a large number of vacancies in all categories of staff when it assumed office in May, 2006, which affected the implementation of schemes adversely. The Government had ordered filling up of the vacancies in all categories from the level of Assistant Director downwards. Out of a total of 17,819 vacant posts, so far 17,375 posts in 13 categories, including those of Assistant Directors, Assistant Engineers, Junior Draughting Officers, Overseers, Road Inspectors, Junior Assistants, Typists, Steno-typists, Drivers, Office Assistants and Night Watchmen have been filled up through various methods of recruitment and the remaining posts will be filled up shortly.

4. CENTRALLY- SPONSORED SCHEMES

4.1 Indira Awaas Yojana (IAY)

Indira Awaas Yojana, which used to be a component of Jawahar Rozgar Yojana, became an independent scheme from 1997-1998 onwards. Its objective is construction of free houses to members of the Scheduled Castes/ Scheduled Tribes, freed bonded labourers in rural areas and also to non SC/ST Rural poor people living below poverty line. Beneficiaries are selected from the Below- the-Poverty –Line (BPL) list approved by the Grama Sabha. At least 60% of the total IAY allocation during a financial year should be utilized for construction / upgradation of dwelling units for SC/ST BPL households. A maximum 40% of allocation is for non- SC/ST BPL rural households. 3% of the above categories should be allocated for physically and mentally challenged persons. Government of India has also asked the States to earmark 15% of the beneficiaries from amongst to minorities. New houses as well as upgradation of kutchha houses are being taken up under the scheme. It is funded by the Centre and State in the ratio of 75:25.

4.1.1 New Houses

From 1.4.2005 onwards, the unit cost of a new house was fixed at Rs.25,000/- for ordinary soil and Rs. 27,500/- for difficult soil . Based on the budget announcement of the Union Finance Minister in February 2008, this amount was increased by Rs. 10,000/- and Rs. 11,000/- respectively and the unit cost raised to Rs.35,000/- for ordinary soil and Rs. 38,500/- for difficult soil. Moreover, the State Government provides an additional amount for RCC roofing cost in addition to its matching share. With effect from 2006-07, the above RCC roofing cost was raised from Rs. 9,000/- to Rs.12,000/- per house. However, as the cost of construction of new houses has increased substantially, the State Government, vide G.O.No. 91, RD&PR (CGS.1) Dept. dt. 6.6.2008, further raised the RCC roofing cost from Rs. 12,000/- to Rs.20,000/- per house with effect from 1.4.2008. This, along with the increase in unit cost as announced by the Central Government, has increased the total cost of an IAY house from existing Rs. 37,000/- and Rs. 39,500/- to Rs. 55,000/- and Rs.58,500/- for ordinary soil and difficult soil respectively. A further subsidy of Rs. 2,200/- out of Total Sanitation Funds is dovetailed to enable each beneficiary to construct a toilet in the IAY house. The minimum plinth area of a house should be 20 square metres. All new houses are provided with the toilets and smokeless chulahs. Beneficiaries undertake the construction with locally available materials employing low cost technologies.

4.1.2. Upgradation of Kutchha Houses

This can be taken up to a maximum of 20% of IAY allocation. The unit cost is raised by Government of India from Rs 12,500 to Rs. 15,000/- with effect from 1.4.2008.

During 2009-10, 1,35,265 New Houses will be constructed and 35,069 Kutcha Houses are to be upgraded at a financial outlay of Rs. 796.56 crores, inclusive of the State Government's additionality of Rs.270.53 crores towards the RCC roofing cost.

4.2 National Rural Employment Guarantee Scheme - Tamil Nadu

The National Rural Employment Guarantee Act was enacted in September 2005. The National Rural Employment Guarantee Scheme was initially implemented with effect from 2.2.2006 onwards in six notified districts of Tamil Nadu (in Phase I). It was extended to 4 districts (in Phase II) from 1.4.2007 onwards and to the remaining 20 districts (in Phase III) with effect from 1.4.2008 onwards. The details are as furnished below in **Table-11**:

Table-11
Coverage of Districts in Phases
under NREGS

Phase – I (2.2.2006 onwards)	Phase – II (1.4.2007 onwards)	Phase – III (1.4.2008 onwards)	
1. Cuddalore	1.Thanjavur	1. Kanchee	11. Trichy
2. Villupuram	2.Tiruvarur	puram	12. Perambalur
3. Tiruvanna malai	3.Karur	2. Tiruvallur	13. Ariyalur
4. Naga pattinam	4.Tirunelveli	3. Vellore	14. Pudu kottai
5. Dindigul		4. Salem	15. Madurai
6. Sivagangai		5. Namakkal	16. Theni
		6. Dharmapuri	17. Ramanatha puram
		7. Krishnagiri	18. Viridhunagar
		8. Erode	19. Thoothukudi
		9. Coimbatore	20. Kanniya kumari
		10.Nilgiris	

4.2.1 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 volunteer to do unskilled manual work. This Act is an important step towards the realization of the “right to work”. It is also expected to enhance people’s livelihood on a sustained basis, by developing the economic and social infrastructure in rural areas.

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

4.2.2 Funding Pattern

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

- (a) The entire cost of wages for unskilled manual workers.
- (b) 75% of the cost of material and wages for skilled and semi-skilled workers.

- (c) Administrative expenses, which will include, inter alia, the salary and allowances of Programme Officers and their support staff, work site facilities and the State NREGA Cell.
- (d) Administrative expenses of the Central Employment guarantee Council.

The State Government bears the following costs:

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

4.2.3 Priority of works

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

- (a) Formation of new ponds.
- (b) Renovation of existing Ponds, Kuttais, Kulams, 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.

4.2.4 Special steps taken to ensure successful implementation of NREGS

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

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

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

1. 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. The Rural Schedule of rates was revised for the year 2007-08 vide G.O.No.101, RD & PR (CGS-I) Department dated 13.06.2007 and again for the year 2008-09 vide G.O.No.110, RD & PR (CGS-I) Department, Dated 27.06.2008.
2. A minimum of 30% registration has been insisted upon in each Village Panchayat. The average percentage of registration in Phase-I & II districts has crossed **70%** & in Phase III districts it has crossed **45%**, which indicates that there is widespread awareness about the Scheme.
3. The existing formats of Job Cards and Nominal Muster Rolls have been revised to make these documents more transparent, informative and difficult to manipulate in the process of Scheme implementation.
4. Since the Scheme requires intensive touring, the Government have sanctioned additional fuel of 50 litres per month for each of the vehicles in the Panchayat Unions. The Government have also sanctioned additional fuel of 75 litres for the vehicles of the Assistant Executive Engineers (RD) vide G.O.Ms.No.27 RD&PR (CGS-I) Department dated 20.02.2008.
5. Makkal Nala Paniyalars (MNPs) have also been made responsible for the implementation of the Scheme at the field level.
6. Additional ministerial, technical and computer staff have been sanctioned at District, Division, Block and Village levels in order to ensure proper implementation and close supervision of the Scheme. A **State NREGA Cell** has also been formed vide G.O.Ms.No.164, RD & PR (CGS-1) Department, dated 21.10.2008 to augment the State Capacity in ensuring quality, efficiency and transparency in the implementation of the Scheme.
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 NREG Act.
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 create awareness among the beneficiaries about the volume of work to be done to get the minimum wages, the system of pre-marking of the expected weekly quantum of work has been initiated in all the districts with effect from 2008-09.
10. In order to ensure greater transparency and fair play, it has been ordered to disburse the wages to the workers in the presence of at least four members of the following committee:
 - a. President of the Village Panchayat.
 - b. Vice-President of the Village Panchayat.
 - c. Ward Member of the area where the work is executed.
 - d. An SC/ST Ward Member, if none of the persons in Sl. Nos. a, b and c above belongs to SC/ST Community.
 - e. Two animators of graded Self Help Groups.
 - f. A representative of the Panchayat Level federation.
11. Savings Bank Accounts have been opened for the NREGS workers to enable payment of their wages directly to their bank accounts in case they are not available to personally receive the wages on the fixed day of the payment.
12. A 25-member Tamil Nadu State Employment Guarantee council has been constituted vide the G.O Ms No. 117, RD & PR (CGS-I) Department, dated 14.09.2006 to monitor and review the implementation of the Scheme. Consequent to the implementation of the Scheme in all the 31 Districts of the State, a revised Council was constituted with representatives from all phases vide G.O. (MS) NO.118 RD & PR (CGS-1) Department, dated 11.07.08. The first, second, third and fourth meetings of this Council were held on 25.11.2006, 11.06.2007, 03.03.2008 and 08.08.2008 respectively.
13. In order to ensure efficient monitoring of the Scheme through Management Information System (MIS), three computers and a printer have been sanctioned to each of the 385 block offices of Phase-I, II and III NREGS districts. Apart from this, all the existing 68 Sub-Divisions and

the newly created 32 Sub-Divisions have been provided with one Computer and a Printer each.

14. In order to ensure a total transparency in the implementation of the Scheme, the Government ordered for the conduct of Social Audit of the Scheme every year in all Village Panchayats of NREGS districts along with the conduct of Grama Sabha meeting on 1st May, 15th August, 2nd October and 26th January. Like wise the conduct of the Social Audit of the Scheme will be conducted along with Grama Sabha meeting in the year 2009-10 also.
15. In order to enable receipt of NREGS funds at the State level itself and distribute these alongwith the State share of NREGS funds to the districts, the Government proposes to form a Society for the administration of Tamil Nadu State Employment Guarantee Funds. The Tamil Nadu State Employment Guarantee Fund Rules, 2008 have also been framed vide G.O. (Ms) No. 92 RD & PR (CGS.1) Department, dated 6.6.2008.

As a result of the concerted efforts taken by this Government, a sum of Rs.1,885 crores has been utilized generating 2,400 lakh persondays of employment up to 31.05.2009. About 82% of the work force comprises of women and 59% are Scheduled Castes. A notable feature of the Scheme is that it has had a buoyant effect on rural wages.

4.3 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) 60:28:12 for individual household toilets with effect from 1.8.2008 and 60:20:20 for solid and liquid waste management and community sanitary complexes, with 20% contribution from Beneficiaries/Panchayats
- (c) 70:30 for School and Anganwadi toilets.

The maintenance of Sanitation and hygiene in the Villages are the mandatory duties of Village Panchayats as envisaged under Sec.110 (d) of the Tamil Nadu Panchayats Act, 1994. The disposal of solid waste and sewage water is becoming a major problem for many Village Panchayats especially those situated in the vicinity of the Corporation and bigger Municipalities and individual Village Panchayats may not be a viable unit for contracting out solid waste management and sewage disposal. Hence it is proposed to group several suburban Village Panchayats into clusters so as to form a viable unit for contracting out or allow Village Panchayats to enter into partnership with the neighbouring Corporations or Municipalities in this regard. It is also proposed to launch a State level Multi-Media campaign in order to change the mind-set of the rural public regarding sanitation practices and generate demand for individual household toilets.

4.3.1 Nirmal Gram Puraskar

To give a fillip to the Total Sanitation Campaign, the Government of India launched an incentive scheme in June, 2003 in the form of an award for total sanitation coverage, maintenance of clean environment and open defecation-free Village Panchayats, Blocks and Districts called 'Nirmal Gram Puraskar'. The Village Panchayats are given a cash incentive ranging from Rs.0.5 lakhs to Rs. 5 lakhs depending upon the population of the Village Panchayats concerned. The year-wise break-up of 'Nirmal Gram Puraskar Awards' won by the Village Panchayats and Block Panchayats is furnished below in **Table-12**:

Table-12
Year-wise break-up of Nirmal Gram Puraskar Awards won by Tamil Nadu

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

Tamil Nadu stands second among all the States in winning highest number of Nirmal Gram Puraskar Awards during the year 2007-08.

4.4 Member of Parliament Local Area Development Scheme (MPLADS)

The objective of this Scheme is to fill the gaps existing in the provision of infrastructure through various Central and State schemes thereby enabling wholesome development. A sum of Rs.2 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 district falling within the constituency of the M.P. concerned. In the case of Rajya Sabha, the M.P. can suggest works in one or more districts within the State from which he is elected. As far as the nominated MPs are concerned, they can suggest works anywhere in India. The District Collector gives administrative sanction for the works. The guidelines contain a 'negative list' of works not permitted under this Scheme and also an illustrative list of works that may be taken up. Under the scheme all maintenance works of any type are prohibited. Desilting of ponds, rivers, tanks, canals, etc, are also treated as maintenance activities and cannot be taken up under MPLADS.

As per Government of India (Ministry of Statistics and Programme Implementation) website, Tamil Nadu stands first at All India level, in cumulative utilization of funds under MPLADS with 98.95% fund utilization since 1993.

For 2009-10, an amount of Rs.114.00 crores is likely to be allotted for works under MPLADS.

4.5 Pradhan Mantri Gram Sadak Yojana (PMGSY)

The Government of India launched PMGSY on 25th December 2000 to provide all-weather roads, to all rural habitations with population more than 1000, by the year 2003 and to all rural habitations with population between 500 and 1000, by the year 2007. This is a 100% Centrally assisted Scheme. The details of yearwise allocation and no. of works taken up under the Scheme are furnished below in **Table-13**:

Table-13
Year wise allocation and
works taken up under PMGSY

Phase	Allocation (Rs. in Crores)	No. of Roads	Length (in KM)
Phase I (2000-01)	152.91	862	1,442.12
Phase II (2001-02)	115.29	446	803.70
Phase III (2003-04)	160.88	492	1,097.50
Phase IV (2004-05)	112.65	396	787.97
Phase V (2005-06)	170.84	365	799.69
Phase VI/ Bharat Nirman Phase-I (2008-09)	465.64	818	2,082.54
Phase VII/ Bharat Nirman Phase-II (2008-09)	858.99	1,591	3,031.09
Total	2037.20	4,970	10,044.61

In the year 2008-09, PMGSY road works at an outlay of Rs.1,324.63 crores have been sanctioned under Bharat Nirman (Phase I & II) to Tamil Nadu which is a record achievement for the State which had been allocated PMGSY road works only to the tune of Rs.142 crores per year in the previous phases.

4.6 National Project on Biogas Development

This is a 100% Centrally sponsored Scheme envisaging a subsidy of Rs.2,100 for general category, Rs. 2,800 for SC/ST and small farmers and Rs.3, 500 for hilly areas for the installation of Biogas. The tentative allocation for 2009-10 is Rs.62 lakhs.

4.7 Backward Region Grants Fund (BRGF)

The erstwhile Rashtriya Sam Vikas Yojana (RSVY) has been transferred from Union Planning Commission to Ministry of Panchayat Raj at Government of India level with effect from 2006-07. The Ministry of Panchayat Raj have modified the Scheme of RSVY as Backward Regions Grant Fund (BRGF) and the main focus of the Scheme is to strengthen and provide professional support to the Local Bodies to improve their performance and delivery of critical functions assigned to them besides redressing regional imbalances in development. This Scheme is being implemented in six districts in Tamilnadu viz., Cuddalore, Villupuram, Tiruvannamalai, Nagapattinam, Dindigul and Sivagangai.

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

The Government of India have sanctioned Development Grants under BRGF to 6 districts for 2007-08 as detailed below in **Table-14**:

Table-14
Funds sanctioned under BRGF for 2007-08

Sl. No	Name of the District	Amount (Rs.in crores)
1	Cuddalore	17.76
2	Villupuram	21.73
3	Tiruvannamalai	19.27
4	Dindigul	18.70
5	Nagapattinam	15.06
6	Sivagangai	15.52

5. STATE SCHEMES

5.1 Anaithu Grama Anna Marumalarchi Thittam (AGAMT)

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

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

Under the Scheme, the Government had allocated a sum of Rs.1,533.98 crores for the last 3 years as detailed below in **Table-15**:

Table -15

Year wise allocation for AGAMT

Sl.No.	Year	No.of Village Panchayats	Allocation (in crores)
1	2006-07	2,540	513.08
2	2007-08	2,534	511.86
3	2008-09	2,520	509.04
Total		7,594	1533.98

For 2009-10, this Scheme will be taken up in 2,511 Village Panchayats at an outlay of Rs. 507.22 crores.

The Centrally sponsored schemes usually have tight guidelines and do not offer the flexibility to take up works that may be locally desirable nor do they provide funds enabling Village Panchayats to carry out their statutory functions under the Tamil Nadu Panchayats Act, 1994. The Anaithu Grama Anna Marumalarchi Thittam endeavours to plug both these gaps in the Centrally sponsored schemes by providing untied funds of Rs.5 lakhs (out of Rs.20 lakhs allocation per Village Panchayat), with the remaining funds to be spent on stipulated items. Further, funds from other schemes of Rural Development and Panchayat Raj department and other departments such as Highways, Public Works, Social Welfare, Health, Education, Agriculture Engineering, and TWAD among others will also be dovetailed as far as possible into the Village Panchayats taken up under Anaithu Grama Anna Marumalarchi Thittam. The Government's intention is to ensure the convergence of 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 (RD)/ Block Engineer the Panchayat President concerned and Village Administrative Officer.
- 2) The works should be got approved by the Grama Sabha.

- 3) Cement Concrete roads can be taken up for an amount not exceeding Rs.3 lakhs in tied component per village.
- 4) At least one Pond/Oorani is to be constructed at a cost of Rs.3-5 lakhs in each AGAMT village and it should have Bathing ghat, Baby pond, Retaining wall etc. In case of a Pond or Oorani being unavailable in the village, Temple tank or Minor Irrigation tank can be taken up for desilting in the village. Desilting the pond for a minimum depth of 2 metre from the existing level and the baby pond for further depth of 1 metre has been stipulated.
- 5) Fish ponds are to be taken up wherever feasible and preference given to the Self Help Groups for getting fishery rights.
- 6) Burial ground in each AGAMT village will be improved with approach road, Compound wall, Cremation shed, Water facility and Lighting.
- 7) A School Sports Centre at an outlay of upto Rs.1.5 lakhs or Community Sports Centre at an outlay of upto Rs.1 lakh is to be put up in each AGAMT village.
- 8) A library will be opened in each AGAMT village. A new building may be constructed or an existing building may be modified suitably and books worth at least Rs.50,000 are to be bought and furniture worth Rs.50,000 procured for the library. An Honorary Librarian is to be appointed for each AGAMT library.
- 9) Village shandies are to be improved wherever available.
- 10) An amount of 1% of the total allocation is to be used for IEC activities.

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

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

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.1.20 crores to Rs.1.50 crores vide G.O.Ms.No.107 RD & PR(SGS-1) Department, dated 23.6.08. 50% of the allocation (Rs.75.00 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.

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

Since a large number of Anganwadi Buildings, Noon Meal Centres, Noon Meal Kitchen Sheds, especially in urban areas and to a lesser extent in rural areas are functioning in dilapidated buildings, a phased program of construction of new buildings for such cases is to be taken up. Hence in 2008-09, each MLA was requested to allocate Rs.10 lakhs for construction of Anganwadi Buildings, Noon Meal Centres, Noon Meal Kitchen Sheds.

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

a) In rural areas:

1. Upgradation of gravel/WBM Roads to B.T. standard.
2. Renewal of badly worn out B.T.roads (laying of B.T. layer only with filling up of potholes if necessary).
3. Laying of Cement Concrete Roads.
4. Provision of buildings and/or compound walls for Government and Local body hospitals, Primary Health Centres, Government Veterinary Hospitals and also for Government Schools, Panchayat Union Schools, Adi Dravida

schools, Kallar reclamation schools; Government colleges and Government hostels.

5. Provision of infrastructural facilities to Government Special Schools for the disabled and Government Orphanages.
6. Provision of additional Burial Grounds/Cremation Grounds as per AGAMT pattern in uncovered habitations in AGAMT Village Panchayats of 2006-07, 2007-08, 2008-09 and 2009-10.
7. Construction of new houses and upgradation of kutcha houses as per IAY norms.

b) In urban areas:

1. 1-5: Same as in Sl.No.1-5 for rural areas above.
2. Provision of infrastructure facilities to Burial Grounds/ Cremation Grounds.
3. Provision of Concrete Pavements, with storm water drains if so required.
4. Formation of new public parks.
5. Construction of Public Toilets.

5.2.2 MLACDS-Works to be taken up under Untied Component

Certain category of negative works have been prescribed under MLACDS. Any work not falling within the negative list/prohibited works can be taken up under the untied component of MLACDS. Works falling under the tied component also can be taken up under the untied component. As in the case of Member of Parliament Local Area Development Scheme (MPLADS), works involving desilting of ponds, rivers, ooranies and channels have been banned under MLACDS. Also the works mentioned in the negative list (prohibited works) cannot be taken up under the MLACDS unless specifically included in the exceptions of the guidelines of MLACDS.

The total allocation for MLACDS for 2009-10 is likely to be Rs.352.50 crores.

5.3 Panchayat Union School Renovation Programme

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

the repair and renovation of such long neglected School buildings in AGAMT Village Panchayats were taken up as detailed below in **Table-16**:

Table-16

Year wise allocation for Panchayat Union School Renovation Programme

Sl. No.	Year	No. of School Buildings in AGAMT Panchayats	Allocation (in crores)
1	2006-07 & 2007-08	10,248	135.00
2	2008-09	4,439	69.36

During the year 2008-09, 463 Panchayat Union Elementary and Middle Schools located in Town Panchayats and Third Grade Municipalities have also been taken up for renovation at an estimated cost of Rs.14.69 crores.

During the year 2009-10, around 5,000 Panchayat Union Elementary and Middle School buildings in 2009-10 AGAMT villages and in Town Panchayats and Third Grade Municipalities will be taken up for repairs and improvements at an outlay of Rs. 85 crores.

5.4 Namakku Naame Thittam

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

Construction of Government and Local Body School Buildings (including Compound Wall) Libraries, Hospitals, Primary Health Centres, Veterinary Dispensaries, Noon Meal Centres, Hostels, Creation of Water Supply Sources, Public Distribution Shop Buildings, Bridges and Culverts, Upgradation of Roads and Streets, CC Pavements, Parks, Play Grounds, Traffic Islands, Fountains, Street lights, Purchase of Furniture, Computers and equipments for Government and Local Body Schools and Libraries and construction of class rooms, laboratories and toilets in Government aided schools and colleges can be undertaken under Namakku Naame Thittam. A sum of Rs. 50.00 crores was allotted by Government of Tamil Nadu for the year 2008-09.

Likewise, a sum of Rs.50.00 crores is allotted by Government of Tamil Nadu for the implementation of this Scheme in 2009-10.

5.5 Periyar Ninaivu Samathuvapuram

To promote social justice and spread Thanthai Periyar's message of social equality, Government of Tamil Nadu established Samathuvapurams since 1997-98 in the districts where all communities live with unity and brotherhood. Accordingly, 145 Samathuvapurams were established in the State.

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

Government have, accordingly, decided to revive the Scheme and construct another 95 Samathuvapurams. In the first phase, a sum of Rs.75 crores was allotted for 2008-09 vide G.O.Ms.No.59 Rural Development and Panchayat Raj, (SGS-1) Department, dated 16.4.2008 and 29 Samathuvapurams are being established at the rate of one Samathuvapuram in each district except Nilgiris District. In each Samathuvapuram, 100 houses are being constructed at an approximate cost of Rs.1.60 lakh per house. Roads, street lights, drinking water supply and Public Distribution shop (if so required) are also being provided in each of the Samathuvapurams. A statue of Thanthai Periyar is being installed in each of the Samathuvapurams.

For 2009-10, a sum of Rs.75 crores is provided to take up 30 Samathuvapurams in the State.

5.6 Rural Infrastructure Scheme

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

Panchayats, Rs. 100 crores for Panchayat Unions and Rs. 50 crores for District Panchayats.

The Rural Infrastructure Scheme will be implemented in 2009-10 also and an amount of Rs.350 crores will be provided for this purpose. It is proposed to undertake the maintenance of Minor Irrigation Tanks also on a priority basis through funds under this Scheme in 2009-10.

5.7 NABARD's Rural Infrastructure Development Fund (RIDF)

5.7.1 RIDF XIII – 2007 – 2008

For the year 2007 – 2008, an amount of Rs. 410 crores has been sanctioned by NABARD based on the proposal of the State Government to upgrade the rural roads to the length of 3,720.40 Kms connecting and passing through AGAMT 2006 – 2007 Village Panchayats. So far, 3,645 km of road works have been completed.

5.7.2 RIDF XIV – 2008 – 2009

For the year 2008–2009, an amount of Rs.414.58 crores have been sanctioned by NABARD based on the proposal of the State Government to upgrade the Panchayat and Panchayat Union roads to a length of 2,691.73 Kms connecting and passing through AGAMT 2007–2008 Village Panchayats. So far, 381.05 km road works have been completed at an expenditure of Rs.112.06 crores and all other roads are in advanced stage of completion.

5.7.3 RIDF XV – 2009 – 2010

A proposal for strengthening of Panchayat and Panchayat Union roads for a length of 2,822 km at an estimated cost of Rs.400.73 crores has been forwarded to NABARD by the Government for sanction. On receipt of the sanction, which is expected shortly, these roads will be taken up for execution.

5.8 Twelfth Finance Commission Road Works –2008-2009 and 2009-2010.

For the year 2008 – 2009, 1,500 Km of road works at an estimated cost of Rs. 103.60 Crores were taken up under Twelfth Finance Commission funds. Priority is given to upgrade Panchayat and Panchayat union roads which are connecting and passing through AGAMT 2008-09 Village Panchayats. So far 1,026 Km of road works have been completed with an expenditure of Rs.71.53 crores.

During 2009-10, a further allocation of Rs. 103.60 crores will be given for the maintenance of Panchayat and Panchayat Union roads under this component.

5.9 Programme for Comprehensive Development of Dharmapuri and Krishnagiri Districts

To curb the rise of Naxalite in the elements in the backward districts of Dharmapuri and Krishnagiri, a Socio-economic Development Programme was launched in the year 2003-04. For 2008-09, a provision of Rs. 7.50 Crores has been made. In the year 2008-09, construction of new houses, various infrastructure development works and training programmes for rural youths have been taken up. For the year 2009-10 also, a provision of Rs. 7.50 crores will be made.

6. PART – II SCHEMES

6.1. Provision of Fax Machines

The Government have sanctioned 29 Fax Machines to Assistant Directors (Panchayats) at a total cost of Rs. 4.64 lakhs vide G.O.Ms.No.76, RD & PR Department dated 22.5.08.

For the year 2009 – 10, it is proposed to provide 16 Fax machines to the Development wings of Collectorate of 15 Districts and to Assistant Director (Panchayats), Ariyalur District at a cost of Rs. 2.528 lakhs.

6.2. Provision of Xerox Machines

For the year 2009 – 10, it is proposed to provide 17 Xerox Machines to the Development wing of Collectorate of 16 Districts and to Assistant Director (Panchayats) of Ariyalur District at a cost of Rs. 9.86 lakhs.

6.3. Provision of Computers and Accessories

The Government have, vide G.O. Ms.No. 78 RD & PR(SGS –IV) Department dated 22.5.08, sanctioned 89 desktop computers and accessories to Development wings of Collectorates at the rate of 3 computers per Collectorate at a total cost of Rs. 43.50 lakhs. The Government have also sanctioned 9 Laser Printers to the Directorate of Rural Development & Panchayat Raj at a total cost of Rs. 1.98 lakhs vide G.O. Ms.No. 77 RD & PR(SGS-IV) Department dated 22.5.08.

For the year 2009 – 10, it is proposed to provide desktop computers and accessories to the Development wing offices of Ariyalur District at a cost of Rs. 1.20 lakhs. It is also proposed to provide 90 Laser Printers at the rate of 3 Laser Printers to the Development wing of each District.

6.4. Provision of Vehicles

Government have sanctioned 25 vehicles in lieu of condemned Vehicles at a total cost of Rs. 112.50 lakhs vide G.O.Ms.No. 81, RD & PR (SGS-IV) Department dated 22.5.08.

For the year 2009 – 10, it is proposed to provide 16 Vehicles to the Rural Development officials at a cost of Rs. 76.64 lakhs.

6.5. Provision of new telephone connections

For the year 2009 – 10, it is proposed to provide new telephone Connections to 3 Additional Directors of the Directorate of Rural Development and Panchayat Raj at a total cost of Rs. 0.85 lakh.

6.6. Training Institutions

It is proposed to provide furniture and equipments for the hostel Buildings of Regional Institutes of Rural Development at T. Kallupatty, S.V. Nagaram, Bhavanisagar, Pattukkottai and Krishnagiri at a total cost of Rs.16.23 lakhs.

6.7. State Election Commission

The construction of the new Office of the State Election Commission at a cost of Rs. 2.13 crores has been completed.

7. TAMIL NADU CORPORATION FOR DEVELOPMENT OF WOMEN

Socio-economic development and em- powerment of women is *sine qua non* for the holistic development of society. The Tamil Nadu Corporation for Development of women (TNCDW) was established in 1983 with this objective in mind. The Corporation implements Mahalir Thittam, IFAD assisted Post-Tsunami Sustainable Livelihoods Programme and also SGSY, a major anti-poverty programme meant for self employment of rural poor.

The Self Help Group movement which was started in a small way in Dharmapuri District in the year 1989, has now grown into a mammoth movement covering all districts of the State targeting poor families and the marginalised sections of the society.

TNCDW which has been spearheading the SHG movement has brought out qualitative change in the lives of women through its definitive interventions over the last two decades.

7.1 Restructuring and Strengthening of TNCDW

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

TNCDW did not have a monitoring mechanism below the District level which was affecting the effectiveness of its interventions. In order to strengthen the monitoring arrangement, Government have issued orders vide G.O.Ms.No:106 Rural Development and Panchayat Raj Department, dated 20.6.2007 to involve Block staff like Block Development Officer(VP), Deputy BDOs, Extension Officer (Adi-Dravidar Welfare) and Rural Welfare Officers for monitoring and supervising Mahalir Thittam Programme.

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

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

7.2 Mahalir Thittam

The programme is implemented in partnership with NGOs and community based organisations which are affiliated with TNCDW after due process. So far 3,91,311 SHGs have been formed as of March 2009 with 62.93 lakh women members and with total savings of Rs. 2167 crores. Out of 25,000 new SHGs formed in 2008-09, 5,304 SHGs were formed among NREGS women workers and 9,696 SHGs were formed in the Village Panchayats where the SHG coverage is inadequate and 10,000 SHGs were formed exclusively in urban slums.

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

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

7.2.1 Group Formation

In order to enable all women living below poverty line to join and benefit from the Self Help Group movement, it has been estimated that one lakh new SHGs have to be formed in the State. To achieve this, it has been decided to form 50,000 new SHGs in the year 2009-10 and another 50,000 new SHGs during 2010 -11. By doing so, Tamil Nadu will have the distinction of enrolling all women living below poverty line into SHG movement.

During the next two years, group formation will be undertaken with special focus on NREGS women workers, urban slum dwellers and in Village Panchayats where SHG coverage is still inadequate. **Table -17** gives the details of SHGs as on 31.3.2009.

Table 17

Details of SHGs

No. of SHGs	3,91,311
No. of Group Members	62.93 lakhs
No. of Rural Groups	2,72,092
No. of Members in Rural SHGs	44,14,895
No. of Urban Groups	1,19,219
No. of Members in Urban SHGs	18,78,106
Total Savings	Rs.2167 crores
No. of Groups Credit Linked	3,60,160
Total Credit	Rs.5337.96 crores

7.2.2 Non-Governmental Organisations

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

As on 31.3.2009, 437 NGOs are affiliated with TNCDW as per the revised affiliation norms listed in G.O.Ms 155 Rural Development and Panchayat Raj (CGS-1) Department, dt.5.9.2007. The new agreement with these NGOs contains many salient features including performance based incentive and greater emphasis on quality and also provides an enabling environment for the growth of community based organisations like Panchayat Level Federations.

7.2.3 Revolving Fund to SHGs

Revolving Fund is provided to SHGs to augment their group corpus and create credit discipline by enhancing their financial management skills. Proper

utilisation of revolving fund will help in making SHGs creditworthy and access Bank loans.

After passing the first credit rating, SHGs in rural areas are provided with Revolving Fund (RF) subsidy of Rs.10,000/- under schemes like SGSY. But RF subsidy was not available to SHGs in urban areas which restricted their access to credit from banks. Therefore the Government announced a scheme to provide RF subsidy to urban groups from the year 2006-07. In two years period (i.e. 2006-07 & 2007-08) Rs.30 crores have been provided as RF subsidy to 30,000 urban SHGs in the State.

As the allotment of funds for RF subsidy under the schemes like SGSY is limited, all the eligible groups were not able to get RF subsidy. Hence in 2008-09 the Government decided to provide RF subsidy to all the eligible 1.5 lakh SHGs and Rs.150 crores was earmarked for this purpose. As on 31.3.2009, RF subsidy of Rs.10,000 each along with bank credit have been disbursed to 1,31,413 SHGs during 2008-2009.

7.2.4 Credit Linkage

Bank credit is one of the most critical inputs for empowering SHGs and to reduce rural indebtedness. Banks normally extend cash credit of Rs.10,000 to Rs.30,000 to SHGs along with RF subsidy of Rs.10,000 provided by Government. But the quantum of credit extended by banks to SHGs was not adequate to meet the credit requirements of all the SHG members. Therefore Government have taken special efforts to increase the quantum of credit to SHGs and ensure credit is made available to SHGs in multiple doses. Due to the efforts taken by Government, banks in the State have started providing minimum of Rs.50, 000 as first linkage and minimum of Rs.1 lakh and Rs.1.5 lakh as second and third linkages respectively. The details of credit availed by SHGs are given in **Table-18**.

Table 18
Details of Credit Linkage

Sl.No.	Year	Achievement
		(Rs.in crores)
1	Upto 2001	120.30
2	2001 - 02	97.91
3	2002 - 03	184.65
4	2003 - 04	271.32
5	2004 - 05	490.62
6	2005 - 06	600.44
7	2006 - 07	593.45
8	2007 - 08	804.70
9	2008 - 09	2174.57
	Total	5337.96

From the inception of Mahalir Thittam, SHGs have been assisted with the cumulative credit linkage of Rs.3163.39 crores only upto March 2008. But during the year 2008-09 alone, credit linkage to SHGs has touched Rs.2174.57 crores due to the positive interventions made by Government. During the coming years, the focus of Mahalir Thittam would be on increasing credit linkages to SHGs, particularly repeat loans and a credit target of Rs.2400 crores has been fixed for the year 2009-10.

7.2.5 Panchayat Level Federation

Government of Tamil Nadu have formed about 3.91 lakhs Self Help Groups under Mahalir Thittam implemented through TNCDW over a period of 20 years. The success achieved in the project has prompted the State Government to further strengthen the movement and make it sustainable by forming federations of SHGs at Village Panchayat, Block and District level. Panchayat Level Federations have been formed in all the 12618 Village Panchayats in the State.

PLF provides a common platform for the SHGs to share their experiences and to voice their problems. PLF can help achieve what individual SHGs cannot, by pooling in their talents and resources and exploiting economies of scale both in production and marketing. 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 of the SHG movement in the long run.

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

In addition, the Government initiated the following steps to further strengthen the PLFs:

- In order to accord legal status to the PLFs and to facilitate them to access bank credit the Government have ordered to register all PLFs under Tamil Nadu Societies Registration Act, 1975.
- The Government have also vide G.O.Ms.No:111 Commercial Taxes and Registration (M1) Department, dated 17.11.2008 exempted the PLFs from the purview of Sections 25 and 42 of Tamil Nadu Societies Registration Act 1975. This exemption has provided an institutional framework for PLFs to take up income generation activities and benefit from them.
- A detailed Action Plan has been drawn up to restructure all the PLFs in the State in the next three years in a qualitative manner. During the current year a total of 1,260 PLFs would be restructured and further strengthened by providing capacity building to the office bearers of PLFs on 'Governance' and 'Financial Management' modules.
- On completion of six months from restructuring, the PLFs will be graded based on indicators covering participation, inclusion, governance, transparency, credit discipline and community development initiatives.
- To encourage the well functioning Panchayat Level Federations, 1,000 best performing PLFs will be selected and Rs. one lakh each will be

given to them as incentive. A sum of Rs.10 crores will be earmarked for this purpose for the year 2009-10.

7.2.6 Skill Training

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

During 2008-09, a total number of 25,123 youth have undergone Skill Training in the following trades:

- Computer Hardware, Software and IT Enabled Services.
- Construction Equipment
- Driving and Automobile Mechanisms
- Electronics and Home Appliances
- Textile Design
- Catering and House Keeping
- Nursing and Hospital Management
- Electrical Equipment
- Industrial Trades
- Handicrafts
- Office Management

During the current year 25,000 youth will be trained under Youth Skill Training Programme at a cost of Rs.20 crores.

Under Enterprise Development Training programme, SHG members who are interested in taking up economic activities particularly in urban areas are trained through reputed institutions. 4000 women will undergo this training during 2009-10.

7.2.7 Manimegalai Awards

To encourage the well-functioning SHGs/PLFs, the Government announced Manimegalai awards at State and District level in the year 2006-2007. Awards

are presented to 5 best PLFs and 10 best SHGs at the State Level. One best PLF and 3 best SHGs at the District level are given Manimegalai awards and the best SHG at the Block level is given a certificate. The awards were presented for the years 2006-07 & 2007-08 and have been instrumental in motivating the SHGs and PLFs to strive for better performance. Names of the PLFs who have received Manimegalai Award for the best PLF for the year 2006-07 and 2007-08 are given in **Table-19**.

Table 19

Manimegalai Award for Best PLFs

Sl. No.	2006-07	2007-08
1	Brahmadesam PLF Erode	Thirurameswaram PLF Thiruvarur
2	Bedrahalli PLF Dharmapuri	Urapakkam PLF Kancheepuram
3	Chiruvanthadu PLF Villupuram	Jagathala PLF Nilgiris
4	Thonda Manginium PLF Karur	N. Panchampatti PLF Dindigul
5	Ayapakkam PLF Thiruvallur	Padanthal PLF Virudhunagar

7.2.8 Award to Bankers

During the year 2008-09, Government of Tamil Nadu have taken special efforts to increase credit linkage to Self Help Groups and set a State level credit target of Rs.1600 crores. This target has been comprehensively surpassed.

Considering the significant role being played by the bankers, awards at both State and District level to honour the banks as well as individual bank branches which have shown outstanding performance in extending credit linkage to Self Help Groups in the State were instituted and sanctioned for the year 2008-09 vide G.O.Ms.No:186 Rural Development and Panchayat Raj (CGS 3) Department dated 22.12.2008. These awards would definitely motivate the outstanding performers and also create a healthy competition among the bankers.

At State level, 3 best performing banks and 5 bank branches will be given award. At District level, one bank and 3 bank branches will get the award.

7.2.9 Issue of Identity Cards to SHGs

The Government have announced that Identity (ID) Cards will be issued to all Mahalir Thittam SHGs. The ID cards will help SHGs to gain recognition in society and also have easy access to Government offices and Banks. The ID card will contain group details such as savings, credit rating status, loans as well as member details. Issue of ID cards has been completed in 4 pilot Blocks and in a phased manner ID cards will be issued to all Mahalir Thittam SHGs in the State.

7.3 Swarnajayanti Gram Swarozgar Yojana (SGSY)

SGSY, a major anti-poverty programme is being implemented since 1999, with the prime objective of bringing the assisted poor families above the poverty line by ensuring reasonable and sustained level of income over a period of time. This scheme adopts SHG approach and aims to graduate them from micro credit stage to micro-enterprises stage by providing skill development training, bank credit, infrastructure facilities and much needed marketing support to the products produced by them. Government of India and the State Government are sharing the costs in the ratio of 75:25.

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

In 2009-10, a sum of Rs. 128.36 crores is likely to be allocated for the implementation of the scheme with a credit target of Rs. 212.19 crores. In order to implement the scheme in a more purposeful manner, the following initiatives will be undertaken in 2009-10:

- A sum of Rs. 50.00 crores will be utilised for disbursing the subsidy component of Revolving Fund to 50000 eligible SHGs formed under Mahalir Thittam.
- About 6,000 SHGs will be provided with economic assistance with maximum eligible subsidy being 50% of the project cost with a ceiling of Rs. 1.25 lakh.
- Greater emphasis will be laid to encourage SHGs to opt for major key activities around which suitable clusters can be created at District/Block levels. Necessary infrastructural facilities will be created for these clusters and activity based federations.
- Qualitative skill development training through reputed institutions will be imparted to the assisted SHGs.
- To promote the marketing of products produced by SHGs, Calendar of Exhibitions to market SHG products at District and Taluk levels has been prepared for the year 2009-10. 60 District level exhibitions and 129 Taluk level exhibitions are to be organised in this year.

7.4 Action Plan for 2009-10 for TNCDW

During 2009-10, TNCDW would focus on the following areas

- 50,000 new SHGs will be formed among NREGS women workers, urban slum dwellers and in areas which have poor coverage of SHGs.
- Revolving Fund along with bank credit will be provided to about 70,000 SHGs and subsidy along with bank credit will be given to about 6,000 SHGs to take up economic activities.
- Credit linkage to SHGs to the tune of Rs.2,400 crores will be provided during 2009-10.
- PLF restructuring would be undertaken in a qualitative manner and 1,260 PLFs will be restructured this year and their office bearers trained.
- 25,000 youth will be trained under Youth Skill Training Programme.
- Identity Cards will be issued in a phased manner to all Mahalir Thittam SHGs in the State.
- Efforts will be taken to form activity based clusters and necessary infrastructural facilities, marketing support would be provided to them.

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

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

The project envisages the development of community infrastructure, formation of Fish Marketing Societies, capacity building of SHGs, skill training for youth and creating awareness on disaster management for school students.

In the first year of the Project i.e. 2008-09, staff have been positioned in Project Management Unit (PMU) and six District Implementation Offices (DIOs). In the Project districts, 30 cluster offices have been established to facilitate implementation of project activities. The cluster staff have been imparted

training on Gender and Baseline Survey of Project households. Two Fish Marketing Societies have been formed, one at Vellapallam in Nagapattinam district and Kezhamuttom in Kanniyakumari district. The Project would provide assistance for debt redemption to fishermen who are enrolled in the societies.

7.5.1 Action Plan for 2009-10 for PTSLP

- Baseline Survey for identifying the target households and Structured Survey for identifying the status of SHGs will be conducted and necessary project interventions will be initiated based on the report.
- Participatory Resource Mapping to prioritize the infrastructure needs will be conducted and Micro Plans will be prepared for providing basic infrastructural facilities in the project Panchayats.
- Ten Fish Marketing Societies with necessary marketing infrastructure will be formed and debt redemption assistance will be extended to the fishermen of these societies.
- Awareness on Disaster Management will be created among school students by arranging study visits and encouraging students to prepare science projects.

The Government have so far provided Rs.24.05 crores for undertaking Project activities. For the year 2009-10, Rs.23.40 crores have been provided in the Budget for this Project.

8. WORLD BANK AIDED VAZHNDHU KAATTUVOM PROJECT

The Government of Tamil Nadu is committed to addressing inequity and promoting inclusive growth with special focus on the poorest of the poor and the marginalised. One of the key initiatives of the Government towards this end is the Vazhndhu Kaattuvom Project that is being implemented vigorously in the State from October 2006 onwards. The project will be in operation for six years with an outlay of Rs.717 Crores.

The objectives of the Project are to empower the poorest of the poor, the marginalised and the disabled by promoting pro-poor community organisations and improving their livelihood by providing resources, external linkages and close handholding support. The Project follows community driven development approach and is implemented through community organisations like Village

Poverty Reduction Committees with facilitation from project staff, unlike Mahalir Thittam which is implemented in partnership with Non – Governmental Organisations.

8.1 Project Area

The project is implemented in 2,517 Village Panchayats in 70 backward Blocks spread over 15 districts. The details of project area are shown in **Table-20**.

Table – 20
Details of Project Area

Sl. No	District	Number of Blocks	Number of Village Panchayats
1	Coimbatore	5	78
2	Cuddalore	4	236
3	Kancheepuram	4	231
4	Nagapattinam	4	182
5	Namakkal	6	121
6	Ramanathapuram	4	164
7	Salem	6	146
8	Theni	4	81
9	Tiruvallur	5	204
10	Tiruvarur	4	159
11	Tirunelveli	6	156
12	Tiruvannamalai	4	160
13	Thoothukudi	4	192
14	Vellore	5	211
15	Villupuram	5	196
	Total	70	2,517

8.2 Institutional Arrangements

To implement the Project, the following institutional arrangements are in place:

- A Society at the State level
- Societies at the District level
- Project Facilitation Teams at the cluster level, each covering 10-15 Village Panchayats
- At the Village Panchayat level, an inclusive Community Organisation by name Village Poverty Reduction Committee is vested with the responsibility of project implementation.

8.3 Project strategy

8.3.1 Community Driven Development (CDD) approach:

The project follows the CDD approach wherein village communities identify their own needs, design and plan interventions and implement and monitor them by adopting key non-negotiable principles of the project.

8.3.2 Participatory identification of Poor

Under the project, the target poor are identified by the community using participatory methodologies and the list is approved by the Grama Sabha. The Participatory identification of the poor (PIP) methodology has proved to be a powerful and transparent tool to identify the poorest and the excluded members of the village communities. This methodology involving the community has found wide acceptance among all stakeholders.

8.3.3 Institution Building

The project forms community organizations like Village Poverty Reduction Committees (VPRCs), Social Audit Committees (SACs), Self Help Groups (SHGs), Panchayat Level Federations (PLFs) and Economic Activity Federations (EAFs) among the poor.

- **Village Poverty Reduction Committee** is a community organization formed under the project predominantly with the representation of the target population. Each hamlet of the Village Panchayat is represented by a woman SHG member from the target population. A PLF office bearer, a representative of the disabled, 2 members from youth are also nominated to VPRC by Grama Sabha. The Village Panchayat President is the Ex-Officio Chairperson of the VPRC.
- **The Social Audit Committee** is a 5 member body performing the role of a watch dog to ensure that the project is implemented in accordance with the project principles, in letter and spirit. It is a social accountability mechanism and reports directly to the Grama Sabha.

8.3.4 Involving and Influencing Grama Panchayats

Village Panchayats particularly the Panchayat Presidents are closely involved in the implementation of the project. Similarly Grama Sabha as a forum is used extensively by the project for decision making and social accountability. These processes in addition to the incentives proposed to be given for pro-poor Village Panchayats are expected to have a positive impact on the functioning of the Village Panchayats and usher in pro- poor governance.

8.3.5 Livelihood focus

To promote the livelihoods of the poor, the project follows three approaches.

- Job oriented skill training for youth leading to employment in Corporate sector or self employment.
- Promoting individual livelihoods through small loans from VPRCs or through the livelihood corpus available with PLFs. Promoting small group activities through Revolving fund and other Bank linkages.
- To achieve sustainability and scale, the project supports formation of Economic Activity federations around major economic activities in which the poor are engaged.

Amudha Surabi is an additional financial resource provided to the community and is expected to supplement the revolving fund and bank loans provided to SHGs.

- Amudha Surabi is a corpus fund of minimum Rs 6 lakhs, given to each VPRC to help SHG members to start economic activities.
- This fund will be managed by the PLFs on behalf of the VPRCs.
- The PLF will provide loans to SHG members at reasonable rates of interest giving priority to the target population while sanctioning the loans.
- The PLFs have to be restructured as per the guidelines of the Government and registered under TN Societies Act, 1975 to be eligible to handle the corpus fund.

8.4 Impact of the Project

As the project is process intensive, it is implemented in a phased manner in four phases. As on 31.3.2009, project activities are going on in full swing in 1,896 Village Panchayats. The mid term evaluation of the project was carried out in February 2009 and the important achievements of the project are:

8.4.1 Social Inclusion

The principle of equity and inclusiveness is practised by providing a fair representation to all the disadvantaged sections of the community in the decision making bodies promoted by the project.

- The project has formed 1,695 community organizations of the poor like VPRCs and SACs and has built their capacities.
- The project has so far promoted 9,429 SHGs from among the ultra poor and vulnerable.
- The SHGs formed under the project are closely monitored by SHG trainers developed from the community. 3184 such community SHG trainers have been developed by the Project and are providing close handholding support to the SHGs.
- 780 PLFs have been restructured with adequate representation of the poor to make them inclusive, participatory and democratic.
- An important contribution of the project is that it has made the Gram Sabha, a local democratic institution, more vibrant and dynamic. 75% of target poor are attending the Grama Sabhas in the project areas.

8.4.2 Financial inclusion

The project has succeeded in forming vibrant SHGs among left out women, disabled and tribals and also link them with formal Banking institutions for credit.

- For the first time, Banks have provided substantive credit to disabled SHGs and tribal SHGs.
- There is strong convergence with Swarna Jayanti Gram Swarozgar Yojana (SGSY) scheme.

- Through project intervention, 5,311 SHGs have been able to receive around Rs. 27.62 crores as Revolving Fund.
- The mid term evaluation has also revealed that the practice of borrowing from money lenders who charge exploitative rates of interest has come down drastically from 45% to 17% in the project villages.

8.4.3 Empowering the marginalized

The project has been able to reach to the marginalized like the disabled, vulnerable and tribals and bring them into the mainstream. Apart from assisting disabled SHGs, financial assistance is also provided by the VPRCs to disabled and vulnerable persons individually for starting livelihood activities.

- There is a special allocation of 40% of funds for the disabled and vulnerable.
- Nearly 86,877 disabled and vulnerable persons (75% of the total identified) have benefited through convergence with other Government schemes through the intervention of the project.
- The benefits include national ID cards, maintenance grants, pensions, insurance cover, free houses, community certificates and aids and appliances for the disabled and vulnerable.
- Around 50 percent of the aged receive old age pension of Rs.400/- per month.
- For the first time the disabled have been mobilized into SHGs on such a large scale and have benefited from existing government schemes like SGSY, SHG-Bank linkage programme, etc.
- National ID cards have been given to 48,543 disabled persons.

8.4.4 Empowering the Tribals

In order to empower the tribals who form a miniscule minority in Tamil Nadu, the project by design, has

- Promoted exclusive institutions for the tribals like the tribal VPRC and transferred funds to them.

- Provided higher allocation of project funds to tribal families
- Engaged tribal community facilitators for better facilitation.

8.4.5 Economic Inclusion

To promote the livelihoods of the poor, apart from facilitating individual and small group activities undertaken through bank linkages, the project supports formation of economic activity federations around major livelihood activities. The project has facilitated access to employment and livelihood related information by forging links with Corporates and reputed skill training institutes.

- **34,609** youth have benefited from skill training and out of **26,257** youth who have completed skill training, **21,750** (83%) youth are gainfully employed.
- So far 30 Economic activity federations with a cumulative membership of 1,120 persons have been formed and have commenced functioning. Rs.103.00 lakhs have been released to these federations. The federations have taken up dairy, garment making, floriculture, coir making and piggery, etc as activities.
- The livelihood promotion activities of the project have led to more than 20% increase in the incomes of about 50% of the target households as per the mid term evaluation.

8.4.6 Creating Social Capital:

A remarkable innovation in the project has been the transfer of experience gained by village level workers from one village to another and building training capacity at the village level itself. This social capital has been very useful while scaling up the project within a short period of time.

- The project has established a cadre of community level professionals (CPs) who are willing to provide their services as trainers to other project villages or line departments.
- To provide an institutional mechanism for the CPs to provide services on a continuing basis, Community Professional Learning and Training Centres (CPLTC) have been established and are managed by the community themselves.

- CPLTCs provide a platform for community members to share their learning and experience and is meant to facilitate community to community learning.
- 8000 community professionals have been trained in the project districts and are rendering useful services to the project villages.
- Five CPLTCs have been established in Namakkal, Tiruvannamalai, Tirunelveli, Tiruvarur and Kanchipuram districts.

8.4.7 Promoting Good governance and Social accountability

To promote good governance and social accountability the project has taken the following initiatives:

Project level:

- Three consultancy firms have been engaged to conduct independent and continuous process monitoring of the project activities.
- Seven Professional audit firms have been appointed to audit the accounts of all VPRCs and provide feed back.
- An Environmental resource agency has been contracted to ensure compliance to environmental safeguards while implementing livelihood projects.

Community level:

- The SACs monitor all the activities of the village institutions and submit their report to the Grama Sabha. The transparent functioning of the village institutions and community monitoring has enabled the project benefits to reach the target poor without any leakage or cost.
- All information regarding funds received by the VPRC, plan, expenditure, selection of beneficiaries, etc are displayed on the notice boards which are placed in different places in the villages and updated regularly.
- All community organizations like VPRC, SHG, PLF, SAC, sub committees conduct regular meetings and this helps in transparent and participatory decision making.

8.5 Community based Insurance Scheme

As a social security measure, the project is striving to provide insurance cover to the target population at affordable rates. On an experimental basis, Universal Health insurance scheme which is subsidized by Government of India has been taken up in Kandamangalam and Ellapuram Blocks of Villupuram and Tiruvallur districts respectively.

- The unique feature of this initiative is that it is a community managed insurance programme.
- The role of the third party administrator as well as the selection of the participating hospitals is done by the Block level federation of the SHGs.
- Following the success of the pilot initiative, the insurance cover is proposed to be extended to all project Blocks.

8.6 World Bank Supervisory Missions

The effective and qualitative implementation of Vazhdhu Kaattuvom Project has come in for praise from the World Bank during successive supervisory missions. Some of the observations of the World Bank missions are given below:

“The Vazhdhu Kaattuvom program seems solid on the ground. The team has made impressive progress since April 2007 mission. We also recognize that the service standard and quality bar set by the project is quite high compared to other programs”

- Fourth World Bank Implementation Support Mission, April 2008.

“For the first time, disabled Self-Help Groups (SHGs) and tribal SHGs mobilised under the project have been linked to formal sources of finance. The mission was pleased to find that all new SHGs have been successfully credit linked to Banks to the value of Rs.90 million. This is a major achievement; and would lead to graduating these SHGs to the next level of economic empowerment”.

- Fifth World Bank Implementation Support Mission, November 2008.

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“Thanks to the current Minister for Rural Development..... the work ethos within Vazhndhu Kaattuvom Society is superb and is a reflection of the good performance evaluation and recognition systems in place.”

- World Bank Consultant and former Country Director, November 2008

“The mid term evaluation reconfirmed that many of the achievements and early results seen in previous mission reports remain evident in the field. The accomplishments are exceptional and its strength lies in design, its non-negotiable principles and flexibility of implementation”

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

The mid term evaluation of the project has shown that the project has achieved exemplary results in the field and has surpassed the targets set in the appraisal documents. On the strength of this performance, an additional financing proposal seeking Rs.950 crores has been mooted by the State Government to the World Bank to expand the reach of the project.

The expenditure incurred under the project from inception till 31.3.2009 is Rs. 199.73 crores. A sum of Rs.162.42 crores has been provided in the Budget Estimate for the year 2009-2010.

9. TSUNAMI REHABILITATION SCHEMES

9.1 Introduction

The Tsunami which struck suddenly the coast of Tamil Nadu on 26th December, 2004 caused extensive damage to life and property. Government of Tamil Nadu took massive efforts in reconstruction of damaged roads and public infrastructure, restoration of livelihood and resettlement of affected people including housing. The rehabilitation programmes were not limited to the affected people only but also covered vulnerable sections of the coastal areas. Now, this Government is giving greater emphasis on vulnerability reduction of coastal communities from disasters like cyclone, flood, storm surge etc.

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 co-ordinating this effort. In view of the large financial allocation and physical spread of activities undertaken by the Rural Development and Panchayat Raj Department, a separate Tsunami Project Implementation Unit (TPIU) has been set up since 01.08.2005 to oversee the projects implemented by this department.

The following programmes are being implemented by TPIU through District Implementation Units (DIUs) at district level under the chairmanship of the District Collectors.

- I. Tsunami Emergency Assistance Project (TEAP) of the Asian Development Bank (ADB) at a cost of about Rs.310 crores with loan and grant assistance for livelihood and infrastructure components.
- II. Rajiv Gandhi Rehabilitation Package (RGRP) of the Government of India (GoI) for Tsunami affected areas at a cost of about Rs.715 crores as grant for reconstruction of vulnerable houses and for provision of basic amenities.
- III. Emergency Tsunami Reconstruction Project (ETRP) funded by the World Bank at a projected cost of about Rs.670 crores as loan for reconstruction of vulnerable houses and formation of evacuation routes.

9.2 Tsunami Rehabilitation Programmes

Upto 13.5.2006 only Rs.4.95 crores had been spent under Tsunami Rehabilitation Programmes. Since 2006-07 this Government have initiated a number of measures to accelerate the pace of implementation and provide the much needed thrust for livelihood promotion and infrastructure restoration. This thrust has yielded good results and the total expenditure as on 31.03.2009 under TEAP is Rs.285.42 crores and RGRP is Rs.430.00 crores. Total expenditure under Tsunami Rehabilitation Programmes is Rs.715.42 crores.

For the Tsunami Project Implementation Unit and District Implementation Units created in Rural Development and Panchayat Raj Department, only 61 posts had been filled up till 13.5.2006. After 13.05.2006 number of posts have

been additionally sanctioned under TEAP and ETRP. As on date there are about 300 personnel implementing the various project activities.

9.3 Tsunami Emergency Assistance Project funded by Asian Development Bank

The main objective of the Project is to support the efforts of the Government of Tamil Nadu in accelerating economic growth and poverty alleviation in the Tsunami affected areas by assisting in the restoration of livelihoods, especially of the poor and disabled persons besides complementary rehabilitation and reconstruction of damaged public infrastructure.

This project is being implemented at a cost of about Rs.310 crores over a period of three years starting from 06.04.2005 and now has been extended upto 31.10.2009. 1,602 habitations spread across 257 coastal Panchayats in the 12 tsunami affected districts of Thiruvallur, Kancheepuram, Villupuram, Cuddalore, Nagapattinam, Thiruvarur, Thanjavur, Pudukottai, Ramanathapuram, Thoothukudi, Tirunelveli and Kanniyakumari are benefited through the project. The Asian Development Bank provides 100% grant towards livelihood, sanitation and incremental operating cost components and a soft loan towards projects for creation of infrastructure like roads and drains, public buildings, etc.

The expenditure under this programme which was only Rs.4.95 crores till 13.05.2006 has increased to Rs.285.42 crores as on 31.03.2009. The components of this project and the financial progress as on 31.03.2009 are shown in **Table-21**.

Table - 21
Components of TEAP

(Rs.in crores)

Sl. No	Component	Funds allocated (Rs.)	Total Expenditure upto 31.03.09 (Rs.)	% of achievement
1.	Livelihood	190.10	176.28	93
2.	Rural Infrastructure			
	a) Roads and Drainages	93.63	89.05	95

	b) Public Buildings	5.62	5.54	99
3.	Sanitation	5.86	0.93	16
4.	Incremental operating cost	14.45	13.62	94
	Total	309.66	285.42	92

9.3.1 Livelihood Component

A sum of Rs.190.10 crores has been allocated for the restoration of livelihood of Tsunami affected people in the coastal areas. Under this component the vulnerable sections of the society are provided with Revolving Fund assistance, Economic Assistance, grant for disabled persons for capacity building and special assistance etc. All targets have been achieved in respect of these activities.

a) Special Projects under livelihood component:

Special projects are being implemented for capacity building and creation of livelihood related community infrastructure. Some of the major initiatives are :-

- An SHG complex near Valluvar Kottam in Chennai at a tendered cost of Rs.13.99 crores has been taken up and construction is under progress. This SHG complex is programmed to be completed during this financial year.
- Construction of 15 Direct Paddy Purchase Centres have been completed at a cost of Rs.1.62 crores in Nagapattinam and Thanjavur districts and handed over to the Tamil Nadu Civil Supplies Corporation.
- The handloom weavers' cluster in Nagercoil has been upgraded at a cost of Rs.61.09 lakhs in consultation with the Handlooms Export Promotion Council of Government of India, the State Handlooms Department and the apparel export industry. Under this, 250 looms have been upgraded and the weavers have been trained. 5 work sheds have been improved for the benefit of the weavers.

- For improving the livelihood of Tsunami affected people through dairy activities, installation of 9 Bulk Milk Coolers, establishment of 37 milk parlours and formation of 160 Dairy Co-operative Societies have been taken up at a total cost of Rs.4.06 crores. These parlours were commissioned and handed over to the Self Help Groups (SHGs) for running them. The members of the SHGs have been trained in clean milk production and dairy animal management and marketing of milk and milk products.
- A Crafts village in Villupuram district has been established at an estimated cost of Rs.51.00 lakhs to promote crafts, which are part of our cultural heritage. About 1,000 rural artisans in the coastal areas who are engaged in different types of craft activities like making scented candles, terracotta, lamp shades, crocheted lace, imitation stone jewellery, hammocks, agarbathis, etc., will be benefited.
- 93 Fishermen Societies functioning in 7 coastal districts of Kanniyakumari, Tirunelveli, Thoothukudi, Ramanatha- puram, Nagapattinam, Cuddalore and Villupuram have been provided with Rs.2.96 crores as working capital assistance. These societies have also received an equal amount as loan from Banks. About 5,100 fishermen have been benefited directly and around 20,000 members of fishermen families have been benefited indirectly under this scheme.
- Under Sea Safety Training Programme, training has been imparted to about 20,000 fishermen and their family members in sea safety measures, at a cost of Rs.1.13 crores, so as to create awareness among the fishermen communities. Totally 68,843 fisherfolk (36,890 Men and 31,953 Women) have participated in the awareness programmes.

b) Capacity Building

SHG members had been given Basic Orientation training and Animator & Representative training to enable them to function as viable groups. Entrepreneurial Development Programme and skill upgradation trainings have also been given to groups which have taken up economic activities. A sum of Rs.4.47 crores has been spent on these training programmes. Reputed institutions with good placement record were selected for imparting vocational skills.

9.3.2 Rural Infrastructure

(a) Roads and Drainages

Under the Roads component, 610 road works to a length of about 699 Kms have been completed in the coastal Village Panchayats at a cost of Rs.89 crores.

(b) Public Buildings

Under Public Buildings component, renovation and extension of 196 Panchayat buildings in coastal Village Panchayats have been completed at a cost of Rs.5.54 crores. Each of these Panchayats is now having a separate meeting hall with required furniture to conduct Panchayat council meetings.

9.3.3 Sanitation

Under Sanitation component, a sum of Rs.5.86 crores has been provided for taking up a

sustained sanitation campaign through visual, audio and print media to promote safe sanitation practices among the people living in coastal areas. The proposals from short advertisement film producers who are having experience with Government departments/agencies/institutions for creating awareness on usage of toilets and personal hygiene in rural areas have been invited and selection of concept / script for campaign is under progress.

9.4 Rajiv Gandhi Rehabilitation Package funded by Government of India

The project is funded by Government of India as grants and is being implemented by the State Government. It aims at reconstruction of vulnerable houses upto 200m from High Tide Line (HTL) and also government built houses under Indira Awaas Yojana (IAY), Singaravelar fishermen housing scheme etc., which are 10 years old as on 01.01.2006 located within 1,000 metres from the HTL and restoration of damaged infrastructure related to basic amenities.

The five important components of the project are as under:

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

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

9.4.1 Provision of basic amenities in NGOs constructed housing sites

In the sites where NGOs had constructed houses, certain basic amenities like Cement Concrete (CC) roads, street lights, sanitation arrangements, land filling, etc., were not provided by the NGOs. Hence the following facilities have been provided under the project.

- i. 133 CC roads to a length of 137 Kms. at a cost of Rs.37.28 crores
- ii. 3326 street lights at a cost of Rs.2.61 crores.
- iii. 20,370 house service EB connections at cost of Rs.2.76 crores.
- iv. Sanitation arrangements to 5215 houses at a cost of Rs.4.85 crores
- v. In 9 sites in Nagapattinam district land filling at a cost of Rs.2.71 crores, to prevent flooding during rainy seasons.

Under this component, out of total tendered cost of Rs.59.72 crores, an expenditure of Rs.50.18 crores has been incurred. As and when the houses are completed by the NGOs pending works under basic amenities in these sites will also be completed simultaneously.

9.4.2 Construction of NGOs backed out houses

In the districts of Thiruvallur, Kancheepuram, Villupuram, Nagapattinam and Thoothukudi some of the NGOs initially agreed to take up the construction of Tsunami damaged houses, but subsequently backed out about two years after occurrence of Tsunami. This department was requested to take up the construction of these houses and also the provision of basic amenities in these sites. Under this Component, each house will be of 325sq.ft plinth area with disaster resistant features.

Accordingly, 2,687 houses at a tendered cost of Rs. 64.92 crores are being constructed in 17 NGO backed out habitations in Nagapattinam, Thoothukudi, Villupuram, Kancheepuram and Tiruvallur district. As on 31.3.09, 1,770 houses have been completed, 458 houses are at plastering stage, 192 houses are at roof laid stage, 205 houses are at roof level, 21 houses are at lintel level and 41 houses are at basement level. The expenditure incurred is about Rs.52 crores. These houses are programmed to be completed by October 2009.

9.4.3. Provision of basic amenities in NGOs backed out housing sites

Provision of basic amenities in the form of CC Roads, Community Halls, Anganwadi Centres, Storm water drains, Street lights, house service connections etc., have been taken up at a tendered cost of Rs.7.74 crores and the expenditure incurred is Rs.5.50 crores. Out of 15 CC roads taken up, 8 have been completed and 7 works are nearing completion; out of 18 public building works, 15 have been completed and 3 community halls are nearing completion; 10 land filling works have been completed and 4 other works such as storm water drain, retaining wall, water supply etc., are under progress. All the works are programmed to be completed by October 2009 along with the completion of houses.

9.4.4 Reconstruction of vulnerable houses

With the object of rehabilitating the people who are living in vulnerable houses within 1,000 metres from the HTL, a decision was taken by the State Government to reconstruct these vulnerable houses with disaster resistant features. As a first step, vulnerable houses located within 200 metres from the HTL and the houses built by the Government under various schemes such as IAY and Singaravelar Fishermen Housing Scheme etc., located within 1,000 metres from HTL, and are 10 years old as on 01.01.2006 have been taken up for reconstruction under the project.

The unit cost of a house which was Rs.2.10 lakhs as per 2006-07 P.W.D. Schedule of Rates became Rs.2.38 lakhs during the year 2007 – 08 and during the year 2008-09 it became Rs.2.78 lakhs. A total of 18,056 houses (16,961 in-situ and 1,095 relocated) have been taken up in 115 packages in 434 sites spread across 333 habitations in 146 coastal Village Panchayats at the

tendered cost of about Rs.484 crores. NGOs have been appointed as Third Party Facilitators to revalidate the list of beneficiaries and create awareness among the beneficiaries in supervision of the construction of their own houses. While 1,107 houses have been completed, 4,044 houses are at plastering stage, 3,684 are at roof laid stage, 2,005 are at roof level, 1,452 houses are at lintel level, 4,622 houses are at basement level and 1,142 houses are at below basement level. The expenditure incurred so far is about Rs.270 crores. All the pending houses are programmed to be completed during this financial year.

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

Basic amenities such as CC roads, street lights, burial ground/cremation sheds, village ponds, necessary public buildings etc as per the norms of AGAMT have been proposed for the coastal Panchayats. 3,266 works have been taken up at the tendered cost of Rs.69.62 crores and 2,572 works have been completed. The expenditure incurred so far is Rs.34.31 crores. Balance works will be completed during this financial year.

9.4.6 Other important features of RGRP

- **Provision of shifting allowance and rent allowance**

A unique feature under RGRP is a one time shifting allowance of Rs.1,000/- and rent allowance of Rs.500/- for 18 months given to the insitu beneficiaries of the vulnerable houses till their houses are reconstructed. Rs.17.49 crores have been allocated by the Government for this purpose and regular payment of rent allowance into beneficiaries' bank accounts is being made.

- **Insurance coverage**

Insurance coverage against 14 types of natural hazards for a period of 10 years has been provided at a one time premium not exceeding Rs.1000/- for reconstructed houses. A sum of Rs.2.07 crores has been provided for insuring 20,743 houses (both RGRP vulnerable houses and NGO backed out houses) by the Government. As and when houses are handed over to the beneficiaries the insurance policy is also being provided to them.

- **State Quality Monitors (SQMs)**

To ensure quality in the construction of houses and provision of basic amenities, the SQMs in the cadre of retired Superintending Engineers / Chief Engineers have been engaged to inspect the works. The defects/ deficiencies in the quality pointed out by the SQMs during construction are being rectified immediately.

- **Coastal Regulation Zone (CRZ) Clearance**

CRZ-I clearance for about 2500 houses have been obtained from the Ministry of Environment and Forests, Government of India and CRZ-III clearance has been obtained for 15,187 houses from State Coastal Zone Management Authority.

9.5 Emergency Tsunami Reconstruction Project - Vulnerability Reduction of Coastal Communities Project Funded by World Bank

Government of Tamil Nadu formulated the Emergency Tsunami Reconstruction Project (ETRP) with the financial assistance of the World Bank to revive the livelihoods and to reconstruct the damaged houses in the tsunami affected areas. As the NGOs came forward to take up the reconstruction of houses directly damaged by the tsunami, substantial savings have accrued in the funds earmarked by the World Bank under ETRP. The Government in consultation with the World Bank have restructured the project for about Rs. 670 crores to take up construction of about 17,000 vulnerable houses located between 200 metres and 1000 metres from HTL.

9.5.1. Project Components

The following components will be carried out by this department under ETRP-VRCCP: -

- a) Reconstruction of vulnerable houses:** Reconstruction of about 17,000 vulnerable houses in the coastal areas lying between 200 metres and 1,000 metres from HTL.
- b) Evacuation routes:** Construction of evacuation routes along the coastal stretch to provide easy escape routes at times of emergencies to access safe shelters.

9.5.2 Procurement relaxations:

It was anticipated that application of World Bank's complicated procurement procedure for small, dispersed housing works in difficult coastal terrain will lead to enormous delays, resulting in time and cost overruns. Hence certain relaxations to the procurement guidelines with respect to 1) Annual turnover criteria of the contractors, 2) the criteria on value of single civil work carried out by the contractors, 3) criteria of minimum quantities of works, 4) prior review of rebidding cases by World Bank, 5) negotiation with the L1 contractors were sought for from the World Bank by the Government of Tamil Nadu. After several rounds of discussions / negotiations, 3 out of 5 relaxations sought for were agreed to by the World Bank. In addition World Bank accepted the Statement of Expenditure (SOE)-based disbursement instead of Output-based disbursement and also agreed to revise the closing date as Dec.31, 2011 instead of Dec.31, 2010. World Bank has also agreed to GoTN's request to fund 80% of actual cost of construction of a house instead of 80% of the unit cost of the house which was Rs.2.78 lakhs.

9.5.3 Initial activities completed

The following initial activities under ETRP-VRCCP have been completed:

i) Identification of beneficiaries:

Under this programme, the beneficiaries have been identified by the Revenue Department and re-verification is under progress.

ii) Procurement Plan:

One hundred and forty four contract packages of housing units have been prepared and the procurement plan has been forwarded to World Bank for approval.

iii) Coastal Regulation Zone (CRZ) Clearance

CRZ clearance is being obtained from the Ministry of Environment and Forests and State Coastal Zone Management Authority for the houses proposed for reconstruction between 200 metre and 500 metre from High Tide Line (HTL). Out of 4,926 houses requiring CRZ clearance, clearance for 4,422 houses have been obtained. For the balance houses, the process of obtaining CRZ clearance is at a very advanced stage and will be obtained prior to award of contract for housing.

iv) NGOs – Third Party Facilitators

It has also been proposed to engage NGOs as Third Party Facilitators to provide services to ensure that the project is implemented with participation and monitoring of the beneficiaries. This will ensure quality in reconstruction of vulnerable houses leading to increased satisfaction of the beneficiaries. The services expected of the NGOs include support to the district project functionaries in beneficiary selection, social auditing, community participation and monitoring changes. Expression of Interest has been called for from the interested NGOs to provide the above mentioned services.

v) Soil-Test

Soil tests have been done in all the proposed habitations to decide the type of foundation required for the construction of houses.

Negotiations with the World Bank for the restructured ETRP have been successfully concluded. The implementation modalities of VRCCP are being finalised and the project is likely to commence during this financial year.

10. BUDGET FOR 2009-10

A sum of Rs. 5,665.05 crores has been provided in the Budget for 2009-10. Out of which the projected revenue expenditure is Rs.4,504.92 crores and capital expenditure is Rs. 1,160.13 crores.

11. CONCLUSION

This Government has brought about all round development in the functioning of Rural Development and Panchayat Raj Department in the past one year. Tamil Nadu is in the forefront in the country in the successful implementation of National Rural Employment Guarantee Scheme (NREGS) and 3 districts have been awarded NREGS awards at the National level. Road works

at a record outlay of Rs.1,324.63 crores have been sanctioned to Tamil Nadu under PMGSY (Bharat Nirman) Scheme. Under MPLAD Scheme, Tamil Nadu stands first at All India level in the cumulative utilization of funds (at 98.95% utilisation since 1993). Under Total Sanitation Campaign, 1,474 Village Panchayats of Tamil Nadu won Nirmal Gram Puraskar Awards. The implementation of State Schemes like AGAMT, Samathuvapuram, Namakku Naame Thittam and Panchayat Union Renovation Programme have come in for high praise from all quarters.

This Government have also taken a number of new initiatives to streamline the functioning of the Panchayat Raj System. These include the tabling of an Annual Report on the state of Panchayats in Tamil Nadu, abolition of Jamabandhi which had become redundant, reconstitution of Appointment Committee of Panchayat Unions, enhancement of penalties to enable the Village Panchayats to strictly enforce the provisions of Tamil Nadu Panchayats Act, 1994, streamlining the release of SFC grants to Village Panchayats and provision of vehicles to all Panchayat Union Chairpersons.

In order to give impetus to the administrative machinery, initiatives have been taken to upgrade the posts of Extension Officers to Deputy BDOs, sanction of time scale to the post of Makkal Nala Paniyalargal, and create new technical posts at various levels.

The path breaking initiatives of the Government to strengthen the SHG movement have helped the SHGs graduate to the next level of economic empowerment. The massive drive launched to provide revolving fund to all eligible SHGs and to enhance the quantum of credit provided to them has resulted in an all time high credit flow of Rs.2,174 crores to SHGs in 2008-09. The slew of measures to strengthen the PLFs, revision of agreement with NGOs, introduction of awards to best performing SHGs, PLFs and Bankers have all contributed to sustainable growth of SHGs in the State.

The mid term evaluation of the World Bank-assisted Vazhndhu Kaattuvom Project has revealed that the project is making a big difference in the lives of the poor and the marginalized and has surpassed all the mid term targets. The World Bank has also commended highly the qualitative implementation of the project.

The implementation of ADB-funded TEAP has been almost completed except for construction of the SHG complex near Valluvar Kottam. SHG

members, disabled persons and fishermen have immensely benefited from the livelihood interventions under the project.

Under RGRP, about 20,743 houses are being reconstructed at a cost of about Rs.550 crores and basic amenities are being provided at a cost of about Rs.150 crores. World Bank assisted project for reconstruction of about 17,000 vulnerable houses is likely to commence during this financial year.

After 3 years of hard work, we are today very close to achieving our vision of bridging the urban – rural divide. We have also made remarkable progress in bringing about socio-economic empowerment of women, in rehabilitating those affected by Tsunami, in implementing poverty alleviation schemes and in rejuvenating Panchayat Raj Institutions. However, we fully realize that there are still promises to keep and miles to go and under the inspiring leadership of our Hon'ble Chief Minister, we will continue our efforts to fulfil the expectations of the people of the State.

**M.K. STALIN,
Deputy Chief Minister**