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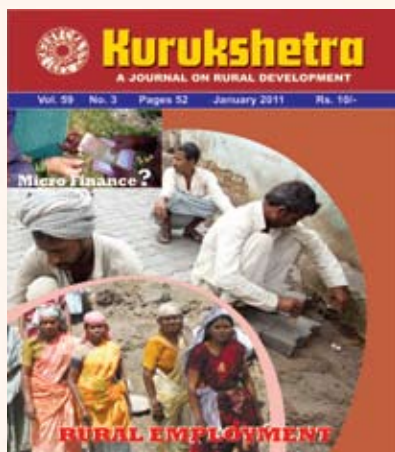
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CHIEF EDITOR
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COVER DESIGN
RAJAT NAIK

EDITORIAL OFFICE

ROOM NO. 661, NIRMAN BHAVAN
A-WING (GATE NO.5),
MINISTRY OF RURAL DEVELOPMENT,
NEW DELHI-110011
TEL. : 23061014, 23061952
FAX : 011-23061014
E-MAIL : kurupage@yahoo.co.in
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INSIDE

Bulk of India's unemployed live in the rural areas and providing employment to them has been the recurring theme of all major five year plans. Rural employment in India has been synonymous with employment in the agriculture sector. With GDP in agriculture falling in the last two decades more and more people in the rural areas need employment opportunities.

The government had initiated a number of rural development policies, including rural employment generation schemes since the 80's. However, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) launched in 2005 has yielded the best results and is now the largest employment generation scheme in the world.

The government is committed to address the issue of employment generation in rural areas, which has been the main thrust behind the promulgation of the MGNREGS.

We discuss the success of this scheme and scope of employment generation, especially in the unorganized sector.

Another poverty alleviation scheme- Micro Finance has been in news of late. micro finance schemes have benefited large number of people in the rural areas with small ticket loans to meet their day to day cash requirements including increasing income. However, there have been debt-related suicides reported from Andhra Pradesh which has led to regulation of the Micro finance sector. There are reports of repayments getting stuck and the contagion could spread. The crisis could destroy a very important source of credit to the rural poor who may then have to depend on the informal sector.

We discuss the state of micro finance and how to restore confidence in this institution of credit availed by small help groups, regarded as the most credible in repaying their debt.

RURAL INDIA: *STILL SEARCHING JOBS FOR THE MILLIONS*

Anupam Hazra

Rural employment is inextricably bound up with the challenge of meeting the first Millennium Development Goal of reducing by half the proportion of people living on less than a dollar a day and the proportion of people who suffer from hunger. Ways to improve existing rural jobs and to create additional jobs for the more than 100 million new workers expected in the decade leading up to 2015, need to be found. Employment generation in rural India has emerged not only as one the most crucial socio-economic issue in India in recent years, but also the most pressing political concern.

India's Approach towards Rural Employment generation

In the context of planning in India, the issue of employment has always assumed critical significance as employment generation in rural

India has been a recurring theme in India's development plans and a constant pre-occupation with policy makers. Addressing social exclusion, especially providing employment opportunities to disadvantaged groups living in the interior rural parts of the country, has been the major motivating factor for the large-scale employment generation programs and government sponsored vocational training schemes. Economic policies were re-designed for which the mandate was spelt out in unambiguous terms in the Five Year Plans. It was during the Fifth Five Year Plan that removal of unemployment and poverty alleviation was recognized as one of the principal objectives of economic planning in the country. The seventies, eighties and the nineties saw emergence of special schemes in the rural development sector such as Integrated Rural Development Program (IRDP), National Rural Employment Program (NREP), Rural Landless Employment Guarantee Program



(RLEGP), Jawhar Rozgar Yojana (JRY) etc. to tackle the problem of rural unemployment and poverty through expanding livelihood opportunities and creation of durable assets in rural areas. As a result, the seventies and eighties witnessed steady increase in employment generation, though the rate of growth of rural employment continued to somewhat lag behind that of the growth of the labour force all along.

During the Tenth Five-year plan the

employment strategies mainly focused on the labour-intensive sectors of the economy. Labour policy, including skill development and social security, remains concentrated on the organized sector which constitutes only a small share of the total labour force. So further efforts were needed to promote vocational training schemes, entrepreneurial activity, occupational safety and health and social security of workers. The employment generation strategy followed by the Eleventh Five Year Plan has also envisaged reduction

Current Scenario of Rural Employment in India

- In India, the worker population ratio is estimated at 325 persons per 1000 population at the overall level. In the working age population (i.e. 15-59 years of age), the worker population ratio is 465. In the rural areas, the worker population ratio is estimated at 329 persons per 1000 population.
- The overall unemployment rate is 9.4%, and it is split out as 10.1% in rural areas, and 7.3% in urban areas. Now, a key thing to remember about unemployment rate is that it is calculated as a percentage of labor force, and not the total population. So, this means that 9.4% of that part of population which is interested in working is unemployed, and not 9.4% of the entire population is unemployed.
- The sex ratio of the employed persons reveals that, 259 females are employed per 1000 employed males at the overall level. In the rural and urban areas, the sex ratio of the employed persons is estimated at 278 and 204 respectively.
- The labour force participation rate is estimated to be 359 persons out of 1000 persons in the labour force at the overall level. In the rural and urban sectors, it is 365 and 340 respectively.
- The sex ratio of the labour force shows that there are 279 females per 1000 males in the labour force at overall level. In the rural and urban sector, the sex ratio in the labour force is 299 and 222 respectively.
- The unemployment rate is estimated at 94 persons out of 1000 persons in the labour force, which implies that 9.4 per cent of the labour force is unemployed at the overall level as per the usual principal status.
- In the rural sector, the unemployment rate is estimated at 101 persons out of 1000 persons in the labour force. Similarly in the urban areas, the unemployment rate is 73 persons out of 1000 persons in the labour force.
- In rural areas, the proportion unemployed is estimated at 37 persons per 1000 population in these areas. Similarly, in urban areas, the proportion unemployed is 25 persons per 1000 population in these areas.
- In the rural sector, 457 persons and 435 persons out of 1000 persons are in the categories of self employed and casual labour respectively. Rest 108 employed persons belong to regular wage/salaried class in the rural areas.
- In the rural sector, 576 persons out of 1000 persons employed are engaged in the agriculture, forestry & fisheries group, followed by 72 persons in the construction group and 67 persons in the manufacturing group of industries.

Source: Report on Employment and Unemployment Survey (2009 – 10): Ministry of Labour & Employment

in rural underemployment and a movement of surplus low wage labour in agriculture sector to higher wage and more gainful employment in the non-agricultural sector. The Eleventh Plan emphasizes that the growth in various sectors of the economy can be achieved only if supported by appropriate skill development programs at various levels.

The review of different initiatives and approaches for generating rural employment over the last half a century has brought out the varied modes of intervention and methodologies from time to time, to address the growing need of generating sustainable livelihood opportunities and poverty eradication in rural India. At different points of time different approaches were adopted and in their totality, it appears that no component that would be normally included in a poverty reduction programme has been overlooked. The Indian approach has been visionary, recognizing mistakes of earlier programs and seeking to modify the approaches with feedback from ground-level dynamics, suggestions of the think tanks, and experience of different parts the Globe. The most conspicuous feature of the changing strategies to address the employment challenge is the gradual shift from a stand-alone or one or two component programme for employment generation (wage labour, and in the case of self-employment, skill and credit) to multi- component programme which has a mix of credit and skill development to support the income generation activity.

Ensuring A Better Job Prospect for Rural India

An analysis of recent figures in the sphere of rural employment suggest a decline in employment in agriculture and the limited capacity of rural industry and services to absorb the labour released from agriculture. Initiatives towards rural industrialization i.e. encouraging location of large and small scale industrial units away from urban areas or planned shifting of industrial units from urban areas to rural areas – should be promoted. At the same time it should also be taken care of that the existing urban industrial structure should remain unperturbed. The state should encourage industrialization in rural areas

on a massive scale. A comprehensive policy should be so evolved that industries are encouraged to invest in rural areas. A vast reservoir of rural resources should be harnessed. But at the same, Govt. should create full-fledged infrastructural facilities in rural areas before moving towards rural industrialisation. At present, there is no such policy which is exclusively focusing on rural industrialization, so appropriate strategies need to be framed in this direction. The focus of rural industrialization should be removal of rural poverty by extending employment opportunities in rural sphere. Simultaneously, cottage and small-scale industries should be boosted up with greater resource allocation. Policymakers must recognize that promoting industrial forms of farming and growth in the non-farm economy will be critical to the creation of new employment opportunities for poverty-stricken rural India. However, the main contribution to rural employment will have to come from higher productivity and better returns to self-employed farmers and those operating small rural businesses. Agriculture and other rural vocations should be developed rapidly so as to eradicate rural poverty and to ensure a better job prospects for the rural poor.

Conclusion

The present strategy of rural development mainly focuses on poverty alleviation, better livelihood opportunities, provision of basic amenities and infrastructure facilities through innovative programs of wage and self-employment. Rural employment generations programs in rural areas, if properly planned and implemented at the ground level as part of the current strategy, adopted for rural development can play the role of a catalyst to create economically productive and socially useful assets for the entire rural population and this notion appears quite apparent when we think of the emerging, sustainable as well as the potential impact of the country's biggest rural employment generation program, the Mahatma Gandhi National Rural Employment Guarantee Scheme.

(The author is Assistant Professor, Department of Social Work, Assam (Central) University, Silchar – 788 011, Assam, e-mail : anupam688@yahoo.co.in)

PATTERN OF RURAL WORKFORCE PARTICIPATION IN INDIA : *GENDER INEQUALITIES*

Parminder Kaur and Arjinder Kaur

The present study was undertaken to analyze the gender specific pattern of employment at all India level, focussing on gender disparities in labour force in the country. The study revealed that the rural labour force participation and workforce participation rates among males and females showed an increasing trend in the year 2004-05 marking the resurgence of employment growth after the period of negative growth. The rise in female participation rates may be due to cracking up of the traditional patriarchal system in India.

Population, workforce and employment are closely interrelated. Any change in the size, composition and distribution of the population, alters the demographic structure of the labour force. In turn, a change in the size of the labour force, level of employment and job opportunities affect components of population change, particularly fertility and migration. According to recommended international definitions, the unemployed persons seeking paid jobs are considered as part of labour

force, but persons engaged in non income producing activities, like women engaged in domestic work in own home, are excluded from it (UN: 1973). Census or labour force surveys in different setting across the globe highlights relatively low labour force participation rate of women vis-à-vis men, and significant variations in female participation rate among countries. India is an emerging economy and a society in transition, which focuses on the opportunities that fosters the growth process by



extending its branches to encompass both men and women. It is common observation that the number of women workers are less in the country's total workforce due to peculiar problems of Indian women in the prevailing socio-economic structure especially in the rural sector.

In this light, the present study has been undertaken to study the gender disparities in rural labour force. Specifically; the objectives of the paper are:

1. to analyze the gender specific pattern of employment at all India level, further focusing on gender disparities in rural sector,
2. to examine the wage differentials as per agricultural activity and educational status,
3. to examine the sectoral distribution of rural work force in both farm and non-farm sector in the country.

Methodology

In order to draw inferences, National Sample Survey Organization projections estimates of workforce for rural male-female break up at all India level have been used. Ratios and percentages have been estimated to meet the stipulated objectives of the study.

Analysis of Gender Disparities

Rural sector circumscribes a widely dispersed multitude of around 74.57 percent of all India population and 78.42 percent of all India workforce. The labour force participation and worker population ratios are in general very low in India due to high dependency of children, elderly and other members of the family who do not work. Labour force participation measures the proportion of men and women who are willing to engage themselves in the economic activities which are included in the system of national income accounting.

Statistics shows after the decline in labour force and work participation rates (WPR) during (1993-94 to 1999-2000), both these indicators recovered during the period 1999-2000 to 2004-05 marking the resurgence of employment growth after the period of negative growth. This was true in case of both males and females. The male labour force participation rates in the rural sector increased from 53.3 percent to 54.6 percent while for females it increased from 23.5 percent to 24.9 percent. Similarly the male work force participation increased from 52.2 percent to 53.5 percent and for females it increased from 23.1 to 24.2 percent during the said period. This rise in female participation rates is due to cracking up of the traditional patriarchal system in India. Women previously engaged in domestic work joined the primary income earner, mainly as unpaid family worker in the agricultural farms, replacing hired labour, as the farm output declined to subsistence level. No doubt, there is rise in the female participation rate but there exists wide disparities in labour force and work force participation rates.

The gender gap in unemployment has increased in the rural areas. As per the National Sample Surveys, the unemployment rate has increased from 56 per thousand in 1993-94 for both men and women to 80 per thousand for men and 87 per thousand for women in 2004-05.

The type of employment pursued by men and women has also undergone a change. The recent report of National Sample Survey of 61st round provides some insights into this aspect. Among rural women, self employment increased faster than rural men. In 2004-05 higher percentage of women are self-employed than men in rural areas. About 63.7 percent of rural female worker were virtually unpaid workers in self-employed category in 2004-05. Regular wage and salaried employment is much higher for men than women. There were only 3.7 percent of female worker in regular employment in rural areas. Over the past decade, percentage

of regular employment slightly increased for both men and women in rural areas. The percentage of rural casual labour employment has come down for both men and women, signifying probably the shrinking opportunities for unskilled manual labour. About 32.6 percent of female workers in rural India were casual labour during 2004-05. Thus the category of employment available to women in rural areas is self employment and casual labour employment.

Gender disparities in Wages as per Educational Status

The next important issue for women is wage discrimination in casual employment as well as regular employment. As per the survey results, the gender gap in average per day earnings also exists. The gender gap was observed to be the highest among the illiterates. The gap declines as the education level improves up to higher secondary and diploma and a certificate course.

Wage Differentials as per Agricultural Activities.

There are various agricultural activities performed by men and women for which they get wage earnings. It is observed that for ploughing, on an average, male were getting Rs 82.62 per day while for same activity female were getting Rs. 43.04 per day. On an average, for other agricultural activities, males and females were getting Rs. 62.72 per day and Rs.44.21 per day respectively, thus, implies that in each and every agricultural activity wage earnings of men were higher as compared to the earnings of women indicating wide gap in earnings.

Sectoral Distribution of Rural Workers by Gender

Among the non farm activities, manufacturing sector is the largest source of non farm employment for both rural male and

female workers, followed by service sector. These sources are getting importance because of intensification of rural - urban linkages. During 1983 about 4.40 per cent of rural male workers and 1.90 per cent of rural female workers, were engaged in trade, hotelling and restaurants and corresponding figures increased to 6.80 and 2 per cent respectively during 1999-2000. The rural female workers engaged in the transport related activities, storage and communication remained almost constant over period of time.

Conclusion

The study brought out that labour force participation rate and workforce participation rate has shown an increasing trend in 2004-05 but gender discrimination against women was also found increasing. Within this bleak employment situation, women were paid lower wages as compared to their male counterparts. The unemployment rate was also found to be higher in case of females than males. If gender disparities need to be ameliorated then females have to upgrade themselves with latest technological know how through vocational training camps and implementation of equal pay equal work policy.

Table 1. Occupation-wise average daily wage rates in agriculture by sex in Rural India

(In Rs.)

Occupation	Male	Female
Ploughing	80.62	43.04
Sowing	72.65	51.39
Weeding	62.28	51.16
Transplanting	69.16	55.24
Harvesting	66.96	55.60
Winnowing	61.93	52.38
Threshing	66.04	51.67
Cotton (Picking)	59.73	56.12
Others	60.72	44.21

Source : www.indiastat.com

Table 2 : Sectoral Distribution of Rural Workers (PS+SS)* across Different Sectors in India

(Per cent)

Sector	Rural Male				Rural Female			
	1983	1987-88	1993-94	1999-2000	1983	1987-88	1993-94	1999-2000
Agriculture	77.50	74.50	74.10	71.40	87.50	84.70	86.20	85.40
Mining & Quarrying	0.60	0.70	0.70	0.60	0.30	0.40	0.40	0.30
Manufacturing	7.00	7.40	7.00	7.30	6.40	6.90	7.00	7.60
Elect, Gas & Water Supply	0.20	0.30	0.30	0.20	-	-	0.10	-
Construction	2.20	3.70	3.20	4.50	0.70	2.70	0.90	1.10
Trade	4.40	5.10	5.50	6.80	1.90	2.10	2.10	2.00
Transport	1.70	2.00	2.20	3.20	0.10	0.10	0.10	0.10
Services	6.10	6.20	7.00	6.00	2.80	3.00	3.40	3.70
Non-Agriculture	24.50	25.50	25.90	28.60	12.50	15.30	13.80	14.60
Overall	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source : Servekshana, Special Number, Sept. 1990, P. 99, Servekshana, July-Sept. 1996, Table : 6.7.2 and NSS

Report No. : 455, Table A31-A32

*PS Principal Status; SS Subsidiary Status

(The authors are from Department of Economics & Sociology, Punjab Agricultural University, Ludhiana, e-mail: p_kaur366@yahoo.in)

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MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GAURANTEE ACT *A REVIEW*

Dr. S.Vijay Kumar

Despite decades of planned development and poverty eradication programs at the national and state levels, poverty continues to persist in India. The National Rural Employment Guarantee Act (NREGA) has been a subject of lively debate. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household who volunteer to do unskilled manual work. The National Rural Employment Guarantee Act was approved by the Indian Parliament in September 2005. This Act started functioning from 2nd Feb. 2006. Initially it was introduced in 200 districts of the country and later extended to another 130 districts in 2007-08. By 1st April 2008, it was further extended to 593 districts covering 4, 49, 40, 870 rural households. NREGA is renamed

as 'Mahatma Gandhi National Rural Employment Guarantee Act' on 2-10-2009. The main aim of this Act is to enhance the purchasing power of rural people.

The salient features of MGNREGA are:

- a) Adult members of a rural household may apply for employment if they are willing to do unskilled manual work. At least 100 days work will be provided per household per annum.
- b) Such a household will have to apply for registration to the local Gram Panchayat, in writing or orally.
- c) The Gram Panchayat after due verification will issue a Job Card to the household. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA.



- d) All adults who have completed 18 years of age are eligible to work.
- e) Employment will be provided within 15 days of application for work.
- f) Men and women will be paid equal wages and preference will be given to women in each work.
- g) If employment is not provided within 15 days, daily unemployment allowance in cash has to be paid. Liability of payment of unemployment allowance is of the States.
- h) At least one-third of persons to whom work is allotted have to be women.
- i) Disbursement of wages has to be done on weekly basis and not beyond a fortnight and wages are credited directly to their bank/post-office account.
- j) Panchayat Raj Institutions have a principal role in planning and implementation.
- k) Each district has to prepare a shelf of projects. The selected works to provide employment are to be selected from the list of permissible works. The different categories of permissible works are as follows:

- Water Conservation and water harvesting
- Drought Proofing (including plantation and afforestation)
- Irrigation canals including micro and minor irrigation works
- Flood Control and Protection Works
- Minor irrigation, horticulture and land development on the land of SC/ST/BPL/IAY and land reform beneficiaries
- Renovation of traditional water bodies including desilting of tanks
- Land Development
- Rural Connectivity

The shelf of projects has to be prepared on the basis of priority assigned by Gram Sabha. At least 50% of works have to be allotted to Gram Panchayats for execution. A 60:40 wage and material ratio has to be maintained. Contractors and use of labour displacing machinery are prohibited.

- l) Work should ordinarily be provided within 5 km radius of the village or else extra wages of 10% are payable
- m) Work site facilities such as crèche, drinking water, shade have to be provided.
- n) Social Audit has to be done by the Gram Sabha at least once in every six months.
- o) Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process.
- p) All accounts and records relating to the Scheme are to be made available for public scrutiny and to any person desirous of obtaining a copy of such records, on demand and after paying a specified fee.
- q) Those who violates the MGNREGA Act will be penalized with a penalty of rupees up to 1000/

Funding:

The Central Government bears the costs on the following items:

- a) The entire cost of wages of unskilled manual workers.
- b) 75% of the cost of material, wages of skilled and semi-skilled workers.
- c) Administrative expenses as may be determined by the Central Government, which will include, inter alia, the salary and the allowances of the Programme Officer and his supporting staff, work site facilities.
- d) Expenses of the Central Employment Guarantee Council.

The State Government bears the costs on the following items:

- a) 25% of the cost of material, wages of skilled and semi-skilled workers.
- b) Unemployment allowance payable in case the State Government cannot provide wage employment on time.
- d) Administrative expenses of the State Employment Guarantee Council.

Share of women in work force:

The Act stipulates that priority shall be given to women. In terms of implementation it mandates

that a minimum of one-third of the beneficiaries are women who have registered and have requested for work. Women participation for FY 2008--09 was 48%. The highest women participation for FY 2008-09 was reported in Tamil Nadu (80%) and Kerala (84%) respectively.

Share of SC/ST Households in Employment:

In terms of providing employment to members of SC & ST households in 2008-09 the figure stood at nearly 54.72%. In 15 states it was higher than the national average.

Supplementing Income:

Post-NREGA there has been a revision of minimum wages across the country. Average household earning have increased from Rs. 2795 in FY 2006-07 to Rs. 4060 in FY 2008-09. A major share of NREGA expenditure is as unskilled wage

Allocation of Funds to MGNREGA:

During the financial year 2006-07 Rs. 11000 crores, during 2008-09 Rs. 37397.06 crores, during 2009-10 Rs. 39100 crores, and during 2010-11 Rs. 40100 crores (while Rs.79387 were allotted during this financial year to rural development, more than 50% of this were allotted to MGNREGA) were allotted.

Success Stories of MGNREGA:

Independent studies and research indicates that NREGA has aided in enhancement of agricultural productivity (through water harvesting, check dams, ground water recharging, improve moisture content, check in soil erosion and micro-irrigation), stemming of distress migration, increased access to markets and services through rural connectivity works, supplementing household incomes, increase in women workforce participation ratios, and the regeneration of natural resources.

MGNREGA is yielding better results compared to earlier poverty eradication programs. So far (11July 2010) it created 90.51man days of work (man day means the average work turn out by a worker per day). 80%-90% of rural households were economically benefited through this Act. Out of this, 29.4% SC, and 24.1% ST. While, the target of this Act is to provide employment for 1/3 (33%) of women in the country, it exceeded this target and it is close to 50%.

This Act is performing better in Rajasthan, Andhra Pradesh, Chattisgad, North Eastern States (for e.g. Tripura), Gujarat, Karnataka, and Tamil Nadu.

Criticism:

- There is a criticism that in some states, low wages are paid than the stipulated by the Act. According to the Supreme Court judgment this comes under 'forced labour'.
- If it is viewed economically, there is a fear that the allocation of funds to MGNREGA may exceed 5% of GDP.
- Controller & Auditor General of India in its report has mentioned that funds are being misutilized in some states.
- Public Works like land development works, afforestation, irrigation works, construction roads, flood control etc. are being carried out by wealthy sections of the society thus betraying poor sections for whom this Act. is meant.
- At some places, it is observed that the workers have to wait months together for their wages and they have to pay up to Rs.50/- as bribe for their job card.
- It is also noticed that most of the works are confined to papers only and quality is not being maintained.
- Recently, the Supreme Court Bench headed by Chief Justice K.G.Balakrishnan, Justice Deepak Varma and Justice B.S. Chohan has commented that there is lack of uniform policy in case of MGNREGA. and they have further commented that the funds are not reaching the eligible beneficiaries, except in some states.

To conclude, though these are some shortcomings like misappropriation of funds at some places, this Act. is really a boon for the rural people. If it is implemented transparently, corruption will be eradicated and certainly it enhances the standard of living of the rural people.

(The author is Associate Professor & H.O.D, Dept. of Economics, Kakatiya Govt. (UG&PG) College, Hanamkonda, Andhra Pradesh, e-mail : vijaysarabu@yahoo.co.in)

EMPLOYMENT SCENARIO IN INDIAN INFORMAL SECTOR

-Pravin Kumar

National Sample Survey (NSS) (2004-05) shows that unorganized sector in India employs around 80% of total workforce and contribute as much as 50% to GDP.

The informal sector, as defined in the Indian context is broadly characterized as consisting of units engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concern. These units typically operate at low level of the organization, with little or no division between labour and capital as factors of production and on a small scale. For statistical purpose, the informal sector is regarded as a group of production units which form part of the household sector, as household enterprises or equivalently, unincorporated enterprises owned by households. The terms used

in the Indian National Agriculture Sample (NAS) are 'organized' and 'unorganized' sectors. The organized sector comprises enterprises for which the statistics are available from the budget documents or reports etc. On the other hand the unorganized sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision or do not maintain any regular accounts. National Sample Survey (NSS) (2004-05) shows that unorganized sector in India employs around 80% of total workforce and contribute as much as 50% to GDP. Rural workers constitute about 60% of the workforce and urban unorganized or informal structure represents 32% of



the workforce. The present paper throws light upon the significance, nature and features of the informal sector and measurement of informal employment in non-agricultural segment of informal sector in Indian Economy.

Importance of Informal Sector in Indian Economy:-

About 324 million workers constituting 80% of the total workforce, 406 million, in the country were employed in the unorganized sector as per NSS Survey 2004-05. It plays a vital role in terms of providing employment opportunity to a large segment of the working force in the country and contributes to the national product significantly. The contribution of the unorganized sector to the net domestic product and its share in the total NDP at current prices has been over 60%. In the matter of savings the share of household sector in the total gross domestic saving mainly unorganized sector is about three fourth.

In the Indian context, informal employment could be defined to cover virtually the entire workforce engaged in agricultural production (those working in government farms or tea and coffee plantations are of course excluded), the workforce engaged in unincorporated enterprises carrying out non-agricultural production that are neither registered under Factories Act nor are required to submit audited accounts under statute and the workforce with informal jobs in formal sector enterprises.

- **Casual wage labour:** A person casually engaged in others' farm or non-farm enterprises (both household and non-household) and getting in return wage according to the terms of the daily or periodic work contract is a casual wage labour.
- **Regular salaried/wage employee:** The category not only includes persons getting time wage but also persons receiving piece wage or salary and paid apprentices, both full time and part-time. Identification of informal employment in formal and informal sector enterprises is not just important for measuring its size but is also required for proper measurement value added by non-agricultural enterprises.

Features of the Informal Sector:-

From the point of view of mode of production or economic activity, the distinguishing features of the informal sector are as follows:

- a) Low level of organization; small in scale usually employing fewer than ten workers and often from the immediate family;
- b) Heterogeneity in activities;
- c) Easier entry and exit than in the formal sector;
- d) Usually minimal capital investment; little or no division between labour and capital;
- e) Mostly labour intensive work, requiring low-level skills; there is usually no formal training as workers learn on the job;
- f) Labour relations based on casual employment and or social relationships as opposed to formal contracts; employer and employee relationship is often unwritten and informal with little or no rights;
- g) Due to their isolation and invisibility, workers in the informal sector are often largely unaware of their rights, cannot organize them and have little negotiating power with their employers and intermediaries (ILO 2000).

Conclusion

In Indian national accounts, the contribution of informal sector is measured by labour input method based on the results of periodically conducted enterprise surveys. But, owing to problems of coverage, it is difficult to workout the exact share of the informal sector in the domestic product. Nevertheless, a close approximation of this component derived from the available national accounts aggregates shows that about a third of the GDP is contributed by the informal sector. Notwithstanding the quality of reporting of type of enterprises in a household survey, these indicate that large proportions of the employment in different industries of the non-agricultural sector are in fact of informal nature.

(The author is from the Deptt. of Economics, Banaras Hindu University, Varanasi – 221 005, e-mail: pravinku3@gmail.com)

RURAL EMPLOYMENT GENERATION PROGRAMMES IN INDIA: AN ANALYTICAL REVIEW

Subhashree Sanyal

Taking into consideration the limitation of earlier rural employment programs, in recent years the government has taken a historic move by enacting the MGNREGA, which is perhaps the largest employment generating program in the world ensuring a one-step-ahead move towards guaranteeing the right to work in a country with a population over a billion - created in old spirits but new letters with an ambition to build durable assets and basic rural infrastructure in the country.

Since independence rural employment has been the prime agenda of debate in the country as 74% of the unemployed population hails from rural India. For the past three decades India has been implementing rural employment generation programmes. Different innovative schemes and programmes have been initiated time and again in different five year plans. Some have helped achieve goals, be it short or long-term, whereas others have

faced technical and implementation snags. In the past, a number of schemes have provided temporary employment on public works programmes at the government's discretion, but the present-day scenario brings with it legislation and rights-based approach for implementing pro-people development policies in the country. The biggest example of this is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).



Evolution of Rural Employment Generation Programmes in India

The idea of generating employment in public works existed in different state level policies back in time, one of the first being the “Maharashtra model”

of rural employment which existed since the 1970s. The National Rural Employment Programme (NREP) and the Rural Landless Employment Programme (RLEP) were the flagship employment generation initiatives which surfaced in the 1970s as a direct replica of the Maharashtra EGS. In 1989, the existing

Employment Generation Programmes at a quick glimpse		
Year	Programme	Allocation of funds
1980	National Rural Employment Programme (NREP) launched to use unemployed and underemployed workers to build community assets.	6th plan (1980-1985: Rs 980 crore) 7th plan (1985-1990: Rs 1,682 crore)
1983	Rural Landless Employment Guarantee (RLEG) launched to provide 100 days of guaranteed employment to one member from each rural, landless household	6th plan: (1983-1985: Rs 500 crore) 7th plan (1985-1989: Rs 2412 crore)
1989	Jawahar Rozgar Yojana launched, combining NREP and RLEP. The programme aims to alleviate poverty through creating supplementary employment opportunities for rural poor during agricultural recess period. Another objective of the scheme was to create social assets such as roads, schools and other infrastructure development.	7th plan (1985-1990: Rs 2,100 crore) 8th Plan (1992-1993: Rs 2,546 crore) 1993-1994: Rs 3,306 crore 1994-1995: Rs 3,855 crore 1995-1996: Rs 3,862 crore 1996-1997: Rs 1,865 crore
1993	Employment Assurance Scheme (EAS) launched to provide employment during the lean agricultural season. The primary objective of the EAS is creation of additional wage employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line. The EAS also aims at creation of durable community, social and economic assets for sustained employment and development.	8th Plan 1993-1994: Rs 600 crore 1994-1995: Rs 1,200 crore 1995-1996: Rs 1,570 crore 1996-1997: Rs 1,970 crore 9th plan 1997-1998: Rs 1,970 crore 1998-1999: Rs 1,990 crore 1999-2000: Rs 1,700 crore
1999	Jawahar Gram Samridhi Yojana (JGSY) launched; dedicated to development of demand driven rural infrastructure. The primary objective of JGSY is to create demand driven community village infrastructure including durable assets at village level and skills to enable the rural poor to increase the opportunities for sustained employment. It also aims to generate supplementary employment for the unemployed poor in the rural areas	9th plan 1997-1998: Rs 2,077 crore 1998-1999: Rs 2,095 crore 1999-2000: Rs 2,095 crore
2001	Sampoorna Gramin Rozgar Yojana (SGRY) launched, merging EAS and JGSY. The programme aims at providing wage employment. Preference is given to agricultural wage earners, non-agricultural unskilled wage earners, marginal farmers, women, members of Scheduled Castes/ Scheduled Tribes, parents of child labour withdrawn from hazardous occupations, parents of handicapped children or adults with handicapped parents. The programme is implemented through the Panchayati Raj Institutions (PRIs).	9th plan 2000-2001: Rs 2,950 crore 2001-2002: Rs 3,250 crore 10th plan 2002-2003: Rs 4,440 crore 2003-2004: Rs 4,900 crore 2004-2005: Rs 5,100 crore 2005-2006: Rs 4,000 crore 2006-2007: Rs 3,000 crore
2004	Food for Work Programme (NFFWP) launched to generate additional supplementary wage employment and create assets. It also aimed to ensure a minimum level of employment and incomes to the poor, give the poor an opportunity to develop their collective strength, improve their economic position, reduce their vulnerability, discourage migration and provide access to health, education and welfare services in the villages.	10th plan 2005-2006: Rs 6,000 crore
2006	National Rural Employment Guarantee Scheme (NREGS) launched to provide 100 days of guaranteed employment to one member from each rural household and create community assets	10th plan 2006-2007: Rs 11,300 crore
<i>Source: Centre for Science and Environment, New Delhi</i>		

government merged the two schemes into one, refurbished the schemes and made Panchayati Raj Institutions (PRI) the medium of implementation and service delivery.

By merging the NREP and RLEP - The Jawahar Rozgar Yojana (JRY) was launched in 1989. For the first time funds for implementation of the programme were directly disbursed to the village institutions accounts responsible for planning to create employment opportunities, and overseeing implementation. After few years of its initiation - political indifference and irregular fund flow created problems of implementation on the ground grass-root level – resulting in a limited impact on rural employment generation.

But in the year 1993, when Employment Assurance Scheme (EAS) was introduced, the centralised fund-disbursement trend was followed, ignoring the essence of bottom-up approach in planning and implementation of rural employment program; as a result EAS showed its limitation on expansion of rural livelihood opportunities. In 2002, JRY and EAS were merged into Sampoorna Grameen Rozgar Yojana (SGRY). After two years, in 2004, the National Food for Work Programme (NFWP) was launched with an exclusive focus on the 150 identified backward districts.

From an analytical review of the different strategies and programmes adopted from time to time towards rural employment generation - it is apparent that most of the schemes were incapable to bring about a desired impact on rural employment growth due a number of factors- (a) lack of need-based planning (b) lack of active participation of various stakeholders' in the planning and implantation process (c) irregular fund flow (d) lack of political will and (e) irregular monitoring.

While formulating most of the schemes there is lack of enough information about the existing community resources – which could have been properly utilised during the implementation phase by ensuring an active participation of the target population. Across all the schemes, involvement of the local self-Govt. i.e. PRI in program-implementation were not satisfactory.

While assessing the success of any employment generation program - the amount of durable assets created as result of an the program has always been given more importance than the number of days employment generated on long-term basis in a sustainable manner among the rural population. Social Audit of programmes is nearly absent for plugging the loopholes if there maybe.

There is felt need to adopt a culture-bound approach while making the rural poor aware about the introduction of new schemes in terms of availability of proper information, particularly in rural areas. This will guarantee an active participation of stakeholders as well as of the beneficiaries Policy-makers should be more informative and sensitive about the pulse of rural unemployment scenario.

Way Forward

The schemes launched by the government from time to time have provided relief to the rural population. These programmes never guaranteed employment to every household in the village, but they were just allocation-based programmes. A typical feature of these schemes is that none of the jobs are permanent in nature; they are all short term casual jobs, usually for a period of hundred days or more. Job opportunities created by these schemes and programs acted just as a supplement to the rural house income and in most of the circumstances they failed to ensure the basic amenities of life for a rural family in sustainable manner.

Taking into consideration the limitation of earlier rural employment programs, in recent years the government has taken a historic move by enacting the MGNREGA, which is perhaps the largest employment generating program in the world ensuring a one-step-ahead move towards guaranteeing the right to work in a country with a population over a billion.

(The author is Assistant Professor, Department of Social Work, Assam (Central) University, Silchar – 788 011, Assam, e-mail: subhashreesanyal@gmail.com)

SOCIO ECONOMIC CONDITIONS OF AGRICULTURAL LABOUR IN INDIA - A STUDY

S.Jeyakumar

It is one of the primary objects of the Five Year Plan to ensure fuller opportunities for work and better living to all the sections of the rural community and in particular, to assist agricultural labourers and backward classes to come to the level of the rest. One of the most distinguishing features of the rural economy of India has been the growth in the number of agricultural workers, cultivators and agricultural labourers engaged in crop production. The phenomena of underemployment, under-development and surplus population are simultaneously manifested in the daily lives and living of the agricultural labourers. Agricultural labourers are likely to be the worst hit, through

adverse impacts on wages and employment opportunities directly in agriculture, and, through multiplier effects, indirectly in nonagricultural as well. This paper deals with socio economic conditions of Agriculture labourers in India.

Economic Conditions of Agricultural Labourers

To bring about improvements in the economic conditions of agricultural labourers and to remove the social disabilities from which they have suffered in the past are among the major tasks of planned development. The two principal problems are the place of agricultural labour in

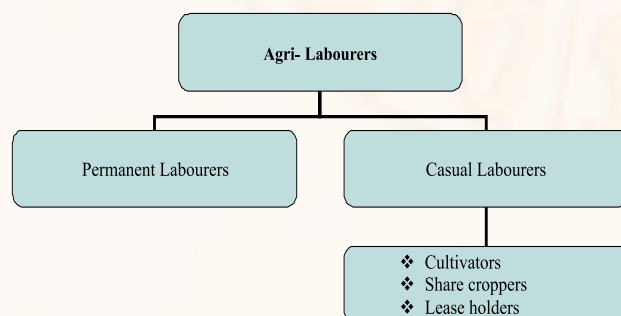


the future rural economy and provision of work. In the past the village economy was rooted in a scheme of stratification largely based on caste and occupation. As a result of various measures of social reform and the efforts made since Independence, the social handicaps associated with agricultural labourers, and with backward classes generally, have greatly diminished. At the same time, the economic problems of these sections of the population, especially the need for larger opportunities for work, have been thrown into sharper relief. It is one of the primary objects of the Five Year Plans to ensure fuller opportunities for work and a better living to all sections of the rural community and, in particular, to assist agricultural labourers and the backward classes to come up to the level of the rest. Their problems undoubtedly constitute a challenge, and the obligation rests upon the community as a whole to find satisfactory solutions for them.

Difficulties in defining agricultural labour are compounded by the fact that many small and marginal farmers also work partly on the farms of others to supplement their income. To what extent should they (or their family members) be considered agricultural labourers are not easy to answer.

Classification of Agricultural Labourers

Landless labourers in turn can be classified into two broad categories:



Permanent or attached labourers generally work on annual or seasonal basis and they work on some sort of contract. Their wages are determined

by custom or tradition. On the other hand temporary or casual labourers are engaged only during peak period for work. Their employment is temporary and they are paid at the market rate. They are not attached to any landlords.

Under second group comes small farmers, who possess very little land and therefore, has to devote most of their time working on the lands of others as labourers. Share croppers are those who, while sharing the produce of the land for their work, also work as labourers. Tenants are those who not only work on the leased land but also work as labourers.

Characteristics of Agricultural Labourers

Before any attempt is made to evolve a rational policy to improve the living conditions of agricultural labours which happens to belong to the lowest rung of social and economic ladder, it is essential to know the distinguishing features that characterize agricultural labourer in India. The main features, characterizing Indian agricultural labour are as follows:

1. Agricultural Labourers are scattered

Agricultural labour in India is scattered over 5.6 lakh villages, of which half have population of less than 500 each. And therefore, any question of building an effective organization, like that of industrial workers, poses insurmountable difficulties. Thus as the vast number of agricultural labour lies scattered all over India, there has been no successful attempt for long, to build their effective organization even at the state level not to speak of the national level.

2. Agricultural Labourers are Unskilled and Lack Training

Agricultural labourers, especially in smaller villages away from towns and cities, are generally

unskilled workers carrying on agricultural operation in the centuries old traditional wages. Most of them, especially those in small isolated villages with around 500 populations, may not have even heard of modernization of agriculture. Majority of them are generally conservative, tradition bound, totalistic and resigned to the insufferable lot to which according to them fate has condemned them. There is hardly any motivation for change or improvement.

Since, there is direct supervision by the landlord, there is hardly any escape from hard work and since there is no alternative employment. The agricultural labourer has to do all types of work-farm and domestic at the bidding of the landlord.

3. Unorganised Sector

Agricultural labourers are not organized like industrial labourers. They are illiterate and ignorant. They live in scattered villages. Hence they could not organize in unions. In urban areas workers could generally organize themselves in unions and it is convenient for political parties to take interest in trade union activities. This is almost difficult in case of farm labour. Accordingly, it is difficult for them to bargain with the land owners and secure good wages.

4. Low Social Status

Most agricultural workers belong to the depressed classes, which have been neglected for ages. The low caste and depressed classes have been socially handicapped and they had never the courage to assert themselves. They have been like dump-driven cattle. In some parts

of India, agricultural labourers are migratory, moving in search of jobs at the time of harvesting. Government measures to improve their lot by legislation have proved ineffective so far due to powerful hold of the rural elite classes in the rural economy.

5. Demand and Supply of Labour

The number of agricultural labourers being very large and skills they possess being meager, there are generally more than abundant supply of agricultural labourer in relation to demand for them. It is only during the sowing and harvesting seasons that there appears to be nearfull employment in the case of agricultural labourers. But, once the harvesting season is over, majority of agricultural workers will be jobless especially in areas, where there is single cropping pattern.

6. Less Bargaining Power

Due to all the above mentioned factors, the bargaining power and position of agricultural labourers in India is very weak. In fact, quite a large number of them are in the grip of village money lenders, landlords and commission agents, often the same person functioning in all the three capacities. No wonder, the agricultural labour is the most exploited class of people of India.

7. At the Bidding of the Landlord

There is generally direct and day to day 'contact between agricultural labourers and the landlords' on whose farm they are working. Unlike industrial workers, this direct contact between the

Agricultural labourers are not organized like industrial labourers. They are illiterate and ignorant. They live in scattered villages. Hence they could not organize in unions.

employer and employees is a distinct feature of agriculture labourer.

The above mentioned few important characteristics distinguish agricultural labourers in India from industrial workers. Thus partly because of factors beyond their control and partly because of their inherent bargaining weakness, the farm labourers have been getting very low wages and have therefore to live in a miserable sub-human life.

Causes for the Growth of Agricultural Labourers

There are a number of factors responsible for the continuous and enormous increase in the number of agricultural labourers in India.

- The more important among them are:
- Increase in population
- Decline of cottage industries and handicrafts
- Eviction of small farmers and tenants from land
- Uneconomic Holdings
- Increase in indebtedness
- Spread of the use of money and exchange system
- Capitalistic Agriculture
- Displacement of means of subsidiary occupations
- Disintegration of peasantry
- Break-up of joint family system

Measures to Improve Agricultural Labourers by the Government

The Government has shown awareness of the problems of agricultural workers and all plan documents have suggested ways and means to ameliorate the lot of these people. Measures

adopted by the Government for ameliorating the economic conditions of Agricultural labourers are

- Passing of minimum wage Act
- Abolition of Bonded Labourers
- Providing land to landless labourers
- Provision of Housing cities to houseless
- Special schemes for providing employment

Suggestions for the Improvement of Agricultural Labours

The following suggestions can be made for the improvement of the socio-economic position of the agricultural labourers:

- Better implementation of legislative measures
- Improvement the bargaining position
- Resettlement of agricultural workers
- Creating alternative sources of employment
- Protection of women and child labourers
- Public works programmes should be for longer period in year
- Improving the working conditions
- Regulation of hours of work
- Improvements in Agricultural sector
- Credit at cheaper rates of interest on easy terms of payment for undertaking subsidiary occupation
- Proper training for improving the skill of farm labourers
- Cooperative farming

(The author is Assistant Professor, Department of Commerce, Sri S.R.N.M. College, Sattur – 626 203, Tamilnadu., e- mail: jeyakumaruma@yahoo.com)

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MAHATAMA GANDHI NREGA AND SOCIAL AUDIT SYSTEM OF VILLAGE PANCHAYATS

B.K.Pattanaik
Hans Lal

Employment is fundamental pre-requisite to raise per capita income and eradicate household poverty. Poor employment opportunity is one of the key reasons for the endurance of rural and urban poverty in India. After independence and particularly from the Fifth Five Year Plan onwards, Government of India has initiated several rural development programmes for raising rural employment for the alleviation of rural poverty. A few important among them are Employment Guarantee Scheme (EGS); Food for Work Programme (FWP); National Rural Employment Programme (NREP); Rural Landless Employment Guarantee Programme (RLEGP); Employment Assurance Scheme, Jawahar Rojgar Yojana (JRY), Sampurna Gramin Rojgar Yojana (SGRY) and Swaijayanti Gram Swayrojgar Yojana (SGSY). Despite all these endeavors, the unemployment in general and rural

unemployment in particular has remained one of the critical issues of rural development.

All these endeavours of raising employment through different schemes as well as slowdown of the employment in agriculture have authenticated that rural unemployment is an abiding problem and cannot be deciphered through piecemeal approaches. **The seasonal nature of rural employment and low wage rate has resulted in distressed migration of labour from the rural areas to urban areas and from the economically backward states to the economically developed states.** It has hampered agriculture in the out migrating states and added to the urban slums in the in-migrating states. Therefore, a strategic employment plan is a sine-qua non for the eradication of rural poverty and prevention of distressed migration.



The National Rural Employment Guarantee Scheme

The launching of NREGS by the UPA government in 2004 in 200 backward districts and later on extending to the entire district in the country in 2008 as part of their Common Minimum Programme agenda is an illustrious endeavour to ensure employment to the rural needy and poor family their right to employment. Unemployment is a cause of poverty. The National Rural Employment Grantee Act (NREGS) (herein after referred as NREGS) was enacted in 2005 to provide a minimum guaranteed wage employment of 100 days in every financial year to rural households with unemployed adult members prepared to do unskilled manual work. On second October 2009 the scheme is renamed in the name of the father of the nation Mahatma Gandhi and is now called as Mahatma Gandhi NREGA. The scheme is a strategic attempt to fight poverty and unemployment, which are intrinsically interlinked.

The NREGS is a holistic measure aimed at fulfilling one of the most important Human Rights, that is Right to Employment at least to one member of the family. The main objective of NREGS is the creation of durable assets and strengthening the livelihood resource base of the rural poor for fighting poverty. Some of the salient features of the NREGS are as follows:

(i) At least 100 days of employment for at least one able-bodied person in every rural household on asset creating public works programmes every year; (ii) Minimum wages on rate prevailing in states as per Minimum Wage Act-1948 and centre to step in if wages go up beyond minimum or less than rupees 60; (iii) Panchayats to finalize, approve, implement and monitor the projects. The scheme shall not permit engaging any contractor for implementation of the projects; (iv) As far as practicable, a task funded

under the scheme shall be performed by using manual labour and not machines; (v) A minimum of 33 per cent reservation to be made for women, where the number of applicant is very large; (vi) Every scheme shall contain adequate provisions for ensuring transparency and accountability at all level of implementation; (vii) All accounts and records relating to the scheme shall be made available for public scrutiny and any person desirous of obtaining a copy or relevant extracts therefrom may be provided such copies or extracts on demand and after paying such fee as may be specified in the scheme; and (viii) A copy of the muster rolls of each scheme or project under a scheme shall be made available in the offices of the Gram Panchayat and programme officer for inspection by any person interested after paying such fee as may be specified in the scheme.

Social Audit

Social audit is a governance instrument meant for raising transparency and accountability and minimising corruption. With the decentralization and devolution of functions, functionaries and funds to the panchayati raj institutions, the social audit has become inevitable. On the one hand, it will prevent scepticism of corruption against panchayat and at the same time make the panchayati raj institutions accountable to the people.

Social audit is a governance instrument meant for raising transparency and accountability and minimising corruption. With the decentralization and devolution of functions, functionaries and funds to the panchayati raj institutions, the social audit has become inevitable.

Mahatama Gandhi

NREGA earlier known as NREGA has strengthened the social auditing through various mechanisms adopted by the scheme which is mandated to be implemented by the village panchayats. One of the prime requirements of the scheme is that it is to be implemented by the village panchayat not through the contractors either appointed by the panchayats or by the government. In this context, the social audit has become paramount importance. This paper tries to found out the mechanism of social audit adopted

by the panchayats for the social audit of NREGA. This paper uses the data collected during the preparation of district NREGA Plan of Sirsa district of Haryana, one of the 250 identified district in the country.

Maintenance of Records/Registers

The maintenance of reports and records by the panchayat is of the important prerequisites of the social audit. It will provide both the functionaries as well as the people of the village panchayats to see the report and records when they want, so that any doubts regarding the receipt of fund and utilization of fund under the NREGA scheme by the panchayat is cleared then and their. As it is a tied fund strictly used for the purpose for which it is earmarked, therefore the maintenance of records and registers become further imperative. It is customarily observed that panchayats many times complain non-payment of their bills despite the utilization of fund by them and most of them because of the faulty utilization of the fund.

The empowerment of panchayats and its functionaries on social audit system is an important contribution of NGNREGA.

Table-I
Records and Registers Maintained by the Village Panchayats

Types	
Record/Registers	327 (98.2)
Master roll	333 (100.0)
Job card application	327 (98.2)
Job card register	329 (99.1)
Employment register	310 (94.8)
Work Register	301 (92.0)
Assets Register	280 (85.6)
Complain Register	232 (70.9)
Monthly Allotment and Utilization Certificate	211 (64.5)

Field Survey Conducted in 2008-09

The Table-I shows that the village panchayats are maintaining various register and records which is an embodiment of transparency. It is not flight of fancy but delicately the NREGS has at least provided rudimentary knowledge about the Management Information System. Further, the RTI Act has also made the panchayats further cautious to keep the record which may at anytime liable to public scrutiny. The empowerment of panchayats and its functionaries on social audit system is an important contribution of NGNREGA. Another benefit of MGNREGA is that it has provided an opportunity for e-Governance at the village level in panchayats connected with computer and having internet facilities. This has at least brought about the information revolution at the village level.

The data also shows that 24.89 percent of the job card holders have opened their account in the bank and 74 per cent has opened their account in the post offices. This is another example of transparency in making payment and in a way would check the fake payment. All most all village panchayats have approved their work in the gram sabha (the village assembly). However, these are the mechanisms to promote social audit and improve governance in grass root democratic institutions. However, the success of any policy and programmes depends on the value system prevailing in that particular panchayat.

(The first author is Director, School of Extension and Development Studies, IGNOU, Maidan Garhi, New Delhi and the second author is from Centre for Research in Rural and Industrial Development, Chandigarh, e-mail: bkpattanaik@sify.com.)

MICRO FINANCE CRISIS IN ANDHRA PRADESH: SOME ISSUES

Dr. P. Malyadri

This disastrous tragedy can be traced back to the 1990s, when the state began to withdraw from the provision of rural finance, and the resulting vacuum was filled by private profit-seeking institutions, private moneylenders, and a number of NGOs. The expansion of microfinance was then massively hiked up from the mid-2000s onwards, thanks to the arrival on the scene of a number of aggressive commercialized for-profit MFIs.

Today, Andhra Pradesh is second only to Bangladesh as the most microfinance 'saturated' place with nearly 17% of the population having a micro loan account. The number of multiple loans was as high as 82% in 2009, and it's known to have risen even further since then. The level of debt in the important agriculture sector has also continued to rise. (around 82% of farm households were in 'serious debt' in 2009 compared to the Indian average of 49% and this figure too has been rapidly rising). There is hard-selling and 'client poaching', pressure on existing

members to take out a new or 'top-up' micro loan; rising percentage of problematic micro loans. Suicides because of microfinance debt have been reported in the media.

Tragically, this was a 'boom-to-bust' crisis foretold. Along with the Bolivian microfinance crisis of 1999-2000, the precursor (mini-crisis) to today's full-blown crisis that took place in Andhra Pradesh itself in 2006. The series of boom-to-busts that have occurred in Bosnia, Pakistan, Morocco, Nicaragua and elsewhere in recent years, and let's not forget



to the granddaddy of them all – the sub-prime-led financial sector meltdown in the USA from 2007 onwards -, there were in fact a whole street full of red lights flashing to warn policy-makers to avert the massive over-expansion of microfinance in Andhra Pradesh.

This disastrous tragedy can be traced back to the 1990s, when the state began to withdraw from the provision of rural finance, and the resulting vacuum was filled by private profit-seeking institutions, private moneylenders, and a number of NGOs. The expansion of microfinance was then massively hiked up from the mid-2000s onwards, thanks to the arrival on the scene of a number of aggressive commercialized for-profit MFIs.

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Key aspects

In the past few weeks, we have heard several proposals for regulation of the microfinance sector. This impression has gained currency principally because Reserve Bank of India has chosen not to publicly reaffirm the fact that 80% of the microfinance sector is directly regulated by them. In fact all Non Bank Finance Companies (NBFCs) are regulated by the Reserve Bank of India, and the systemically important ones with an asset size over Rs. 100 crore are subject to stringent financial standards. These include monthly reporting requirements as well as a Fair Practices Code that specifically prohibits NBFCs from resorting to “undue harassment” for recovery of loans.

The RBI has made it mandatory for NBFCs to disclose explicitly in the application form for loan and other relevant documents, the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers. All of these regulations govern NBFCs that lend to rich as well as those that lend to the poor (popularly referred to as MFIs). The Fair Practices Code for NBFCs

also makes it clear that the Board of each NBFC is free to “adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. If there is a need for more regulation on any aspect of MFI operations, including customer protection, by all means the RBI must take it

forward but it is important to note that the sector is already very tightly regulated. The most glaring aspect of the Ordinance is that it completely takes away the rights of the poor to decide for themselves – since it seems to specifically target “low income households” for these restrictions – presumably leaving all of those of us that hold multiple credit cards and home loans untouched, at least for the time being.

For example, it prohibits all those that are registered with State Government managed Society for the Elimination of Rural Poverty (SERP), which includes more than 50% of all women in the State, from taking more than one loan at a time. Research shows that people usually take multiple loans because one loan is not able to meet all their requirements. To illustrate, a woman needs at least Rs. 8,000 to buy a buffalo whereas an average SHG loan is only Rs 4,000. If all the other formal lenders are now barred from serving her, she will necessarily have to turn to the informal sources. The Ordinance requires all borrowers to repay all their loans only on a monthly cycle and to continue to pay interest on the loan for a longer period of time. Do the authors of the Ordinance think that these women have monthly salaries? Most of them have daily or weekly income from labor or small trade. Weekly repayments that take place at her door-steps are usually easier for her, because they match the wage frequency of most of them. Monthly repayment requires women, who usually do not have access to a safe place to save, to put sums aside and wait to repay till the end of the month hoping that money does not get stolen in the interim and to pay an additional amount of interest on the loan not having earned anything on the savings.

The Ordinance will serve to further the outreach of traditional moneylenders in this manner and perhaps that is its true intent. The fact that women were the main beneficiaries of these programs makes the situation even more poignant because they are the ones who will bear most of the burden of these failures and despite that, given their powerlessness within the community, their voices of protest are not being heard.

If there is a need for more regulation on any aspect of MFI operations, including customer protection, by all means the RBI must take it forward but it is important to note that the sector is already very tightly regulated.

In all this talk about 'crisis', let us not forget that collection rates were in the high nineties prior to the State Government of Andhra Pradesh stepping in with its ordinance and directly causing this crisis. It must also be noted that outside of Andhra Pradesh, MFI collections continue to be high. Comparisons to the US sub-prime are ridiculous because in this case, the customer has forcibly been prevented from repaying the lender and actively exhorted to do. Government cited a few anecdotal, impossible-to-verify-or-attribute events as the basis of such a massive intervention.

Recoveries through merger

The most obvious option is through a merger with a stronger institution, which can retain the MFI's operational capacity and provide the needed capital to continue issuance of new loans. Unfortunately, the breadth of the current crisis reduces the chances that other large MFIs would be in a position to effect such a buyout.

One could draw useful lessons from the 2006-07 AP crises in the Krishna district. That crisis had a similar pattern – repayments were stopped by way of government action, but after a year-long hiatus, MFIs were able to restart collections. Though the final results of these collections have not been made publicly available, a source familiar with the effort has estimated the ultimate recovery rate for one of the large affected MFIs at 60-65%, collected over a period of two years. It's worth noting that a similar recovery rate from the current crisis could

be catastrophic for the MFIs most exposed to AP, even if collections happened over a shorter time period. The scale of the crisis this time around is far broader, affecting the entire state (and potentially more), as opposed to a few districts. Moreover, the current political climate and lack of liquidity from banks suggests that MFIs will probably not have the option

of relying on rapid growth to escape the overhang from so many bad loans.

However, for creditors seeking recoveries, a 60% recovery rate for affected micro credits is not bad at all. Though unlikely to cover everything, their losses would be mitigated the unaffected parts of the portfolio and the additional cushion of equity that could absorb some 15-20% of losses. So absent acquisition by a well-capitalized entity, do creditors have another option for recovering on these loans?

Root cause of the present crisis

The main allegations against the MFIs are that they are charging opaque and usurious interest rates as well as using strong-arm techniques for collections...and thereby are accused of profiteering at the cost of poor women. What started as a concern about the reported suicides by some harassed MFI borrowers soon grew into a major crisis that is now threatening the entire sector? The Government in the State of Andhra Pradesh has issued an Ordinance requiring MFIs to register with local government offices which will also monitor any incidents of harassment / complaints from MFI clients. In case the complaint is found to be *prima facie* tenable, criminal cases will be lodged against MFI staff members. As a consequence of the Ordinance and the silently brewing political / regulatory storm, interest rates may be capped, priority sector lending may be halted, and registration under the new Ordinance seems set to significantly hinder operations and worse may yet come.

What is needed?

If the MFIs had paid more attention to building client relationships and offered quality services to their customers, instead of focusing exclusively on “sales” and reducing their clients to numbers, the situation could have been different. Given the sensitivities involved and the vulnerability of MFIs’ target customers, it is imperative those MFIs to pay more attention to the basics of their business and the missions for which they exist: listening to and providing clients needed and appropriate financial services. *Micro Save* has long been concerned that the rate of growth of Indian MFIs and their loss of relationship with their clients for several years now:

For MFIs, the need now is to:

- Take steps towards ensuring *client delight* through offering a range of high quality, client-centric and flexible financial products in a manner that is appropriate and suitable for clients.
- Follow stricter policies around *client protection* principles and do no harm. Maintaining transparent and fair pricing/interest rates, addressing multiple borrowing/lending and ensuring appropriate collection practices is the starting point (and the bare minimum). Understanding clients’ perspectives of what client protection actually entails is also essential.
- Develop a *strategy* that makes sense for the company, the management and the mission – not copy-paste from others.
- Improve *communication* with the stakeholders such as government officials, media about the social side of the microfinance, the nature of, and the benefits for, clients served.
- *Grow and expand*, but at rates that are manageable and enables human resources to be integrated into the institution rather than becoming loan disbursement machines.

It must also be noted that outside of Andhra Pradesh, MFI collections continue to be high. Comparisons to the US sub-prime are ridiculous because in this case, the customer has forcibly been prevented from repaying the lender and actively exhorted to do.

- Meeting these challenges not only helps MFIs meet their mission and social performance needs but also clearly makes business sense and enhances risk management (including strategic and reputation risks).

Micro Save’s approach to Social Performance Management (SPM) addresses these issues and more. The approach provides financial institutions the tools and mechanisms to periodically assess their social performance, fill-in the gaps and communicate the efforts in an effective way. The methods are quick, low cost, practical and market-led, helping the MFIs improve not only social performance but also business performance. The assessment is backed up/ supported further by an action planning exercise and follow-up visits to help the MFI further identify and implement a solution for their priority areas identified in the action planning.

MFIs and banks will lose money in the form of defaults, poor households will find it difficult to access much needed financial services and eventually government will attract public criticism for cutting off the only legitimate source adequate credit in most communities. MFI must consider this as a wake-up call and look inside for deficiencies including operational methodologies, incentive structures, product offerings, governance, management capacities, MIS and public relations. On the other hand Government should devise policies and programs that promote transparency, healthy competition, client protection, financial literacy, public private partnership and responsible lending. The differences must be resolved and gaps filled at the soonest in the larger interest of the society. The longer it takes the harder it gets to restore normalcy and, as always, the innocent poor will be the biggest losers at the end of the day.

(The author is Principal, Govt. Degree College, Tandur–501 141, Andhra Pradesh, e-mail:drpm16@yahoo.co.in)

WHAT'S GONE WRONG WITH MICRO FINANCE ?

DR. K. SRINIVASA RAO

It is important to keep in mind that rural indebtedness is not the result primarily of MFI activity — in fact, the majority of debt among households in poor areas is non-MFI loans.

Microfinance loans provide financial access to the poorest to meet expenditure for marriages, ceremonies and certain other rituals, repayment of old dues, children's education, income generating activities including agriculture and to start new businesses. In the absence of microfinance, the poor will have no choice but to approach the unregulated local moneylenders who provide services which are fast and flexible, but charge usurious interest rates in the range of 60-120 per cent per year and who may often enforce repayment by illegal and exploitative means. The objective of this paper is to examine the present status of Micro Finance services through banks

and Microfinance institutions and its impact on the rural poor also made suggestions for a way forward keeping in view the latest developments that are taken place.

Statistics speaks

There have been reports of debt-related suicide. The loan outstanding, according to the latest estimate by Microfinance Institutions Network (MFIN), the organization of 40 MFIs, is about Rs 30,000 crore with about 3 crore poor banking on MFIs for their financial needs. While the four southern states of AP, Tamil Nadu, Karnataka and Kerala account for a chunk of this borrowing, West Bengal and Orissa too have rural



poor relying on MFIs. Besides, the sector is also on an uptick in UP and Haryana.

Recent Developments in Andhra Pradesh

Government of Andhra Pradesh (AP) promulgated an ordinance that retroactively waived loans where a sum of twice the principal had been repaid. It enforced that repayment collections occur at panchayat offices, and added onerous regulation that requires registration of microfinance institutions or MFIs with district authorities who may, at any time, cancel it. This has caused large-scale defaults by borrowers in AP, withdrawal of liquidity by banks and a severe loss in capital. Over 30 suicides in the last two months have been attributed to high interest rates and harassment by MFIs. Although MFIs deny arm-twisting borrowers for recovery and also claim that their rates are the way because of high cost of funds as well as the high costs they have to incur on enrolling clients and collecting repayments, the fact is that the state government has been forced to bring in an ordinance that would put a curb on MFIs.

Centre for Microfinance Survey (A.P.)

It is important to keep in mind that rural indebtedness is not the result primarily of MFI activity in fact, the majority of debt among households in poor areas is non-MFI loans. A recent survey by the Centre for Microfinance has revealed that a staggering 93 per cent of the households in AP have a loan outstanding. Of these the vast majority, 82 per cent, were from informal sources (57 per cent borrowed from friends with interest, 17 per cent from a moneylender), and only 11 per cent had a loan from an MFI.

Microfinance regulations

To reach large number of people, microfinance must eventually move into institutions that are licensed and supervised by a country's financial

authorities. A licensed institution can offer deposit services to its clients (to enable them to save) and thereby also have additional funds for on-lending at a generally lower cost than an unlicensed MFI would need to incur. Because microfinance is different from conventional banking, the banking laws and regulations of most countries are gradually being adjusted to accommodate licensed microfinance. Microfinance Regulation refers to the set of legal rules that apply to microfinance. Supervision is the process of enforcing compliance with those rules. Financial service providers that take deposits need prudential regulation.

Microfinance needs different treatment from normal banking primarily because microfinance assets consist of many small, uncollateralized (that is, unguaranteed) loans. Areas of regulation that typically require adjustment include the relaxation

Microfinance needs different treatment from normal banking primarily because microfinance assets consist of many small, uncollateralized (that is, unguaranteed) loans.

of unsecured lending limits, tightening (if necessary) of capital-adequacy ratios, stricter rules for provisioning for loan losses and lower minimum capital requirements since MFIs are generally smaller institutions than banks or non-microfinance NBFCs. India is a relatively unique case when it comes to

microfinance regulation and supervision. It is not only its size that makes it very different from other countries. The involvement of the commercial banks in the financing of the MFIs is much stronger in India than anywhere else. This was facilitated by the advent of microfinance rating and the central bank's circular recognizing wholesale lending by banks to MFIs as part of their priority sector lending requirement (40% of all loans). This has stimulated and accelerated the transformation of NGO MFIs to non-bank finance companies (NBFCs) since banks are more comfortable with the latter institutional form. The result is that there is *de facto* regulation of microfinance institutions through the central bank. However, since the RBI has not recognized microfinance NBFCs as a separate category, it cannot create the separate prudential and non-prudential regulations that would facilitate the provision of microfinance services and safeguard micro-clients. Thus, unrated NBFCs

are not allowed to offer deposit services limiting the financial inclusion of microfinance clients to the single dimension of credit.

RBI-Regulatory issues for microfinance

Due to the increased attention to regulatory issues for microfinance, several legal and regulatory changes were initiated over the recent years. The most important changes are a number of instructions issued by the RBI, which for the first time specifically deal with microfinance.

Registration and Classification of MFIs

A new MFI would also have to register itself with this authority before commencement of business. If the savings operations of an MFI exceed a predetermined cut-off limit, the MFI will have to register itself with the RBI. A cut-off limit with duality in registration and other components of regulation is envisaged as the area of operation and the range and volume of activities of a large number of MFIs are small. The cut-off level of business for the NGO-MFIs may, for the present, be fixed at mobilized savings of Rs. 25 lakh.

Legal and Regulatory Framework

Regulation helps in long term sustainability, even though MFIs may chafe under it in the initial years. Regulation and supervision ensure that MFIs are run prudently and cases of poor people losing their money due to fraud or incompetence are minimized. At present, most Indian MFIs are NGOs, and thus not treated as part of the mainstream financial sector. Various actions and announcements of the government and the RBI are indicative of the acceptance and recognition of the role of NGO-MFIs as part of the micro-finance sector. There is also restriction on the usage, volume of credit and channel of lending.

Micro finance & Budget allocations (2010-11)

- The programme for linking Self Help Groups (SHGs) with the banking system has emerged as the major micro-finance initiative in the country. It was re-designated as the Micro-Finance Development and Equity Fund in 2005-06 with a corpus of Rs.200 crore. The

fund corpus is being doubled to Rs.400 crore in 2010-11.

Micro-finance Implementing Organizations

In India there exist a variety of MFOs in government as well as non-government sectors. Leading national financial institutions like the Small Industries Development Bank of India (SIDBI), the National Bank for Agriculture and Rural Development (NABARD), and the Rashtriya Mahila Kosh (RMK) have played a significant role in making micro credit a real movement in India the size and types of these organizations range from very small to moderately big organizations involved in saving or credit activities either for individuals or groups. They tend to operate within a geographical range. Many organizations are involved with SHGs not only for credit but also for other purposes like agriculture, watershed etc. Almost all national funding organization like NABARD, RMK as well as other government schemes advocate forming of Self-Help Groups and thus providing and linking with credit. Poverty lending programs and institutions often offer savings and insurance services as well. The objective of the poverty lending program is to give higher priority to social outreach than financial sustainability to achieve inclusive growth.

Financial service providers in India

The Indian financial sector includes a range of institutions. Many of these are involved in providing microfinance services with a varying degree of focus. Typically the banks (including RRBs and cooperative banks) are involved under the government initiated SBLP while some of them also support Microfinance Institutions (MFIs) by providing them credit for on-lending. The Non-Bank Finance Companies (NBFCs), Cooperative Societies, not-for-profit companies (registered under Section-25 of Companies Act) and NGO-MFIs (registered as Societies or Trusts) are part of the MFI model.

Three major allegations against the MFIs

- MFIs are charging exorbitant rates of interest. Not only that MFIs charge

absolutely high interest rate (upwards of 20 per cent), but their practices like forced savings, applying a flat rate method and adding service and other charges, over and above the annual interest rate, further exacerbate the cost. This is leading to an overall high cost of borrowing for the poor, making MFIs' rates look almost usurious. Further, MFIs lack transparency with regard to their interest rate practices, which is helping them to transfer various costs on to gullible borrowers;

- MFIs are resorting to unethical ways of recovering loans by confiscating title deeds, using intimidation and abusive language, and combining multiple products like savings, insurance and loan to ensure prompt recovery; and
- MFIs are aggressively poaching from government and banks to capture their borrowers. They are luring the members of government supported SHGs by liberally financing them, leading to multiple financing.

Higher interest rates

The interest rates prevailing in the microfinance sector are certainly much higher than the rates of formal agencies. Even SHGs which are linked to formal banks normally charge 2 per cent per month to their ultimate borrowers. With regard to MFIs, though the rates are much lower than the informal sector, they have ended up creating an interest rate structure which is only second best for the poor. At times it becomes difficult to estimate the effective rate of interest charged by the MFIs. Not many MFIs make it clear to their borrowers what the effective rate would be.

The Challenges

- One of the major challenges is how to ensure the quality of SHG – Bank linkage in a scenario where the numbers are growing at a fast pace.
- The spread of micro finance sector is quite uneven. Even within a region there are large packets unaffected by the efforts of the sector.

Millions of poor families are unable to get the new initiatives of the sector for the lack of workable institutions.

- The tenure of micro-credit products mostly restricted to one year. Restrictive tenures and high interest rates have renewed the debt trap conditions suffered by the poor when they were borrowing from money lenders.
- Most of the SHG members are illiterate and cannot maintain records and accounts.
- Dearth of perennial livelihood opportunities is one of the biggest obstacles before sustainable self-help group activities.

Suggestions

- An effective delivery system has to ensure people's participation at various stages of the formulation and implementation of the program, transparency in the operation of the schemes and adequate monitoring.
- Involvement of experts in order to increase the efficiency and to reduce the illegal activities in MFI's.
- Mobile Vans equipped with PC-net-connectivity, may be an effective way of reaching under-developed/under-banked areas.
- Rural credit bureaus may be set up at district level by lead bank offices and credit rating of all rural customers may be targeted.
- Credit alone is not adequate for rural and inclusive development. There is need for the 'Credit Plus' approach. With the initiatives outlined above and by defining measurable targets to rural bank branches, we may positively bring about financial inclusion to the desired extent.
- The tenure of micro-credit products restriction has to be increased on the basis of nature of credit from various banks to achieve inclusive growth.

(The author is Sr. faculty, Dept. of Commerce & Director, UGC Major Research Project, Vivek Vardhini (AN) College of PG Studies, Hyderabad – 500095, e-mail: srikanrao2006@gmail.com)

SMART CARD AND SMARTER HEALTH

Shailendra Sinha

India's ambitious Public Health Insurance scheme covering 19 million poor families is poised to go global with the World Bank recommending it for the rest of the world. Countries in Asia and Africa with sizable number of poor people have shown an interest in replicating the Indian scheme that provides for cashless treatment upto Rs. 30, 000/- annually to a family of five at empanelled government and private hospitals through 'Smart Cards'. The Maldives government has asked the Union Labour Ministry, the nodal ministry for implementing the Rashtriya Swasthya Bima Yojana (RSBY) to design a similar project for its people.

At last, the safety cover of medical insurances would extend beyond urban centers of relative prosperity into the vast rural hinterlands of India where more than 70% of its people live. What was commendable is that it was based on practical considerations and evolved to give the best services for a premium, which would be within reach of the rural poor. The premium for providing the Rs.30, 000/- medical cover to poor households has been carefully calibrated. It varies from state to state and ranges from an amount of Rs300-600 annually.

"It is the Smart-Card driven foolproof technology which makes the scheme unique and is the reason behind its success in India Says M Ramadoss, Chairman and Managing Director of New India assurance, one of the insurance providers under the scheme. The biometric card has the fingerprint of the cardholder and a mere swipe allows free treatment at empanelled

hospitals. For the poor then this could be the magic card whose one swipe could open the doors of quality healthcare for a small premium. Yes the Rashtriya Swasthya Bima Yojana does seem to make sound sense in a country where a major cause of rural indebtedness, particularly amongst the already impoverished is medical emergencies.

A typical case happened in Paharpur village, in Dumka district, Jharkhand when Pramila Kole Murmu, a tribal woman in a state of advanced pregnancy needed urgent medical attention. The village ANM (Auxiliary Nurse Midwife) tried her level best to deliver her baby but Pramila's condition started to deteriorate and she was advised treatment at the Primary Health Centres (PHC) at Jama block. For Anand Kole Murmu, the only way to get his wife to the PHC was to put her on a cot and arrange for her to be physically carried to Barapalasi. From here they could take a bus for Jama. The journey was tortuous and what was worse was that the doctor on duty after examination declared that the Centre was not equipped to handle the case. Pramila needed to be immediately shifted to Ursoola Nursing Home, one of the empanelled private hospitals in the area.

For a poor farmer like Anand, the cost of the treatment at such a place would have been prohibitive. But now he had a Smart Card which entitled the family to cashless treatment and was rest assured of the finances as well as quality

treatment for his wife in labour. However nature ordained things differently and sadly by the time the couple could reach Ursoola, it was too late. They had lost the baby, a boy. Pramila was devastated. This was the couple's second child; the first baby had having died in the womb due to complications that remained untreated.

The trauma was only natural. But at least financially, the Smart Card system would protect this tribal couple from the loss they could have had. Except it did not quite turn out like that.

Pramila had been admitted and needed treatment after losing the baby. At this juncture the authorities at Ursoola Nursing Home demanded cash payment from Anand Kole who was shell-shocked. He was proceeding on the understanding that he was 'covered' and had produced his Smart Card. What transpired was a sordid tale of how a poor farmer can be brow-beaten by authorities, be it in any sector that are flagrantly violating the rules governing them. The authorities adopted a high-handed approach and told him that the computer in the nursing home was not working and they were not able to swipe the card. Finally Anand Kole had to acquiesce

In his agitated state, he did the first thing that came to his mind; he told his father Soorju Kole to arrange for money who in turn had to take the money on interest, having no reserves. Somehow the bill for an amount of Rs. 3000 was cleared, an amount of Rs. 3000/-, which for a small farmer can be crushing. Indeed for Anand,

the trauma of losing his child, of seeing his wife struggle with the loss was heart-rending. What was plaguing him now was the loan he had taken. How would he ever be able to repay the debt he had taken to pay for his wife's medical expenses? His income from his small plot of land has been diminishing.

For Anand as for many of the poor families living in the tribal dominated 'Santhal paragana' having the Smart Card is tantamount to nothing given the nexus that is evidently in place in the medical sector which is supposed to be working under the guidelines of the RBSY. It did not open up the doors of quality healthcare for his wife when she most needed it. It did not prevent him from falling into debt, which it is supposed to have done. It did not ease him from the twin burden of ill health and financial burden.

It speaks of the vast lacunae between intent and effect of a credible and much lauded programme like the Rashtriya Swasthya Bima Yojana. Unless the monitoring is more rigorous, unless the offenders are brought to book, unless those who it is meant to benefit are enlightened and made aware, people in much of Jharkhand and

indeed other parts of rural India will remain deprived. It will be back to square one for them, notwithstanding the global recognition of the programme. It is actually worse. Holding up a promise and not delivering is somehow worse, even cruel than leaving them to their own devices. Surely at a governmental level, such negligence is uncalled for and unacceptable.

(Charkha Features)

It speaks of the vast lacunae between intent and effect of a credible and much lauded programme like the Rashtriya Swasthya Bima Yojana.

A CASE OF A SUSTAINABLE SPECIAL SGSY PROJECT IN KERALA

Shailendra Sinha

The Swarnajayanti Gram Swarozgar Yojana (SGSY) which is in implementation in the country for more than 11 years has a special component known as Special SGSY. Any project under Special SGSY with a maximum amount of Rs. 15 crore may be sponsored by the Government of India with centre and state share of 75:25 (except northeastern states). The projects under Special SGSY can be taken up in the areas where it is felt that BPL families are required to be brought above the poverty line in a time bound manner. In fact the projects are sanctioned with a view to providing self-employment for enhancing the income of the rural poor. Altogether 265 special projects with a total investment of Rs. 2401 crore have been sanctioned since inception to March 2009. One of these special projects sanctioned in Kerala under the banner of "Poverty Alleviation through Sustainable Development and Women Empowerment" implemented at Kanjikuzhy and Aryad Block Panchayats, Alappuzha district was studied by the authors in June 2010. An amount little more than Rs. 7 crore was sanctioned under the project. It may be mentioned that under this special project micro-enterprises are promoted mainly for three product groups:

- i) Consumer products catering to local demand;
- ii) Consumer products catering to external markets but utilizing raw materials of the region; and

- iii) Products sub-contracted from large private companies inside and outside the region.

The first group of products consist of toiletries like soaps and detergents, school accessories like notebooks, school bags, tiffin boxes, uniforms, umbrellas, etc., and food materials like curry powders, flour, food mixes, etc. The second group of products inter alia, includes fish and its products such as pickles, readymade curries (two to three days shelflife), dry fish, cut-and-cleaned ready to cook fish to be sold through cold storages; mussels and its products like pickles, cleaned and ready to cook mussels to be sold through cold storages; vegetables and its products such as pickles, vegetables-in-bran, marinated and dried vegetables, soup powders; tubers, fruits and its products; coconut products; curry powders ; dairy products, etc. The third product group may be divided into two viz. 1) the coir related products from the exporting firms in the region



A Special SGSY Project at Work

itself, and 2) a large spectrum of modern electronic and mechanical products, garment stitching and embroidery, etc.

The project was sanctioned in 2002. It was reported that altogether 25 different types of products would be promoted under this project. A striking feature of the project is the formation of a marketing company. The marketing company provides comprehensive support to the micro-enterprises in accessing external markets through a package of services that include technology assistance, credit arrangement, raw material supply, standardization, certification, quality control, packaging, branding, customer feedback, marketing, and distribution.

To get an idea about the impact of the project, one garment unit where shirts are made (located at Mararikulam village of Kanjikuzhy block Panchayat) was studied by the authors in June 2010. Altogether 40 women belonging to four self-help groups viz. Sri Laxmi SHG, Jana Sevika SHG, Evergreen SHG and Femina SHG hailing from the vicinity of the project area were working by making shirts meant for the gents under the brand name of "Maari". All the women

were trained in cutting, stitching, etc. under the guidance of Kudumbashree in Thiruvananthapuram and at the local area for a period of five months.

For smooth functioning of work, a double-storied building on the village panchayat land was constructed from the fund available under the Special Project where all the 40 women performed their work. Apart from this other capital goods like tailoring machines, stitching machines, etc., were arranged from the project's fund. Activities of shirt making started from early 2008. One lady supervisor with an MBA qualification has been engaged by Kudumbashree for monitoring and supervision for which she is paid a fixed emolument of Rs. 10,000 per month. In addition to supervision, accounts are also maintained by her and thus the scope of corrupt practices is ruled out. She is assisted by one convener selected amongst the members of SHGs. It was reported that although the SHGs were assisted by Kudumbashree through backward and forward linkages but the 'workmanship' was so perfect that impressed with the output a local private party supplies raw materials and takes the output whenever work pressure is less. Thus, throughout the year every one earns about Rs. 2,000

to Rs. 5,000 per month. During an interaction with Ms. Mary, Ms. Shiva, Ms. Sanila, Ms. Sajita and others whose husbands' were working as auto drivers, casual labourers at coir factories, etc., expressed their happiness as additional income fetched from the activities helped to maintain quality of life. Thus, thousands of poor rural women were getting the benefit from the special SGSY project by performing different activities as mentioned earlier.

(Courtesy : Grameen Bharat)



SGSY Project in Kerala : Empowering the Women

NOTE ON MISSION PROJECT ON E-PANCHAYATS

Dinesh Kumar Jain

1. The National Advisory Council (NAC) had, in April 2005, suggested to the government to take up a “National IT for Panchayati Raj Programme”, which would include setting-up of a nationally networked/computerized system including treasuries to monitor fund flows/ facilitate devolution.
2. The Department of Information Technology (DIT) has included e-Governance for Panchayats as a Mission Mode Project (MMP) under the National e-governance Plan (NeGP). In the meeting of the Apex Committee on NeGP held on 24 June 2005, MoPR presented an outline of the project “e-Governance in Panchayats”. The Apex Committee approved the approach of MoPR in principle. Subsequently, in a meeting held on 18 May 2006 the Cabinet approved the NeGP comprising of 27 MMPs, the MMP on Panchayats being one of them.
3. A National Programme Committee (NPC) under the Chairmanship of Secretary, MoPR with Financial Advisor as a member and Joint Secretary/Mission Leader of the Ministry as Member-Secretary has already been set up. Other members include Secretaries in the DIT, RD, representative of Planning Commission, DG, NIC, Principal Secretary, Local Self Government, Kerala, Principal Secretaries, Panchayati Raj, Orissa, Gujarat, West Bengal, Karnataka and Bihar. Member-Secretary of NPC who is the Mission Leader will be the Head of the National level Programme Management Unit (NPMU). NPMU will be responsible for over all programme management and

coordination as per directions of the NPC. The NIC unit working for MoPR will be an integral part of NPMU.

Objectives of e-Panchayats MMP

- 1) The objective of the e-Panchayats MMP is to equip Panchayats with various ICT tools (software, hardware & connectivity) to enable them to:
 - ❖ Better participate in the district planning process and bring in an element of felt needs of the plans.
 - ❖ Comply with the financial accounting as well as reporting guidelines vis-à-vis Panchayat Funds and all schemes and functions being implemented through PRIs.
 - ❖ Offer to citizens, services that have been devolved to them with a provision for adding more services as they get devolved.
 - ❖ Enhance their ability to generate, manage and collect local revenue.
 - ❖ Provide external linkages for speedy and transparent transfer of funds, communication with the state and central government departments, etc.
 - ❖ Create, generate and own an integrated database relating to diverse fields including poverty, land, health, education, irrigation, agriculture, unique codes to individuals, utilities and assets, etc.
 - ❖ Provide external visibility for all the above mentioned areas for enhanced

public participation such that there is transparency and social audits are facilitated, thereby strengthening the Panchayati Raj based delivery systems.

- ❖ Enable capacity building of the office bearers of the Gram Panchayat, including computer based self learning tools.
- ❖ Enable linkage to the external world of knowledge and markets and as a mechanism for offering financial services.

2) The Ministry of Panchayati Raj formulated a new centrally sponsored scheme for

e-governance in Panchayats incorporating comments of different Ministries and based on the recommendations of the meeting of National Programme Committee (NPC) held on 25 September 2008.

3) Under e-Panchayats scheme, village and block Panchayats are to be provided with desktop computer, laser printer, scanner, web camera, pen drive and UPS, etc. Latest hardware will be provided keeping in mind the present and future needs of the Panchayats. It has been proposed that States/UTs would implement the e-Panchayats project on a

Application Area	Description
1. Unique Code to Panchayats	Would provide nationwide, standardized unique codes to all the Panchayats in the country. All the events related to delimitation of Panchayats will also be captured. This directory will be the underlying thread linking all applications of Panchayats.
2. Panchayat Portals	Would generate a website for each Panchayat in the country. Would integrate with other software applications for Panchayats to act as a single delivery gateway using single sign-on.
3. Panchayat Profiler	Would help maintain details relating to 1. Socio-economic Information 3. Public Infrastructure and Services 2. Socio-demographic Information 4. Geopolitical Information of Panchayats
4. Planning & Budgeting	– This software would help the preparation of district plans (bottom up) starting from grass roots level. – Converge the funds from different programmes/schemes to ensure effective utilization of funds. – Identify fund inflows and outflows. – Sources of funding. The output of this software would be Panchayat-wise Perspective Plan, Draft Plan, Action Plan and head wise estimates of the budget.
5. Accounting	This software would capture the details of receipts and expenditure by PRIs under various account heads and schemes. The software will automatically generate the cash book, various registers prescribed by central or state government and utilization certificate for various schemes based on the expenditure incurred by the PRIs.

6. Scheme Implementation & Monitoring	This would allow each Panchayat to enter the implementation status of each scheme being implemented on the basis of monitoring parameters defined for the scheme. The schemes may be Central Government Schemes (CSS, ACAs), state government schemes and Panchayat level schemes, if any.
7. Social Audit	This software will capture all events and details relating to social audit conducted by Gram Sabha from time to time, the action taken report, etc.
8. Unique Codes to Assets & Utilities	This application will help maintain information relating to the assets and utilities created and maintained by Panchayats. This would evolve into an on-line Panchayat Assets Utilities directory.
9. Citizen-centric Services	This will be a generic citizen service delivery module to capture all events and information related to delivery of services to citizens by Panchayats.
10. Grievance Redressal	This will be a generic grievance redressal system wherein the citizen will be able to lodge his/her grievance against any employee of a Panchayat or the functioning of the three tiers of Panchayats and their redressal.
11. Basic GIS Applications	This software would display the maps of Panchayats and integrate with other applications for Panchayats such as Panchayat Profile, Planning & Budgeting, Asset Directory, etc. so that a spatial view of the profile/plan of a Panchayat can be obtained by overlaying various non-spatial data.
12. Capacity Building and Training Management	This would be a portal wherein all information relating to trainings such as schedule, material, etc. will be available. Also, the officials who want training on specific topics will be able to register their demand. The portal would also help the training agencies to register themselves as faculty.

service procurement model. The States/UTs will select the Service Center Agencies (SCA) for procurement of specified services, through competitive bidding process.

- 4) The Ministry has been working closely with NIC to build generic software solutions that could be used by PRIs across states. Twelve core common software applications have been identified for the PRIs which are mentioned on the next page:
- 5) With the limited funds available with the Ministry under the head "Mission Project on e-Panchayats", some preliminary studies such as Information and Service Needs Assessment (ISNA), Business Process Re-engineering (BPR) and preparation of Detailed Project Report

(DPR) (State wise), were completed in January 2010.

- 6) The Information and Service Needs Assessment has helped in identifying and prioritizing the information and service needs and expected service levels of citizens, state governments, central ministries and other stakeholders from PRIs. Business Process Re-engineering study was undertaken in order to improve the delivery of services. Detailed Project Reports provide the cost estimates for the project. ISNA, BPR and DPR reports have been prepared and are available on the website of MoPR. State-wise DPRs have been prepared and feedbacks of states/Union Territories (UTs) have also been incorporated.

Key Recommendations from ISNA and BPR Include

- Providing provision for adequate ICT infrastructure to support the redesigned processes.
- Last mile connectivity to GPs through ISP.
- Development of integrated service delivery application and administrative applications.
- Hosting common core applications at NIC data centre.
- Hosting state specific applications at SDC / State NIC data centre.
- Digitization of key registers/ records (identified list).
- Integration of key databases (birth registration, family registers, BPL, migration data, etc.)
- Encourage decentralized information flow and reporting.
- Automate workflow, document flow and smoothen information flow.
- Enable convergence in plan execution and data/information capture.
- Create awareness and build capacities.

Citizen Services & Business Process Re-engineering

In the ISNA phase, based on the inputs provided by different stakeholders, umbrella list of services that are currently being provided by PRIs were identified. Subsequent to this, the services to be re-engineered were then short-listed from the identified umbrella list of services on the basis of volume of transaction; extent of demand for improvement and PRI's involvement to deliver the service.

These services were further analyzed and gaps in various steps of service delivery were identified, which would affect the service delivery to citizens. Based on these gaps, To – Be process maps were recommended for each of the services

in the 27 states. These recommendations are based on the following four solution intervention areas:

- Process Improvement
 - Capacity
 - Automation
 - Policy Change /Enforcement
- 7) As per the findings of the study conducted, the status of availability of computers at Zila Panchayat, Block Panchayat and Gram Panchayat is as follows:

Status on Broadband Coverage to Gram Panchayat's by BSNL as on 30 April 2010		
Total Village Panchayats		242069
Covered Through	ADSL	80, 486
	Wi-Max	10, 879
Total Covered		91, 365
Planned Through	ADSL	1,843
	Wi-Max	97,970
Total Planned in Next Phase		99, 813

- 8) Meanwhile, it was felt that the scope of the study may be increased to cover the remaining states i.e. Meghalaya, Mizoram and Nagaland, which are not covered under Part IX of the Constitution, but are governed by alternative system of local governance similar to Panchayati Raj system. Moreover, due to revision in the strategy for Software Development, Capacity Building and Programme Management, etc., the component-wise cost break up has also increased. Accordingly, an SFC note for revised cost estimates was placed before the Standing Finance Committee, which met on 28 January 2010 and approved the revised cost of the project to the tune of Rs. 46.36 crore. Necessary administrative approval of the competent authority has also been obtained in this regard.

(Courtesy : Grameen Bharat)

AMLA: AMAZING POTENTIAL

Rita Singh Majumdar

Due to its nourishing fruit, Amla plant was worshipped as Mother Earth. Researchers now report that people who eat plenty of vitamin C-rich food have fewer wrinkles than people whose diet contains little of it.

The medicinal, culinary, cosmetics, aromatic and sacred applications of plants was well known to Ayurved practioners. Amla, Indian gooseberry, is one such potent gift of nature to humankind. It contributes toward health and longevity and is an indispensable part of the Ayurvedic and Unani system of medicine. Common names of this tree include *amalaka* in Sanskrit, *amla* in Hindi, *amlaki* in Bengali. **Amla** (Amalaki), scientific name *Embllica officinalis* belongs to the family Euphorbiaceae. It is referred to in ancient text as the best medicine to prevent aging.

Origin of the Herb

Amla, a moderate sized deciduous tree, native to South East Asia is distributed throughout India. Amla is one of the non-wood forest produces of Chhattisgarh, having fairly high demand in national and international drug markets.

Due to its nourishing fruit, Amla plant was worshipped as Mother Earth. In Himachal Pradesh the plan is are worshipped in Kartik. The leaves, fruits and flowers are offered to Satyanarayan Vrata,



Shiva and Gouri on Nitya Samvara Vrata, etc. The Amla tree is widespread in Uttar Pradesh.

This herb used to grow in the Brahimi plateau some 14,000 feet above sea level. Maharajas had exclusive rights over these herbs for over 5000 years because of its undeniable ability to grow more hair and retain youthful vibrancy.

All parts of the plant are used in various Ayurvedic herbal preparations, including the fruit seed, leaves, root, bark and flowers. The traditional healers of Chhattisgarh have rich traditional medicinal knowledge about uses of all parts of Amla herb in treatment of different diseases.

Skin Rejuvenator

One of the most popular Vitamins prominent in most skin care products is Ascorbic Acid (Vitamin C). **Amla contains 20 times the amount of Vitamin C found in oranges.** This anti aging vitamin has been studied and confirmed as being an extremely effective addition to skin care routines as it is necessary for the synthesis of inter-cellular cement “collagen”.

Collagen is produced by the skin naturally and no creams or lotions can replace collagen. External application of collagen has absolutely no effect on the skin. Our skin doesn't have the ability to absorb collagen; it can only produce the same naturally. Collagen is responsible for maintaining the skin's elasticity; it keeps the skin supple and prevents cell degeneration which is the cause of ageing. When antioxidant Vitamin C is added to your skin, it helps your skin get rid of free radicals. Since free radicals can greatly damage your skin, the use of Vitamin C is vital to your skin health. Vitamin C also helps to break up dead skin cells to reveal a smooth, bright complexion.

Researchers now report that people who eat plenty of vitamin C-rich food have fewer wrinkles than people whose diet contained little of it. Relative to this, they also observed that if Amla is taken regularly as dietary supplement, it counteracts the toxic effect of prolonged exposure to environmental heavy metals like lead, aluminum and nickel which

cause environmental damages globally especially as researchers cautioned that when amla is dried in the shade then much of the vitamin C is retained. To get the maximum out of amla it should be taken raw with very little salt.

According to ancient Indian Ayurvedic principles, Amla has the ability to rejuvenate not only skin but also the heart, body and bones as well as the whole system. It is low in sugar and high in fiber which is yet another benefit of amla. It also aids metabolism.

Good Vision and Looks

Amla contains 720 mg of vitamin C per 100 g of fresh fruit pulp, or up to 900 mg per 100 g of pressed juice which is required for good vision and mental development. Amla leaves are useful in ophthalmic and incipient blindness. People use the fresh leaf juice of Amla for wound dressing. The application increases the rate of healing. According to the traditional healers of Chhattisgarh, adding other herbs like Kukronda (*Blumea lacera*), Chirchita (*Achyranthes aspera*), Doob (*Cynodon dactylon*), Neem, etc. in the Amla juice increases its potency.

Amla contains Gallic acid, tannic acid, albumin, cellulose and other minerals. Due to its tannins, even dried form retains most of the vitamin content. The fruit is nontoxic that normalizes body function, balances the neuro-endocrine system and improves immunity. It is light and dry. In Ayurvede the fruit alone is considered a *rasayana* for *pitta* that promotes longevity and is especially good for the heart. It strengthens the lungs, helping to fight chronic lung problems as well as upper respiratory infections. Healers use the fruits alone or in combination with other herbs, in treatment of over 150 common diseases, both internally and externally especially in Chhattisgarh.

Medicinal properties

Amla seeds are acrid, and useful in treatment of asthma, bronchitis, leucorrhoea etc. Many healers use the Amla seeds in treatment of diabetes. The seeds are also used in treatment of Epistaxis. The seed powder mixed with *Shahad* (Honey) is considered as

good for gynecological troubles especially in case of leucorrhoea (Safed Pani). In case of vomiting, the traditional healers recommend it with common herb Lal Chandan (*Pterocarpus santalinus*).

Fresh leaves are eaten in combination with fresh curd or whey to treat stomach related diseases. and diarrhea. The traditional healers of Chhattisgarh plains use the leaves in different ways. For treatment of Epistaxis, they apply the fresh leaf juice with Kapoor (Camphor) on head.

Shiny and Glossy Hair

Hair Tonic: It's one of the best-kept secrets of Indian beauty, and it's one of the ways women keep their hair so shiny and strong (aside from fabulous genetics, of course). Indian gooseberry is an accepted hair tonic in traditional recipes for enriching hair growth and pigmentation. The fruit, cut into pieces is dried preferably in the shade. These pieces are boiled in coconut oil till the solid matter becomes charred. This darkish oil is excellent in preventing graying. The water in which dried amla pieces are soaked overnight is also nourishing to hair and can be used for the last rinse while washing the hair.

The fruit of this plant is believed to enhance hair growth by stimulating the scalp, so it's often recommended for women suffering from thinning hair. It's also said to enhance wave and curl. For use as a scalp massage oil or deep conditioner, mix powdered amla with coconut or sesame oil. To add volume, mix the powder with enough water to make a paste to the consistency of yogurt and let it sit for about 15 minutes to allow the powder to dissolve. Apply it to your hair; let it soak in for a few minutes and then rinse.

The best way to take it with the least loss vitamin C is to eat it raw with a little salt. It is often used in the form of pickles and it is dried and powdered. The berry may also be used as a vegetable. It is boiled in a small amount of water till soft and taken with a little salt. It stops hair-loss, encourages nail and hair growth. It is used in general vitality tonics. It is also used in Trifla powder. It can be mixed with Henna, Shikakai, Tulsi and other herbs and be

applied in hair in paste form. This cures hair fall, hair graying. It dyes, beautifies hair and rids numerous hair ailments.

Amla oil is one of the world's oldest natural hair conditioners. As an Indian herb, amla oil has been used in India since a very long time. It is used as hair oil basically for its cooling effect. According to traditional healers of Chhattisgarh the fresh leaf juice is good hair tonic and they also use the leaves in hair tonic like its fruit. This combination is a boon for the leprosy patients.

How Hair Oil Acts: It instantly penetrates the cuticle and fills it out. It moisturizes and hydrates the hair which adds volume naturally. It can also restore total shine and manageability without chemicals leaving the hair soft and renewed. It provides nourishment to hair roots, improve blood circulation in the scalp and will instantly stop premature graying and hair loss. It has a host of antibacterial and antifungal activities thus eliminating dandruff in the scalp and psoriasis as well.

In India, it was known as miracle fruit. According to 5000 year old Indian myth, it was considered as the nectar of the gods because of the way it magically makes hair grows thicker, stronger and more manageable.

Uses of Other Parts of the Amla Plant

According to Unani system of medicine, flowers are cooling and aperients. People of Kanker region use the Amla root and bark, in treatment of scorpion bite. Amla bark is gray in color and peels in irregular patches. The juice is extracted or by mixing root and bark powder, aqueous paste is prepared and applied externally on affected part. Wood is red in color, hard in texture and small in size. On excessive heat it warps and splits quickly. Its wood generally utilized for making small agricultural implements. It also can be used as fuelwood.

Healing Options:

Respiratory disorders: Indian gooseberry is beneficial in the treatment of respiratory disorders. It is especially valuable in tuberculosis of the lungs asthma and bronchitis.

Diabetes: This herb, due to its high vitamin C content, is effective in controlling diabetes. A tablespoon of its juice mixed with a cup of bitter gourd juice, taken daily for two months will stimulate the pancreas and enable them to secrete insulin, thus reducing the blood sugar in the diabetes. Diet restrictions should be strictly observed while taking this medicine. It will also prevent eye complication in diabetes.

Heart Disorder: Indian gooseberry is considered an effective remedy for heart disease. It tones up the functions of all the organs of the body and builds up health by destroying the heterogeneous or harmful and disease causing elements. It also renews energy.

Eye disorder: The juice of Indian Gooseberry with honey is useful in preserving eyesight. It is beneficial in the treatment of conjunctivitis and glaucoma. It reduces intraocular tension in a remarkable manner. A cup of juice mixed with honey can be taken twice daily for this condition.

Rheumatism: To treat rheumatism a teaspoon of the powder of the dry fruit mixed with 2 teaspoons of jaggery can be taken twice daily for a month.

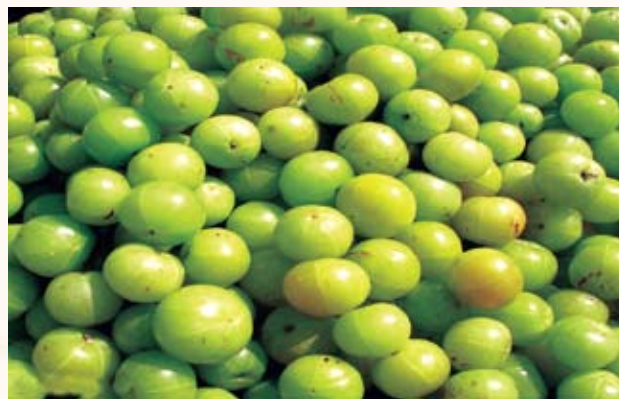
Scurvy: As an extremely rich source of vitamin C, Indian gooseberry is one of the best remedy for scurvy. Powder of the dry herb, mixed with an equal quantity of sugar, can be taken in doses of 1 teaspoon, thrice daily with milk.

Ageing: Indian gooseberry has revitalizing effects, as it contains an element which is very valuable in preventing ageing and in maintaining strength in old age. It improves body resistance and protect the body against infection. It strengthens the heart, hair and different gland in the body.

Profile of Plant:

There are two varieties of amla - **cultivated (gramya)** and **wild (vanya)**. The wild amla is small, hard and has lots of fiber while the cultivated amla is big, smooth and juicy.

The plant is an annual herb attaining a height of 60 cm to 1 m. Prominent groove of glands and white hairs are present on the stem and branches. Leaves are ovate in shape; petiole is long that bears small

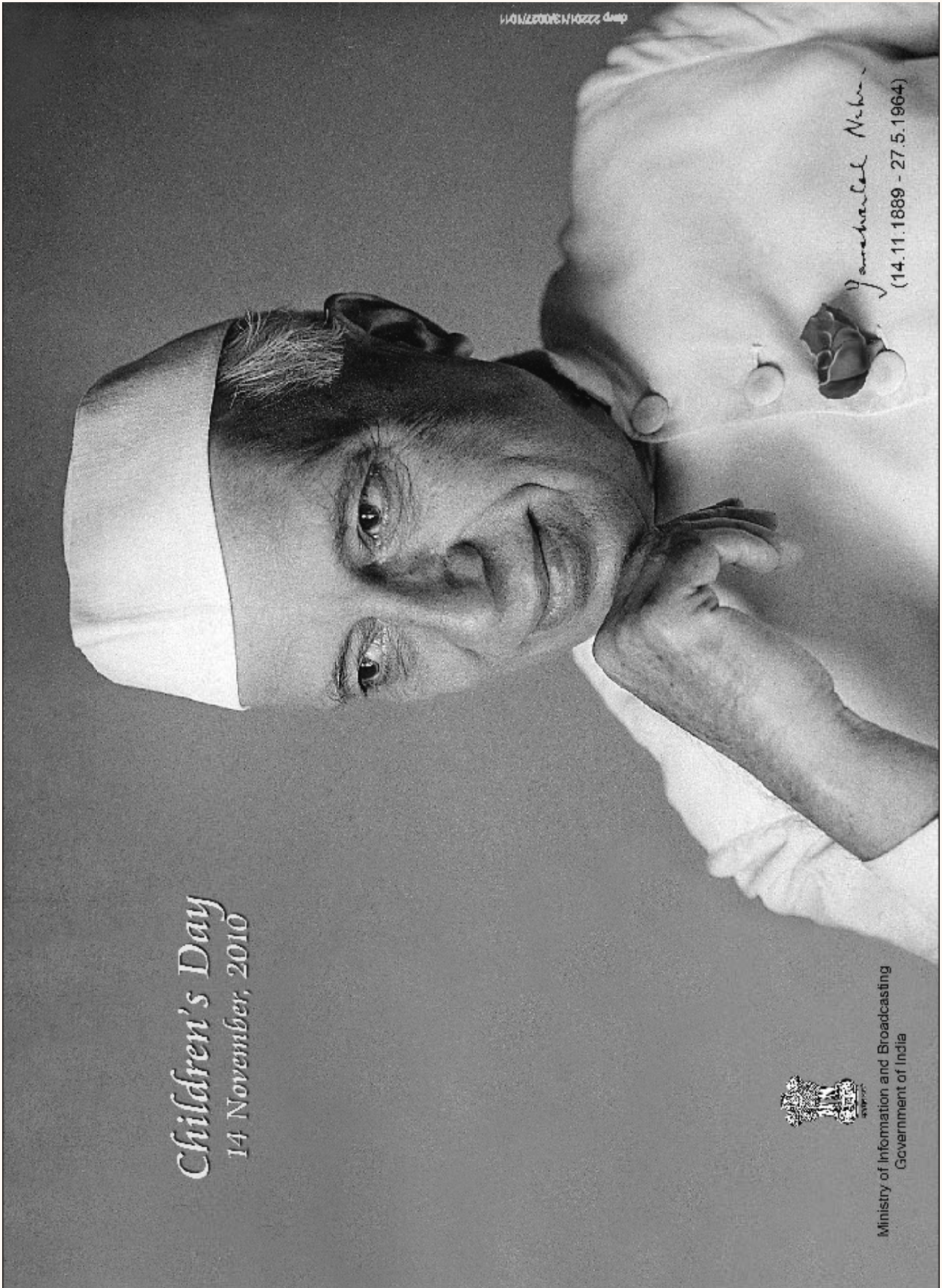


flowers, bluish purple in color bloom from August to November. Its flowers are monoecious and grow in auxiliary clusters. Fruits are minute, ovate, oblong, glabrous, rounded or mucronate and pitted; about 4 mm long, 2-3 mm broad; dark chocolate or black in color, with pericarp attached to seeds: odorless, taste is bitter, acrid and unpleasant. Seeds are kidney shaped. 2-4 mm long, 2-3 mm broad, smooth exalbuminous with straw colored hard testa.

Amla tree is commonly planted in compounds of domestic and office buildings, bunds of agricultural holdings, roadside avenues, etc. Now many farmers in Haryana have taken to planting Amla on their farms as a cash crop. Recently Horticulturists have evolved grafted varieties of Amla for better quality fruits. Keeping in mind the importance and uses of Amla plant, people can take the seedlings of this plant to grow in vacant places near their houses or in the agricultural field.

There is no restriction on planting of Amla in home gardens. Indians prefer this tree in their home gardens as it is associated with their religious ceremonies. It is common belief that the presence of Amla tree in home gardens minimizes the harmful effects of other herbs, particularly the exotic and spiny herbs. In ancient Indian literature, it is mentioned that one must plant at least five trees of Amla in his life. In order to get rid from mental stress, we add Amla in herbal combination used in regular bath. In Southern parts of Chhattisgarh, people prepare special Herbal Mala using root pieces of Amla. It is considered as sign of good luck and fortune.

(The author is Associate Professor, College of Pharmacy, IILM Academy of Higher Learning, Greater Noida, U.P. email: reachrita@rediffmail.com)



Children's Day
14 November, 2010



Ministry of Information and Broadcasting
Government of India

Jawaharlal Nehru
(14.11.1889 - 27.5.1964)

deep 22201/130027/011

SMART CARDS, BIOMETRIC SCANNING FOR SIGNATURES AND HANDHELD DEVICES

Effective use of Information, Communication and Technology (ICT) is an essential pre-requisite for the smooth functioning of a programme as vast as the Mahatma Gandhi NREGA. While ensuring effective implementation and management of the programme, it also brings transparency and credibility.

Mahatma Gandhi NREGA is a rights based programme. Hence, smart cards / hand held devices can be used as an IT tool to ensure rights and entitlements. Smart cards have the potential to capture details of the workers, work and wages (WWW) including the muster rolls and the job cards. Many states have started use of smart cards and hand held devices for the wage disbursement like: Tamil Nadu, Karnataka, Andhra Pradesh, Bihar, Orissa, UP, Kerala, etc. To extend the current use of smart cards and hand held devices from wage disbursement to make it operate like a job card so that all transactions of Mahatma Gandhi NREGA programme be captured, like: registration, job card, demand for work, issue of dated receipt, allotment of work, entry into muster roll like attendance from the field through hand held devices which will be able to record latitude and longitude of the area, ensuring presence of workers at the worksite and payment either through 'branch-less banking' by adopting the business correspondent model and using biometric based technology or through low cost ATMs. Smart card and hand held devices will have the additional advantage of capturing delays. All transactions will be updated instantly in the Management Information System (MIS) and accessible to the beneficiaries as well as the public. It will also enhance the management and monitoring of the programme.

The pilot project has been initiated in States like Andhra Pradesh, Kerala, Uttar Pradesh, Bihar and Orissa.

Low cost ATM for Wage Disbursement with Finger Print Authentication and Local Language Interface

ICTs can be fruitfully deployed to ensure that the scheme is implemented in a transparent manner. The Ministry of Rural Development and United Nations Development Programme (UNDP) are supporting any IT based applications to assist in the effective implementation of the Mahatma Gandhi NREGA.

In this context, the Ministry of Rural Development and the UNDP are seeking the expertise of the IITM's Rural Technology and Business Incubator (RTBI) to pilot and field test the technology for low-cost ATMs with finger print authentication and local language interface in five villages in Tamil Nadu.

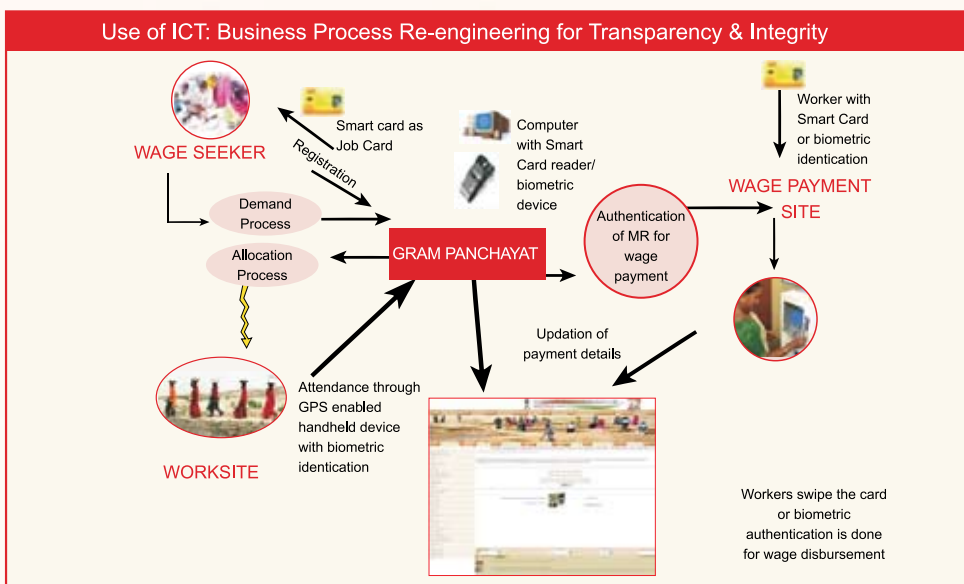
It is not just an ATM but an e-governance model that is people friendly and empowers the poorest labourer to assert his/her rights.

Biometric ATM for Mahatma Gandhi NREG Scheme Workers

Most rural households do not have bank account mainly because of low family earnings. This



A demonstration on the use of smart cards



authentication instead of PIN numbers only as used by other ATMs. This ensures that the Biometric ATM is very easy to use.

- It rules out the possibility of leakages in the payment as the entire wages are disbursed through the bank.

- This project will demonstrate the significant reduction of

cash delivery time, prevention of leakages and pilferages and promotion of transparency in the system.

- In case of payment through the bank branches the workers usually have to wait in long queues. They are not properly attended to by the bank staff. Besides most of the bank branches are short of staff. These workers are perceived by the banking system as an additional burden and are ill-treated in many cases.
- It will encourage more savings as the amount goes directly to the bank and the workers can withdraw a minimum amount of Rs. 50 or whatever sum they require rather than the entire amount.

Advantages

- This Bio-metric ATM is equipped with Biometric sensor which has finger print authentications as a standard feature and it is possible for the illiterate or semi literate folks to use just a thumb impression on a touch screen which will allow the beneficiaries to withdraw their week's wages. The ATM accepts finger prints as the means of

People's Voice



A village lady using an ATM

I am Lakshmi. I belong to Periyakankanankuppam village at Cuddalore Block in Cuddalore District. I am very poor and illiterate. I did not have any bank account before entering the Mahatma Gandhi NREG Scheme. I am ignorant of banking procedures and moreover my paltry earning is insufficient to make both ends meet. After joining the Mahatma Gandhi NREG Scheme, I have been motivated and now I have opened a bank account with ATM card. It is very useful for poor illiterates like me to draw money easily for my needs. It helps me to save money after spending for my needs.

(Courtesy : Grameen Bharat)

