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**Agricultural Transformation for  
Sustainable Rural Development**



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## Agricultural Transformation for Sustainable Rural Development

India is home to one-third (about 259.5 million) of the poor population in the world (FAO, IFAD and WFP 2015, World Bank, 2016). Nearly 60 per cent of the population in India lives in rural areas and agricultural sector provides livelihood to a significant share of this group. Though the contribution of agriculture to GDP has declined over the years (from 52 % in 1950-51 to 16 % in 2017-18), the sector is still the largest in terms of employment generation (49 per cent) and providing livelihoods to the bottom of the pyramid population. What adds significance to this sector is the fact that a lion's share of those Below Poverty Line (BPL), and those who stay hungry, have agriculture as the main stay of their livelihood. This has ramifications, through linkages to food security and nutritional status of this deprived and under-privileged population. In order to achieve sustainable rural development, this deprived section of the society,

which is dependent on the fortunes from agriculture, needs to be focused for interventions through agricultural development. Among the 17 Sustainable Development Goals (SDGs) declared by the United Nations, nine goals are directly linked to achievements in the agricultural sector.

### Role of Agriculture in Rural Development

Agriculture and rural development have an umbilical cord relationship, and the sector has a key role to play in any strategy for rural transformation to achieve the SDGs.

The three major development challenges faced by the country at present are:

- 1) Nearly one-third of the population is below poverty line,
- 2) Nutritional backwardness indicated by high levels of malnourishment,

particularly among children and nearly 15 per cent of the population who stay hungry; and

- 3) Increasing inequality levels.

According to the Global Hunger Index (GHI) prepared by the International Food Policy Research Institute, India ranks 100 out of 119 countries with respect to prevalence of hunger and is well below many Asian countries like Philippines, Nepal, Bangladesh and Sri Lanka (GHI, 2017). The characteristics and performance of agriculture production systems in the country have direct bearing on these challenges, and have a greater role in bringing sustainable development through rural transformation.

### Characteristics of Indian Agriculture and Challenges

Over the last seven decades, Indian agriculture has slowly transformed from



a low intensive traditional input-based production system with low yield levels to a high input intensive production system with higher yield levels and increased returns from farming. In the case of food availability, we have moved out from a ship-to-mouth situation during the early 1960s, to one of the major exporters of foodgrains in the region. This transformation contributed to the achievement of food self-sufficiency, which laid down the foundations for food security and economic development. The development of a fairly robust and globally competent National Agricultural Research System through public investments in agricultural research and education have contributed to this achievement.

Despite these achievements, agricultural sector is heavily burdened with a lion's share of the most vulnerable population of the nation, and faces the challenges of unsustainable resource utilisation and effects of climate change. The major features of agricultural production systems in India, which

indeed are the major challenges, are (Chand et al., 2011, Dev, 2012):

- i) Highly unequal distribution of agricultural land and other means of production, and incidence of landlessness.
- ii) Dominance of small and marginal holdings with high transaction

v) Effects of climate change impacting agricultural production systems.

- vi) Lack of enabling environment and appropriate institutions to bring agricultural transformation for improving livelihoods of the poor and vulnerable.

#### **Agricultural Transformation for Sustainable Rural Development: The Way Forward**

Given the importance of agricultural sector in supporting the livelihoods of the most vulnerable population, it is indeed necessary to transform the sector for achieving sustainable rural development. It is also important to address the development challenges that the country is facing today. We need to adopt strategies that facilitate this transformation. They are:

#### **Improve Profitability and Sustainable Use of Resources**

Productivity and profitability from agriculture can be improved by enhancing the use of resource efficiency through adoption of

“  
***A key strategy for sustainable rural transformation is to improve the livelihoods of communities by creating employment opportunities through value addition of agricultural produce by promoting post-harvest processing and reducing post-harvest losses.***  
”

costs and weak linkages to market.

- iii) Low levels of productivity and profitability.
- iv) Unsustainable use of scarce natural resources leading to its depletion at alarmingly high rates resulting in fragile production environments.

advanced technologies that contributes to sustainability of agricultural production systems. This facilitates poverty reduction through promotion of livelihood opportunities, and at the same time helps in conservation of natural resource base. Several flagship programmes of the Government of India like the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) - Per Drop More Crop, Rashtriya Krishi Vikas Yojana (RKVY), National Food Security Mission, National Horticulture Mission, National Project on Soil Health and Fertility, Rainfed Area Development and Climate Change and Paramparagat Krishi Vikas Yojana (PKVY) focus on achieving sustainable growth in agricultural sector. When agriculture fails to protect and improve rural livelihoods, equity and social well-being are unsustainable.

### **Develop Inclusive Value Chains and Improve Marketing Infrastructure**

A key strategy for sustainable rural transformation is to improve the livelihoods of communities by creating employment opportunities through value addition of agricultural produce by promoting post-harvest processing and reducing post-harvest losses. A significant level of food loss occurs at the harvest and post-harvest levels. It is estimated that 40 per cent of the fruits and vegetables and 30 per cent of the cereals produced are lost due to inefficiencies in the supply chain. Post-harvest losses in India are estimated to be worth ₹ 92,651 crore, which is 0.6 per cent of the GDP (Jha, et al., 2015). Development of inclusive and market-oriented value chains will result in a better distribution of surplus generated from agricultural production among the producers and enhance their returns from cultivation. The value chains developed should provide better access to resources, particularly, credit, technology and extension services. Recent efforts on promotion of Farmer Producer Organisations (FPOs) and

resurgence in cooperative institutions that focus on production and marketing are progressive steps towards this direction. Advancements in ICTs and potential of digital agriculture should be utilised to improve the efficiency of technology transfer and information dissemination mechanisms. This has to be supported by reforms in the existing marketing infrastructure that help producers realise better returns from agriculture. The Integrated Scheme on Agricultural Marketing and the establishment of National Agricultural Market for setting up of a common e-market platform (e-NAM) are key initiatives in this direction.

### **Strengthen Agriculture – Nutrition Linkages to Address Hunger and Malnutrition**

Our achievements in production and productivity in agriculture enabled India to address calorie hunger, but hidden hunger caused by micronutrient deficiencies is widespread (Das et al., 2014). Since a large share of rural population is dependent on agriculture for their livelihoods, the problem of malnutrition can be better addressed through adoption of a strategy that strengthens agriculture–nutrition linkages. There is a strong linkage (direct and indirect) between farming systems in rural areas and the nutritional

status of the population that depends on it. In order to achieve food and nutritional security, it is important to identify the issues around Farming System Nutrition (FSN) linkages, its constraints and potential in achieving better nutritional outcomes. This aims at “providing ‘agricultural remedies’ to ‘nutrition maladies’ “. The FSN strategy focuses on agricultural production, and how to channelise the gains towards better nutritional outcomes directly and indirectly.

As Prof. Swaminathan points out, addressing the issues related to agricultural backwardness is the key to address India’s nutritional backwardness and challenges related to poverty and hunger. An enabling environment is critical for the benefits of progress in agriculture getting transformed into better developmental outcomes, particularly in ensuring food and nutritional security. Convergence of the programmes of National Nutrition Mission with the major agricultural development programmes can augment the efforts towards improving nutritional levels of the rural population.

### **Focus on Gender Transformative Technologies**

Women contribute significantly to agricultural production. Nearly 33 per cent of the cultivators and 47 per cent





of agricultural labourers are women. Though they make a substantial contribution to the workforce, they are denied access to ownership of various means of production, particularly land. A major characteristic of the labour force contribution of women is that, they perform most of the ergonomically challenging tasks with drudgery (transplanting, weeding, harvesting) in agricultural production. In addition, many of the tasks performed by women in agriculture are categorised as unpaid subsistence labour (labour contribution to livestock care) and they face disparities in wage rates compared to men. They are also doubly burdened with household and childcare responsibilities. Hence, adoption of gender transformative technologies, specifically focusing on mechanisation of various agricultural operations, is the key to transform agricultural sector.

### **Climate Change and Agricultural Production**

Recent studies on the impact of climate change on Indian agriculture point out that there will be reduction in the returns from cultivation due to climate change. Based on the long-term weather patterns in irrigated and unirrigated areas, the Economic Survey 2017-18 estimates that climate change can cause, on an average, 15-18 per cent reduction in annual agricultural incomes for irrigated areas and 20–25 per cent for un-irrigated areas (GOI., 2018). This has significant implications to the food security of the country. The

impact of climate change increases the vulnerability of agricultural production and affects livelihoods of those who are dependent on them. We need to evolve strategies to address these changes through climate-smart agricultural practices, along with coping mechanisms in response to extreme weather events.

### **Taming Risk and Uncertainty**

In addition to the production risks from climate change and vagaries of nature, farmers also face the risk of fluctuations in prices of agricultural commodities and low levels of returns. This has serious welfare implications for the significant share of the country's vulnerable population dependent on agriculture. We need to introduce policies and programmes to prepare them for managing the risks and uncertainties of agricultural production, particularly in the background of looming threat of climate change and increasing incidence of natural calamities. There should also be mechanisms in place to support them in the unfortunate occurrence of climate extremes that erode their livelihoods.

Unexpected price fluctuations of agricultural commodities add to the misery of cultivators. This affects income levels of farmers and erodes the foundations of food and nutritional security. There are schemes like Pradhan Mantri Fasal Bima Yojana (PMFBY) that provide insurance against crop losses, and policies like Minimum Support Prices that provide cultivators price support and incentives to continue

agricultural production. However, there are issues related to the implementation and access of small and marginal farmers to such measures. In this context, there should be short-term and long-term policies and programmes to support mechanisms that provide safety nets to the cultivators in the event of wide price fluctuations of agricultural commodities. This will ensure that the primary producers are insulated from the uncertainties of agricultural production and we preserve our past achievements in food self-sufficiency.

### **Role of Policies and Institutions in Transforming Agriculture**

Any strategy to achieve sustainable rural development should focus on bringing transformation in the agricultural sector. The most important factor is the creation of an enabling environment through innovative and appropriate policy frameworks. The strategies to be adopted to bring this transformation in agricultural sector should focus, specifically on policies and institutions that facilitate:

- a) Removal of inequalities in the ownership and access to means of production, primarily land, through appropriate policies and innovative institutional arrangements.
- b) Development of inclusive markets that improve access to farmers and products, and assure remunerative prices and profitability contributing to improved livelihoods of the population dependent on agriculture.
- c) Improving the resource use efficiency and sustainability of existing production systems by developing and adopting improved technologies, management practices and sustainable utilisation of natural resources.
- d) Building resilience to agricultural production systems through adoption of climate-smart agricultural practices to meet the challenges of climate change.
- e) Creation of an enabling environment through institutional innovations and policies to

transform agricultural sector to ensure sustainable livelihoods (achieving growth with equity) that lift people out of the poverty and nutritional deficiency trap.

This should be complemented by an efficient and robust decentralised governance system through strengthening of Panchayati Raj Institutions (PRIs) and creation of capacities for the preparation of Gram Panchayat Development Plans that contribute to sustainable rural development.

### **Creating an Enabling Environment through Public Investment, Social Security Programmes and Efficient Governance Systems**

Sustainable food and agriculture production systems require responsible and effective governance mechanisms. This should be supported by appropriate and sufficient public investment in agriculture, and development of rural infrastructure. These measures will contribute to the creation of enabling environment for synergising the agriculture-nutrition linkages and bring improvements in the livelihood of the deprived, releasing them from the clutches of poverty, hunger and malnutrition and help them achieve better standards of living. Along with these strategies to bring transformations in the agricultural sector, a critical

factor to ensure the sustainability and equity is to provide appropriate social security mechanisms to support the vulnerable sections of the population. A synergy of sustainable agricultural development strategies and an enabling environment created by strengthening of decentralised governance systems through well-functioning PRIs can spearhead the transformation of rural India.

**Dr. Surjit Vikraman**

Associate Professor,  
Centre for Corporate Social  
Responsibility, Public Private Partnership  
& People's Action

*Photo Credits: Dr. Surjit Vikraman*



## Union Minister for Rural Development Visits RTP at NIRD&PR

Shri Narendra Singh Tomar, Union Minister for Rural Development, Panchayati Raj and Mines visited the Rural Technology Park (RTP) at NIRD&PR on February 14, 2018. He visited the technology units viz. compressed stabilised mud blocks, neem oil extraction and cake making, home-based products, tribal jewellery, honey bee keeping, ethnic bags, leaf plate making, handmade paper conversion, mushroom cultivation, hydroponics, food processing through solar dehydration units and interacted with the

technology unit partners, besides visiting various model houses constructed using eco-friendly construction materials.

He also released a CD titled 'The Mud Matters', which shows details of the compressed stabilised mud blocks production technology.

The minister appreciated the work being carried out by NIRD&PR through its RTP unit and hoped that the efforts of the RTP would help in improving the rural employment generation, besides addressing the issues of global warming.

He further interacted with the 'Surya Mitra' trainees, who are undergoing training programme on solar energy technology and opined that the programme would help to meet the shortage of skilled technicians in the country.

The minister was accompanied to different units by Dr. W R Reddy, IAS, Director General, NIRD&PR, Dr. Ramesh Sakthivel, Associate Professor and Head (i/c), Shri MD Khan, Senior Consultant and Shri B N Mani, Project Engineer.



## Union Minister of State for Rural Development visits NIRD&PR

**S**hri Ram Kripal Yadav, Hon'ble Union Minister of State for Rural Development and Land Resources, Government of India visited the NIRD&PR on February 12, 2018. During the visit, the Minister inaugurated a training programme on 'Financing Small Enterprises for Rural Development'. The NIRD&PR and Centre for International Cooperation and Training in Agricultural Banking (CICTAB), Pune have been conducting joint training programmes for several years. The CICTAB, Pune, an autonomous body under the Ministry of Agriculture & Farmers' Welfare, Government of India, conducts about 25 training programmes every year across South Asia.

Thirty six participants from Bangladesh, India, Nepal and Sri Lanka attended the training programme held from February 12 to 16, 2018. Apart from the above, 100 participants from other training programmes, namely National Training Programme on Social Audit of Integrated Child Protection Scheme and Water Resources Programme Management for Sustainable Development also attended the speech of the Minister.

Addressing the gathering, the Minister emphasised the need for providing *Roti, Kapada Aur Makaan* to the rural masses through creation of sustainable employment opportunities through various government schemes like MGNREGA, Pradhan Mantri Awaas Yojana, Pradhan Mantri Mudra Yojana, Pradhan Mantri Gram Sadak Yojana, etc.

Dr. W.R. Reddy, IAS, Director General, NIRD&PR delivered the welcome address.

Later, the Minister visited the Rural Technology Park located at NIRD&PR. The RTP is established by NIRD&PR to appreciate the potential of rural micro-enterprises in creation of sustainable jobs to the unemployed youth. During his visit to the RTP, the Minister inaugurated the following:

1. Modern Mini Training-cum-Conference Hall
2. Hydroponics Unit
3. 3 KW Solar PV Power Generation Unit

The Minister further interacted with the trainees of 'Surya Mitra' training programme and enquired about the course content. He appreciated the efforts of NIRD&PR in organising training programmes and collaborations with Green Urja Unique Technologies & Systems Ltd. (GUTS), which is the need of the hour as the solar technicians are really in short as on date.

The Minister also visited the technology units viz. Solar De-hydration and Cooling Technology, Mushroom Cultivation, Hand-made Paper, Ethnic Bags, Leaf Plate-making, Honey Processing, Tribal Jewellery, Home-based Products Manufacturing, Neem Oil Extraction and Cake-making, etc. He interacted with the technology unit partners in detail and appreciated the efforts being made by RTP in the demonstration and dissemination of technologies for the rural community and in promoting the rural employment.

The Minister further visited the eco-friendly house building technologies showcased and informed that these technologies need to be propagated and transferred for meeting the goals of 'Housing for All' which is one of the main objectives and goals of the Government of India.

While wishing the Centre all progress, the Minister informed that he would discuss with the Secretary and the Union Minister of Rural Development regarding the activities being carried out at NIRD&PR for taking forward the same to other parts of the country.

The Minister was accompanied to different units by Dr. W R Reddy, IAS, Director General, NIRD&PR, Dr. Ramesh Sakthivel, Associate Professor and Head (I/c), Shri Mohammad Khan, Senior Consultant and Shri B N Mani, Project Engineer.



## International Training Programme on Financing Small Enterprises for Rural Development

An international programme on 'Financing Small Enterprises for Rural Development' was conducted by NIRD&PR from February 12 to 16, 2018, in collaboration with CICTAB, Pune. This was the second collaborative programme conducted with the CICTAB in the year 2017-18 at NIRD&PR. The programme was attended by 36 participants from CICTAB member countries such as Bangladesh, India, Nepal and Sri Lanka. It aimed at sensitising the participants regarding financing of micro and small enterprises for rural development, and the policies, programmes and practices in the country in this regard, as also the role of cooperatives and financial institutions in the context of their managerial challenges and the business opportunities in the process of rural development.

The programme was inaugurated by Hon'ble Minister of State for Rural Development, Government of India, Shri Ram Kripal Yadav, who addressed a joint meeting of participants of all ongoing training programmes at the Institute, along with the faculty members and staff. The Minister outlined various initiatives taken up by the Government to bring about holistic development in the rural sector. He highlighted that the Government of India focuses on agriculture (doubling of farmers' income), rural development (creating job opportunities to the unemployed rural youth), education and healthcare (providing quality infrastructure facilities) in order to realise the 'New India' by 2022.

The inaugural session was presided over by Dr. W. R. Reddy, IAS, Director General, NIRD&PR. In his welcome address, Dr. W.R. Reddy highlighted the need for sustainable rural development, catalytic role of micro-finance in rural entrepreneurship, effective management of water resources and critical role of social audit in ensuring healthcare of children and called for action from all the stakeholders.

In his address, Dr. K. K. Tripathy, IES, Director, VAMNICOM and CICTAB, stressed on continuing the collaboration with NIRD&PR for conducting such training programmes. Later, he addressed the participants of the programme and discussed



the issues and challenges faced by micro-finance and micro-enterprises in India.

While Dr. M. Srikanth, Associate Professor & Head, Centre for Financial Inclusion & Entrepreneurship, anchored the programme, Dr. Gyanmudra, Professor & Head, Centre for Human Resource Development, translated the speech of the Hon'ble Minister from Hindi to English. Around 300 people, including faculty, students and trainees participated in the programme.

The programme broadly covered topics related to the role of banks in rural development, rural entrepreneurship and frugal innovations, entrepreneurship and rural development, renewable energy in rural India, skill development in rural India, SHG-bank linkage programme, success stories of micro-credit in India, good governance and rural development through cooperatives, MSME sector and its contribution to rural development, inclusive growth and sustainable livelihoods, and social entrepreneurship. Dr. D Ravi, Consultant, CICTAB, spoke to the participants about teaching and training techniques and designing of training programmes.

As part of the programme, participants were taken on a field visit to the Pochampally Handloom Weavers Cooperative Society in Nalgonda district, where they interacted with the handloom weavers and also learnt from the issues and challenges the handloom cluster are facing.

The programme was coordinated by Dr. M. Srikanth, Associate Professor and Head, CFIE and Shri V. Rama Mohana Rao, Project Consultant, CFIE.



## Training Programme on Improving Nutrition among Women and Children in India

**N**utrition constitutes the very foundation of human development by promoting lifelong learning capacities and enhanced productivity among the population. Poor health and nutrition are two of the greatest barriers to overcome poverty. Young girls often enter their reproductive years in an undernourished condition and a staggering 75 per cent of them are anaemic. The National Family Health Survey-3 found that half of young children who are underweight or stunted (low height for age caused by chronic insufficient nutrient intake or frequent infections) are moderately or severely anaemic. Children in rural areas are 40 per cent more likely to be underweight than children in urban areas, and 7 out of 10 children aged 6-59 months are anaemic. Moreover, 60 to 80 per cent of India's poor, rural and socio-economically marginalised groups have a 20 to 40 per cent shortfall in their protein-energy intake and this is even greater for pregnant and lactating women, and young children.

The Global Nutrition Report 2016 clearly indicates how India still lags behind in tackling malnutrition effectively. In terms of stunting, India ranks 114<sup>th</sup> out of 132 nations (incidence:

38.7%) while for wasting, Indian ranks 120<sup>th</sup> among 130 countries (incidence: 15.1%). Regarding anaemia prevalence among women of reproductive ages, India ranks 170<sup>th</sup> out of 185 countries (incidence: 48.1%). This is a matter of grave concern as well.

The problem of malnutrition being multidimensional, multifaceted and intergenerational in nature and linked to inter-related set of factors, well-coordinated efforts from different sectors such as agriculture, food, health, rural development, water and sanitation, education, etc., among others are needed. Therefore, interventions seeking to provide preventive healthcare in rural India need to respond to these differences, by developing appropriate strategies addressing both women and men, young boys and girls and targeting them appropriately. Over the years, the Government has accorded the highest priority to combat malnutrition among its people. However, there is a lack of multi-sectoral coordination, which is most essential to address the inter-generational and multifaceted nature of malnutrition.

In view of the above, the Centre for Gender Studies and Development

(CGSD), NIRD&PR organised a training course on Improving Nutrition among Women and Children in India for rural development functionaries, ICDS officials, officials working in the Women and Child Development Department and in the area of School Health Education. The objectives of the course were to sensitise the stakeholders on gender perspective of health, nutrition, and development, develop effective nutrition sensitive approaches and strategies towards health and development of the community and equip the participants with hands-on experiences through best practices/case studies/video films/field visit and Information, Education and Communication (IEC) strategies. A total of 40 participants from 15 States attended the five-day course.

The deliberations in five days were spread over several sessions in order to fulfill the objectives of the programme. Besides NIRD&PR faculty, eminent speakers from the National Institute of Nutrition (NIN), Hyderabad and field-level experts from Women and Child Development Department, Government of Telangana also shared their expertise and experiences with the participants. To set the tone for the programme,

a detailed understanding was given on Nutrition-Specific Interventions in National Programmes and Policies which have a bearing on the health of women and children by Dr. A. Laxmaiah, expert in the field of community-based nutrition interventions from NIN. In this session, the concept of nutrition and malnutrition, the determinants of nutritional status among commonly affected population groups and the management of nutritional disorders in India were discussed.

This was followed by comprehensive discussions on gender dimensions in nutrition and health development, with particular focus on maternal and child nutrition issues and challenges, particularly in the context of rural India. Linkages between poor maternal nutritional status and adverse birth outcomes in different population groups in India were discussed with an emphasis on protein energy malnutrition among pre-school children in rural India and adult women nutritional status.

This was followed by vivid discussions on State-specific nutrition interventions with reference to Andhra Pradesh and Telangana by Shri Shivalkar Reddy, State Consultant, Women and Child Development Department, Government of Telangana, and key outcomes of the interventions were also shared with the participants to create awareness and spread knowledge about the best practices in the area of community nutrition. Interventions in

infant and young child feeding practices (IYCF), particularly in the first 1,000 days of life, was emphasised upon. Dietary Diversification, (home gardens, school gardens, community gardens) was thought to be most sustainable and long-term approach to address micro-nutrient deficiencies in order to achieve desired health and nutrition.

Improving nutrition requires a multi-sectoral approach. Along with health, maternal and child health practices, water and sanitation and the agricultural sector present key opportunities for improving nutrition and health. Sustainable models of agriculture nutrition linkages for better nutritional outcomes were shared with the participants in order to align them to the role of agricultural food production systems and their direct and indirect impact on food security and nutrition. This session focused on improved nutritional value of key crops, nature and characteristics of agricultural production system and its role in food security and nutrition, improved farming system for better nutrition, etc.

Behaviour change communication models as effective strategies to improve community nutrition and health, and the importance of community participation in health and development were discussed by the experts and shared with the participants. Different components of effectively communicating messages to the community, along with the role of local governance in effective

management of health services for better health and development of women and children, were also shared and discussed.

As part of field visit, the participants were taken to the National Institute of Nutrition (NIN), the renowned research centre on nutrition in Hyderabad, to learn more about Nutrition Research. A documentary on the journey of NIN and how it has attained global recognition for its pioneering studies on various aspects of nutrition research was screened. The participants also visited the museum at NIN, which was a repository of information on various topics related to health and nutrition. A guest talk was given by senior scientist Dr. Raghunath Rao on the infant and young child feeding practices, which was followed by an interactive discussion. This trip was indeed a learning experience for the participants.

The sessions also included participatory exercises along with interactive discussions. On the concluding day, key learning outcomes were discussed and the participants returned with a greater understanding and awareness of different strategies that can be implemented for improving nutrition and health among women and children in rural communities.

The programme was coordinated by Dr. Sucharita Pujari, Assistant Professor, Centre for Gender Studies and Development.





## Workshop on Transition from Informal Sector to Formal Sector on a GST Landscape: Challenges and Possibilities

Of late, a series of policy initiatives such as GST, demonetisation, reforms in banking transactions, improvements in the ease of doing business, direct benefit transfers and digitisation have been rolled out in an attempt to formalise the economy. Since a large part of our economy operates under informal set-up and given its huge employment and livelihood stake, there was a huge concern regarding how the informal sector enterprises would visualise and respond to these changes. Against this background, the Centre for Corporate Social Responsibility, Public Private Partnership & Peoples Action (CCSR, PPP & PA) and Centre for Entrepreneurship Development (CED) jointly organised a two-day workshop on 'Transition from Informal Sector to Formal Sector on A GST Landscape: Challenges and Possibilities' on February 5 and 6, 2018, at NIRD&PR. The main objective of the workshop was to discuss the implications of these policy changes on informal sector enterprises in rural areas and draw a strategy to help these enterprises gain and improve their livelihood and well-being.

The workshop assembled experts in informal sector, GST, skill development,

entrepreneurship and public finance to discuss the process of transition from informal to formal enterprises. Dr. Jesim Pais, Society for Social and Economic Research, Dr. Babu P. Remesh, Professor, Ambedkar University, Shri R. Mohan, IRS and Dr. N. Ramalingam of the Gulati Institute of Finance and Taxation, Kerala, participated as experts in the workshop. Faculty members from NIRD&PR and officials from DDU-GKY also participated in the deliberation.

In his inaugural address, Dr. W R Reddy, IAS, Director General, NIRD&PR, raised concerns over the contemporary changes and their implications on informal enterprises. He emphasised the role of skill in smoothening the process of transition from informal to formal and assisting these enterprises to reap the benefits of GST and gain productivity improvements. The Director General suggested that NIRD&PR should design interventions and good practices that could help small informal enterprises to climb on the scale ladder. He also demanded simplification of the regulations to improve compliance.

The workshop ran through six sessions to discuss key issues faced by

informal sectors, the implications of macro-economic changes such as GST, demonetisation and critical analysis of existing policies, schemes and inventions for informal sector. Given the size and heterogeneity of informal sector, the group also brought out sector-specific issues and how each sector is responding to these changes.

On the second day, thematic group discussion on skill, entrepreneurship and finance was conducted. Each group came up with a series of researchable issues, action plan, ideas for training programmes, capacity development programmes, networking and liaisons, which the NIRD&PR can take up. The workshop was coordinated by Dr. Surjit Vikraman and Dr. Partha Pratim Sahu under the guidance of Director General and Dr. R. Murugesan, Professor & Head, CCSR, PPP & PA. The programme helped to draw a roadmap to identify sub-sectors, undertake case studies to understand the impact of GST, demonetisation, move towards cashless economy and design training and skill development programmes to support the informal sector enterprises in the background of recent policy changes.



## International Training Programme on Information Communication Technology for Rural Development

The Centre for Information and Communication Technology (CICT) organised an international training programme on 'Information Communication Technology for Rural Development' from January 24 to February 20, 2018 at NIRD&PR, sponsored by the Ministry of External Affairs (ITEC & SCAAP) Government of India. A total of 25 delegates, including 10 women, from 17 countries namely, Afghanistan, Bangladesh, Fiji, Honduras, Indonesia, Ethiopia, Kiribati, Malaysia, Nigeria, Oman, Russia, Sri Lanka, Tunisia, Tajikistan, Turkey, Uganda, and South Sudan participated in the programme. Majority of the delegates represented Rural Development, IT/ICT, Agriculture (Extension, Plant Protection), Local Governance, Infrastructure & Public Services, Community Development, Disaster Management and University.

The main objectives of the programme were:

- 1) To sensitise and orient the participants on the potential of ICTs and its applications, especially in rural development, agriculture, health, education, Digital India Initiative, e-Governance, Mobile

Governance, Citizen-centric Services and Geoinformatics

- 2) To understand the challenges faced by the ICT sector for application development, deployment and implementation
- 3) To demonstrate a few best ICT practices, initiatives and innovations evolved over a period of time in different parts of India, particularly pertaining to rural development, agriculture, governance and health.

To meet the above objectives, lectures, discussions, and demonstrations by various in-house and external resource persons were arranged. Major topics taken up for discussions include Digital India Initiative, e-Governance, m-Governance, Information Communication Technologies, Cloud Computing, Data Centres, Cyber Security, Information Systems, Geo-Informatics and Applications, Internet of Things (IoT), ICT applications in Agriculture, e-Agriculture, Precision Agriculture, Information Education and Communication (IEC), Disruptive Technologies in Agriculture, Telemedicine, Big Data Analytics, Project Management, e-Learning, Ocean

Information Systems and ICT initiatives in managing MGNREGS.

A field visit was organised to Ibrahimpur village of Siddipet district to observe the rural development initiatives undertaken by the Central and State governments and also to interact with SHG members and other beneficiaries of various developmental initiatives. Visits to e-Seva-& CFST, Khairatabad, National Informatics Centre, Software Technology Parks of India (STPI), ICRIASAT and INCOIS were also arranged.

A study tour to Bengaluru and Mysuru was organised and the participants along with programme team visited ANS SIRD, Administrative Training Institute (ATI), Karnataka State Remote Sensing Applications Centre, Swamy Vivekananda Youth Movement, Narayana Hrudayala, Centre for Development of Advanced Computing (CDAC), National Informatics Centre, Bhoomi Monitoring Centre, Government of Karnataka and Centre for e-Governance for Inputs on Outreach using Satellite Systems (SATCOM), High Performance Computing and Applications, Application of ICTs and Remote Sensing for RD, Bhoomi Project

and ICT & e-Governance applications in the State of Karnataka.

To provide insight into the culture and heritage of India, the delegates were provided opportunity to visit Golconda Fort, Salar Jung Museum, Nehru Zoological Park, Mysore Palace and Brindavan Gardens.

Thanking the ITEC/SCAAP for the fellowship and NIRD&PR for organising the programme, the delegates sought programmes of its kind for the benefit of the developing nations.

During the valedictory session, Shri A Narendra Kumar, JD, DDU-GKY



gave away participation certificates and mementoes to the participants. The programme was coordinated by Shri G V Satya Narayana, Senior Assistant

Professor and Shri Partha Pratim Bhattacharjee of Centre for Information and Communication Technology (CICT).

## Off-campus Training Programme on Awaas Soft and PFMS



The Centre for Information and Communication Technology (CICT) organised an off-campus training programme on 'Awaas Soft and PFMS' from February 26 to 28, 2018 at SIRD&PR, Bhubaneswar, Odisha. In total, 54 officials belonging to 28 districts of Odisha participated in the programme. Majority of them represented the District Rural Development Agencies, Rural Development, Panchayati Raj departments and Zilla Parishads.

The main focus of the programme was to orient functionaries of Rural Development, Panchayati Raj, ZPs/DRDAs, SIRDs/ETCs and line departments to the potential of ICTs and its applications, e-Governance, Digital India, Information Education and Communication (IEC) and utilisation of Socio Economic and Caste Census (SECC) for effective management of rural development programmes, specifically PMAY (Gramin) with Awaas Soft and PFMS.

To meet the above objectives, Application of ICTs for e-Governance services in various sectors such as PMAY, MGNREGS, Citizen-centric Services, Public Financial

Management System (PFMS), Socio Economic and Caste Census, in addition to topics relating to IEC and Cashless Transactions were discussed.

To understand the better practices in the State of Odisha with respect to PMAY implementation, a field visit to Adaspur and Badapatta Sunderpur villages in Cuttack district was organised. The participants interacted with the beneficiaries of PMAY in particular, and other development activities taking place in the villages in general. They expressed their gratitude to the Director General, NIRD&PR for providing the opportunity.

The participants got their doubts clarified regarding the utilisation of Awaas Soft, SECC data for implementation of PMAY and also PFMS for fund management by various stakeholders.

The programme was conducted by Shri G V Satya Narayana, Senior Assistant Professor, Centre for Information and Communication Technology (CICT), NIRD&PR and Shri Tapas Ranjan Sahoo, faculty member from SIRD&PR, Bhubaneswar, Odisha.



## Workshop on Mainstreaming Smart Village in Rural Development: A Framework for Analysis and Policy

Of late, a series of policy initiatives such as sizeable increase in budget for rural and agricultural development, emphasis on strengthening Rural Development and Panchayati Raj Institutions, focus on convergence, Gram Panchayat Development Plan (GPDP), Shyama Prasad Mukherji Rurban Mission (SPMRM), Mission Antyodaya, etc., have been formulated by the Government with an aim to bring transformative changes in our villages. However, villages are still struggling for livelihood and the nation is reeling under agrarian crisis and rural distress. The contemporary period has witnessed several remarkable changes and tough challenges. But, there remains a great opportunity to harness and nurture these forces. With remarkable improvements in human creativity, imagination and technological advances, there is greater scope to improve the condition of villages. From small-scale individual initiatives within families, communities and places of work to larger and long-term development initiatives of governments may be used in pursuit of achieving the goal of an equitable and sustainable society.

Against this backdrop, the Centre for Entrepreneurship Development (CED) organised a two-day consultative workshop on 'Mainstreaming Smart Village in Rural Development: A Framework for Analysis and Policy' on February 22 and 23, 2018 at NIRD&PR.

The main objective of the workshop was to assimilate a comprehensive understanding on the existing models of smart villages across the country, draw a strategy for preparing a holistic framework of a self-sustainable and viable model of smart village and also develop a monitorable and executable model within the existing rural institutional setting. The discussion intended to visualise a framework based on the strength of the village and harnessing those strengths for improving efficiency and efficacy in governance, service delivery and make the villages smart.

Prof. Gyanmudra, Head, Centre for Human Resource Development, delivered the welcome address. In his keynote address, Dr. W R Reddy, IAS, Director General, NIRD&PR, raised concern over the failure to extract desirable outcomes from existing rural development initiatives. He urged participants to come up with good practices and models, which could be replicated across the country. Terming the smart village initiatives inspirational, the Director General opined that it could be taken forward within the existing rural institutional framework, including its integration with the GPDP. He suggested the constitution of a network for taking the initiative ahead. He further wanted the group to come up with a definition of smart village and its

attributes and approaches to make the villages smart.

The workshop assembled 44 experts from 27 organisations, which include policy practitioners, technocrats and activists drawn from academia, Central Government, State Government, corporate sectors and Non-Government Organisations (NGOs). The workshop comprised four technical sessions and two rounds of breakout sessions to discuss the idea of smart village, features, tools and gradation of smart village based on a set of standardised indicators and approaches and strategies towards accomplishing a smart village.

The session on good practices demonstrated the existing works and achievements in this field. This session included presentation and discussion on Kuthambakkam village as a model village by Shri Elango, former President of Kuthambakkam, Gross National Happiness in Bhutan by Dr. Tshering, Assistant Professor, Institute of Well-Being, Gyalpozhing College of Information Technology, Bhutan, works related to smart agriculture by ICRISAT by Dr. KPC Rao, Honorary Fellow, ICRISAT, livelihood improvements in Chhindbharri Village, Chhattisgarh, Churchu Block in Hazaribagh district, Jharkhand by Shri Jayaprakash, Tata Trust and Improving Entitlements Using Technology and Network by Shri Aniket Doegar, Co-founder, Haqdarshak. The



session clearly brought out that effective and participative planning in local governance, planning from the bottom, smart use of appropriate technology and its externalities can dramatically improve village development.

Other initiatives in this direction under Rurban Mission by Smt. Vineeta Hariharan, Chief Programme Officer, National Rurban Mission, Ministry of Rural Development and Mission Samridhi by Shri Ram Pappu, Programme Director, Mission Samridhi were also deliberated. In a breakout session to visualise a smart village, a number of indicators were

chosen under various thematic lines such as infrastructure, connectivity, economy, governance, technology, environment, community, culture, etc. The role of people, process, policies and technology were also discussed at length.

On the second day, the workshop started with a technical session on 'Approaches and Strategies towards Accomplishing a Smart Village.' Further, thematic group discussions were held on 1) developing a self-sustainable and viable model of smart village and draw an execution strategy 2) designing technology solutions, smart village

policy for better and empowered rural governance 3) mainstreaming village communities, rural institutions in designing a smart village and 4) designing a detailed plan for investment and resource allocation mechanism for implementing smart village initiative.

The deliberation provided a variety of perspectives from different academic and professional backgrounds. The workshop was coordinated by Shri Animesh Ghosh (OSD to DG) and Dr. Partha Pratim Sahu under the guidance of Director General.

## FRDI Bill and the Indian Banks

There are widespread vociferous debates across the country on probable implementation of the Financial Resolution and Deposit Insurance (FRDI) Bill. Primarily, this is a borrowed concept from the advanced economies after they had experienced global financial crisis followed by sovereign debt crisis. Triggered by bad loans originated from sub-prime borrowers, global financial crisis forced the United States (US) and other developed economies to pump in tax payers' money to save banks through Quantitative Easing (QE); as a corollary, sovereign debt crisis erupted in the Eurozone nations since these governments' exchequers became almost empty while bailing out the beleaguered banks (due to easy credit conditions during 2002-08 that encouraged high risk lending practices).

### Bail-out Method V/s Bail-in Route

Bail-out is a method wherein a bank will be supported from outside its balance sheet; whereas Bail-in route involves that a bank needs to absorb losses (within its balance sheet) by itself. Hitherto, Deposit Insurance and Credit Guarantee Corporation (DICGC) of Reserve Bank of India (RBI) have been providing insurance coverage up to ₹ 1 lakh per depositor in any Indian bank barring primary agricultural cooperative societies. If the FRDI Bill is passed, the DICGC would be dissolved and a Resolution Corporation would be formed and vested with powers to investigate a bank/financial institution (FI) before it is classified as critical or imminent risk to viability. In such a situation, public deposits with the bank will be treated on par with its equity and

will be adjusted towards its liquidation. As such, there would be no guarantee available for the deposits mobilised by the banks in their fiduciary capacity.

Usually, Bail-in will be adopted when it is perceived that financial markets have become sophisticated and matured. Under such circumstances, the governments as well as the central bank regulate the financial institutions through prudential measures and they do not bail them out through any rescue package or merger proposal with another (strong) bank in case of any failure. Bail-in clause implies that the depositors/investors/bond holders should weigh their options carefully before purchasing the financial instruments [i.e., placing their funds with the banks/financial institutions (FIs) by exercising the option *Caveat Emptor*].

According to Section 52 (3) (a & b) of the Bill, the Resolution Corporation will have power to cancel or amend the terms of the contract/agreement between the bank and the depositor, which is contentious in nature. The bill empowers the Resolution Corporation overseeing bank defaults to invoke bail-in and cancelling any/all of the bank's liabilities. In simple terms, public deposits could be cancelled to fund banks' losses on bad loans. For instance, the tenor of the deposit can be increased from one year to three years unilaterally without the approval of the depositor.

Bail-out package in the US was offered after the eruption of global financial crisis to address the failing banks at large to mitigate the systemic risk. However, the package attracted severe criticism, the most common one being the inadvisability of throwing good money after bad money. Generally, bail-out method is used when the government thinks that its own debt is within manageable limits and it is of the view that the banks would make a turnaround in the foreseeable future. However, bail-out has a flip side in the form of 'moral hazard' which may lead to irresponsible lending/investment decisions by the banks as happened elsewhere. Hence, the proposed FRDI Bill. The government thinks that the Insolvency and Bankruptcy Code of 2016 and the proposed FRDI bill will pre-empt failures of banks/FIs and resolve their bad loans.

In many developed countries such as Australia, Canada and the United Kingdom, bail-in provision has been implemented in respect of bonds and commercial papers by excluding public deposits from its purview. When these nations adopted bail-in clause for their banks, bond holders viewed it as a negative signal and this led to bank runs in the Europe in the recent past. As a result, the governments had to reverse their bail-in policy. When the US government bailed-out even private banks/FIs during the financial crisis in 2008, many people opine that the same can be followed in India too. Primarily,



they are of the view that *Sarva Papa Pariharo Rakta Prokshanamavasyam; Thud Raktam Paramatmena Punya Dana Baliyagam* as enunciated in the Sama Veda [Salvation (cleansing the sins of mankind) is through shedding of blood only; further, that blood has to be through the sacrifice of God himself. Here, *papa* (sins) means bad loans. *Paramatma* (God) refers to the government; and *Raktam* (blood) is money].

#### Banking – A Risky Business

Risk is inherent in every business, more so in banking. Judicious management of risk-return trade off should be the focal point. However, it would be foolhardy to wish away non-performing assets (NPAs) as they are inherent (occupational hazard) in the banking system; some portion of the loans given by the banks are bound to go bad due to various reasons but some of these may have the potential to become performing assets later on when the business cycle takes a U-turn.

#### Escalating Stressed Assets

According to the Financial Stability Report (December, 2017) of RBI, gross non-performing assets (GNPAs) of Indian banks reached 10.20% level (translating into approximately ₹ 8 lakh crore) at the end of September, 2017 and might touch even 10.80% by March 31, 2018. Mr. Uday Kotak, Managing Director of Kotak Mahindra Bank Ltd., commented that the total stressed assets (i.e., GNPAs + Restructured Standard Assets +

Unrecognised NPAs) would be around ₹ 14 lakh crore as of March 31, 2017, and account for roughly a fifth of total assets of the Indian banking system. Every quarter, many sectors are being added to the pile of bad loans, out of which telecom, infrastructure, construction, basic metals, and textiles account for the lion's share. So, the entire issue has grabbed the attention of the lenders, government, policy makers, and regulatory authorities.

Stressed assets of the Indian banks have been mounting due to various factors such as persistent global economic slowdown, stalled infrastructure projects on account of delay in obtaining statutory approvals, and land acquisition issues just to name a few. Consequently, there has been a steep erosion in the banks' net worth and dent in their profitability. Against this backdrop, RBI initiated prompt corrective action against some Indian banks namely, Bank of India, Bank of Maharashtra, Central Bank of India, Dena Bank, IDBI Bank, Indian Overseas Bank, United Bank of India and UCO Bank as they had negative return on assets, escalating NPAs, etc. As such, these banks have to dispose of their non-core assets, cut unsecured loans. Further, they are not allowed to open new branches and recruit new manpower.

#### Banks' Health and Economic Growth

It is estimated that the Indian banks would require ₹ 5 lakh crore to meet the Basel-III norms by March 31, 2019. Out of this, the government proposed to infuse



₹ 2.11 lakh crore towards recapitalisation. Hence, the banks need to raise additional funds from the market. As investors lost ₹ 1.37 lakh crore through erosion of market capitalisation of Public Sector Banks between 2010-11 and 2015-16, raising fresh capital from the market would be a challenging task at the present juncture. Viewed in this context, stressed assets are particularly worrisome. If the Indian banks do not succeed in mobilising funds, some of them may not meet the minimum regulatory capital requirements under the Basel-III norms thereby triggering consolidation in the industry.

As per the latest available data, growth in bank credit was at a historic low of 5.08% during FY 2016-17. This is partly attributable to the inability of banks to lend, thanks to the escalating stressed assets. Besides, bank credit to the corporate sector declined by 5.2% (in absolute terms) during FY 2016-17 mainly due to lower capacity utilisation in the manufacturing sector. As a result, there is a secular decline in investment rate from 30.40% of India's gross domestic product in 2014-15 to 27.10% in 2016-17. Accordingly, growth would take an eventual hit.

Besides, credit offtake has not picked up to the desired extent as the corporate borrowers have other options to tap low cost funds through External Commercial Borrowing (ECB)/capital market channels (Corporate Bonds/Commercial Paper), etc. Hence, the low credit growth adversely affected interest income and subsequently profitability of the banking sector. In view of the above, a vicious cycle has emerged in the Indian banking

scenario: rising NPA level calls for higher provisioning resulting in lower capital adequacy and subdued profitability ratios. This further led to muted growth in lending capacity which will affect the economic growth adversely. Besides, the Indian economy has been facing twin balance sheet problem for quite some time in the form of beleaguered banks with huge stressed assets and highly-leveraged corporates.

#### **FRDI Bill & the Indian Financial System**

With a view to addressing the above scenario, the government of India would like to implement the FRDI Bill. The draft bill is being discussed by the 30-member Joint Parliamentary Committee in which the government has clear majority. While some analysts commented that the proposed bill would be a death knell to the Indian financial markets, some have taken a stance that the banks would become prudent and think twice before taking any lending/investment decisions in future. Essentially, the government is proposing for an orderly exit of a failing FI/bank and insulates the financial system from possible systemic risk. In summary, taxpayers should not be penalised for the irresponsible lending behaviour of some banks. Viewing from its bloated fiscal deficit and its growing external debt, the government would like to keep its sovereign credit rating intact; as such, it realised way back in 2004 that it had to dispense with the regular pension liability to the government employees and introduced new pension system, which is contributory in nature. Further, it is essential to have a statutory authority with sufficient legal powers to explore a variety of options for resolution of

weak banks/FIs, without recourse to the government's budget, under any circumstances.

In his S.R. Sankaran Memorial lecture at NIRD&PR, Hyderabad on January 3, 2018, Dr. Duvvuri Subba Rao, former Governor of RBI, echoed these views and felt that the government does not have any moral responsibility to protect the unscrupulous banks/FIs at the cost of public money.

On the other hand, Smt. Usha Thorat, former Deputy Governor of RBI, opined that the banks are highly leveraged and even the most solvent bank in the world could face a run, on account of a contagion, if bank depositors get worried about the safety of their deposits. It is believed that the average Indian depositor might lose faith in the Indian banking system if the bail-in clause is incorporated in the proposed bill. It is feared that the bank runs would be common and financial instability would be given, if the FRDI bill becomes a reality. Some hold the view that the financial inclusion has not reached its last mile in India and our financial markets have not become matured on par with the western countries to introduce the bill. However, the government maintained that the existing deposit insurance coverage of ₹1 lakh will continue till it is revised. ICICI Bank expressed its concern that the bill would be a hurdle to ease of doing business in India given the proposed dual regulatory structure of RBI and the proposed Resolution Corporation. One essential condition for implementation of the FRDI Bill is that the public deposits should be excluded from its purview and the governments of the day should give more operational autonomy to the banks without interfering in their business decisions. According to the Financial Stability Report released in December 2017, bank deposits witnessed decline of 3.30 per cent on year-on-year basis in scheduled commercial banks between March and September, 2017. So, unlike in case of the advanced nations, the time is not ripe for implementation of the FRDI Bill in India.

**Dr. M. Srikanth**

Associate Professor & Head,  
Centre for Financial Inclusion &  
Entrepreneurship

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## GPDP: Vision and Perspectives (Field Notes from a Rapid Study Conducted in Gujarat Villages)

Ideally, Gram Panchayat Development Plan (GPDP) is a robust grassroots level planning process that focuses on local development issues; local perception of needs and priorities; local analysis of problems and solutions, and local resources management, all within a collective local vision. With a view to understanding the efficiency of the GPDP planning process, a rapid study was conducted at four gram panchayats in Gujarat namely, Dhanora, Padmala, Sankarda in Vadodara district and Piplag in Keda district. It's worth noting that the State Government of Gujarat has also customised the GPDP planning process and has released a manual in vernacular languages.

A review of GPDP documents handed over to us in the gram panchayats and a chain of interviews with the panchayat functionaries revealed that they have several unclarified questions about GPDP, which must be addressed through orientation/training. Since the objective of GPDP is not merely about transforming villages, but preparing 'transformative leaders' at the grassroots level, the mindset of gram panchayat functionaries required a re-orientation regarding the concept of local development planning in order to offer them a vision about the elements of GPDP, sense of direction and purpose.

At cognitive level as well as in practice, an enormous gap was detected between the gram panchayat functionaries' understanding of GPDP and the plan guidelines required as a local-level guide for comprehensive planning. In other words, the gram panchayat functionaries seem to have a flawed understanding of GPDP, which needs to be dispelled through orientation and training. The following are some of the instances or conversations that make us infer that they do not take cognizance of the very purpose of GPDP.

### Citable Instances

- 'Participation' and collective visioning are critical elements in GPDP. The responses received when asked about people's participation in preparation of GPDP can be summarised thus:
  - (i) We, 10-12 elected representatives



were born, schooled and grew up here. Accordingly, we understand the needs and priorities of public – often better than we do as large assembly of people;

- (ii) People have their own work and livelihood priorities. So, the expectation that people must be involved in large numbers for preparation of GPDP is unrealistic and unnecessary.
- The training given on GPDP, Plan Plus software, etc., at the district, block and gram panchayat levels were like one-off cascade to be able to sprinkle that holy water on everyone's head. Some felt that drop touched them but evaporated very soon; others missed that drop too. Use of 'Plan Plus software' was totally absent. The training needs to be intensive not only on the technicalities of GPDP preparation, but also on the vision required for preparing the GPDP document.
  - Reportedly, even while conducting a training programme on Plan Plus software, it was hard to convince the functionaries at the gram panchayat level as they are accustomed to wait for technical and administrative sanctions to carry out the works. They think it is wise to wait for instructions from the BDO so that the gram panchayat can pass a resolution as per the BDO's plans and hand it over.
  - They posed questions on the additional benefits provided by the GPDP in terms of functions or

funds at gram panchayat level. For instance, they asked whether there is a guarantee that the panchayat would get administrative or technical sanction from the BDO for all the works planned if a panchayat prepares a vision-based GPDP. In any case, the BDO would sanction works only on the basis of funds made available to him, they claim.

- At village level, there is no concept of 'spill over work'. People expect anything planned to be carried out at the earliest; the latest before the next Gram Sabha meeting. This is practically impossible as coordination is required for converging resources from various government departments as required by the GPDP. If so, questions are asked about devoting time for this exercise, even as the panchayat is sure that the proposals are very much unlikely to get sanctioned in the same year. Obviously, these questions have surfaced from a flawed perception of rural governance and GPDP. Yet, this has to be addressed through training to bring about a consensus over 'what is' and 'what should be'. Perhaps, the essential knowledge required is perception of the true fundamental nature of rural development and governance that a robust GPDP promises than the technical details of GPDP and scheme convergence.
- It is found that the gram panchayat functionaries lack the orientation of a long-term perspective plan for their villages, and breaking them up into smaller doable plans for every year

(GPDP), which eventually get into fruition called 'overall development'. This is absent. They are not visionaries as it is explicitly demanded by GPDP. They are into things that are 'day-to-day and 'Now'. Here again, the GPDP demands 'transformative change' whereas local gram panchayat functionaries are immersed in 'incremental/marginal change'.

- Gram panchayat functionaries develop their perspective of rural development from what they notice and observe. They notice what is visible is 'infrastructure development' – roads, internal roads, drainages, toilets, walkways, waterlines, school, anganwadi building, etc. Obviously, our training programmes should focus on making them aware that 'the purpose of infrastructure development is not for the facility per se, but they are staircases to be able to reach poverty reduction' through (i) livelihoods diversification, (ii) access to markets, (iii) income improvements, (iv) improved quality of education, (v) improved childcare practices, (vi) safe water; (vii) clean

and ODF villages (viii) reduction in the incidence of diarrhea cases, deliberative democracy at the grassroots level, etc.

- It boils down to the fact that a Panchayat President understands availability and non-availability of drinking water supply facility easier than reduction of water-borne diseases; they understand constructing school building and school toilets, rather than working to promote parents' involvement and School Education Committee at the Panchayat level. They do not see that improving quality of education is possible at no cost, if at all local Education Committee became vibrant. Ms. Sooraj Ben, Vice-Sarpanch of Padmala Gram Panchayat understands that alcoholic behaviour of husbands stripes many families off the cash-inflow; but she does not realise that resolving to clean up the village as alcohol-free village is possible at absolutely no cost. All the Gram Panchayat Presidents/Vice-Presidents and

Secretaries interviewed by us have somehow learnt that things that require funds from the government (BDO) must go into GPDP, whereas making a panchayat alcohol-free, and nurturing a vibrant Education Committee or Sanitation Committee in a time-bound manner need not go into GPDP.

The gram panchayat functionaries must be trained to realign their perception to develop the vision of a transformative leader. The trainers must do enough homework to develop inspiring vision statements which they can pass on during training programmes. The vision must involve less of physical constructions, and more of services with a view to making service delivery at Gram Panchayat level more effective, and to transform life and livelihoods in rural areas.

**Dr. R Ramesh**

Associate Professor, CRI

**Dr. P Sivaram**

Professor & Head, CRI

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Ministry of Rural Development, Government of India

Rajendranagar, Hyderabad - 500 030  
Phone: (040) 24008473, Fax: (040) 24008473  
E-mail: cdc.nird@gov.in, Website: www.nird.org.in



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**Dr. W.R. Reddy**, IAS, Director General, NIRD&PR

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