
CHAPTER : XII

SUMMARY OF THE FINDINGS

After independence, various development programmes like Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labourers Agency (MFALA), Drought Prone Area Programme (DPAP), Community Development Programme (CDP) etc. were launched for rural development. But the multiplicity of these programmes operated through multiple agencies created considerable difficulties in effective monitoring. However these programmes did not achieve satisfactory result in their command area. Therefore a new comprehensive programme known as IRDP was launched by the Government of India in 1978-79 in 2000 selected blocks and subsequently it was extended to all 5011 blocks of the country from 2nd October, 1980. The main objective of the IRDP was to identify the poorest of the poor families in the rural areas which consist of scheduled castes, scheduled tribes, other backward classes and the economically weaker sections of the society such as, small and marginal farmers, landless labourers etc. and help to raise them above the poverty line.

The present study was undertaken to examine the impact of the programme on the economic status of the beneficiaries in the district of Birbhum during the seventh five year plan period. For this purpose 380 beneficiaries were selected by the sampling method from all the 19 blocks of the district of Birbhum.

The desired information was collected by a questionnaire prepared for this purpose. The data were collected for the period 01.4.85 to 31.3.90. The data were then subjected to statistical analysis by employing simple tabular analysis. The corresponding averages and percentages were also calculated to facilitate the interpretation and to draw conclusions.

The main findings of the study are summarised below :

IRDP in the District of Birbhum

The integrated Rural Development Programme was introduced in the district of Birbhum in the year 1978-79 in 11 development blocks out of 19 development blocks. Though the funds for subsidy to IRDP were allotted in the year 1978-79 but actual expenditure on IRDP was made by five Panchayet Samities in the year 1979-80. Though all the Panchayet Samities were taken within the fold of IRDP in the year 1980-81 (i.e. 2nd October 1980) but only six Panchayet Samities could incur expenditure on IRDP. At the end of Sept. 1982, DRDA was formed in this district and all the Panchayet Samities came to the fold of the DRDA.

The physical target achieved by the DRDA in the years 85-86, 86-87, 87-88, 88-89 and 89-90 were 124.84%, 91.71%, 136.34%, 152.19% and 138.47% respectively and the financial targets achieved by the DRDA in the same period were 85.11%, 52.78%,

102.93%, 107.29% and 108.96% respectively. Per capita subsidy expended by the DRDA for the same periods were Rs. 1136.24, Rs. 1135.20, Rs. 1504.26, Rs. 1703.10 and Rs. 1960.17 respectively. The physical achievements of the IRDP since inception i.e., in the years 1979-80, 80-81, 81-82, 82-83, 83-84 and 84-85 were 4.9%, 30.5%, 18.0%, 28.5%, 83.9% and 55.2% respectively. The financial achievements during the same period were 0.73%, 4.06%, 6.21%, 7.07%, 49.47% and 32.12% respectively. This indicates that at the initial stage of the IRDP the quantum of the subsidy expended was lower than the stipulated limit i.e., maximum Rs. 3000/- and Rs. 5000/- for the general castes and SC/ST beneficiaries respectively.

In the district of Birbhum, during the 7th plan period the average percentage of the assisted SC and ST beneficiaries were 33.8% and 6.11% respectively whereas, as per 1991 census the percentage of total SC and ST population in this district were 30.68% and 6.95% respectively.

Working of the IRDP Schemes

In this district, during the 7th plan period, 80,385 beneficiaries were assisted under the different schemes of the IRDP. Out of these beneficiaries only 380 beneficiaries were taken as sample from all the 19 development blocks at the rate of 20 beneficiaries from each block. Out of these sample beneficiaries, 55.3% belonged to general castes, 41.5%

belonged to scheduled castes and 3.2% belonged to scheduled tribes. 53.6% of the beneficiaries belonged to the income group of Rs.0 to Rs.2264/- before providing the assistance, 45.5% of the beneficiaries belonged to the income group of Rs.2265 to Rs.3500/- and the remaining 0.9% belonged to the income group of Rs.3501/- to Rs.4800/-. Again 33.7% of the beneficiaries were assisted under the primary sector, 28.4% of the beneficiaries were assisted under the secondary sector, 25.8% of the beneficiaries were assisted under the tertiary sector and the remaining 12.1% of the beneficiaries were assisted under the composite sector. Total number of schemes assisted were 466 to the 380 beneficiaries. The family schemes ratio was 1:1.223.

Loan Disbursement And Cost Structure Among The Beneficiaries

For the purpose of the study the sample beneficiaries were classified into four broad sectors. They were : (1) the primary sector i.e., agricultural and allied activities belonging to agricultural and farm activities, (2) the secondary sector belonging to small scale industries and rural artisans, (3) the tertiary sector belonging to small business including transport activities, and (4) the composite sector including two or more of the above sectors. In the primary sector the percentages of SC,ST and general caste beneficiaries were 48%, 5% and 47% respectively. In the secondary

sector the percentages of the same were 37%, 1% and 62% respectively. In the tertiary sector the percentages of the same were 39%, 2% and 59% respectively. In the composite sector the percentages of the same were 48%, 4% and 48% respectively. Taking all the sectors as a whole the same were 42%, 3% and 55% respectively.

In the primary sector 55% and 45% of the beneficiaries belonged to the income group of Rs.0 to Rs.2264/- and Rs.2265 to Rs.3500/- respectively. In the secondary sector 59%, 40% and 1% beneficiaries belonged to the income group of Rs. 0 to Rs.2264/-, Rs.2265 - Rs.3500/- and Rs.3501 - Rs.4800/- respectively. In the tertiary sector 45%, 53% and 2% of the beneficiaries belonged to the income groups of Rs.0 to Rs.2264/-, Rs.2265 - Rs.3500/- and Rs.3501 - Rs.4800/- respectively. In the composite sector 57% and 43% of the beneficiaries belonged to the income group of Rs.0 to Rs.2264/-, Rs.2265 - Rs.3500/- respectively. Taking all the sectors as a whole 53.7%, 45.5% and .8% of the beneficiaries belonged to the income groups of Rs.0 to Rs.2264/-, Rs.2265 to Rs.3500/- and Rs.3501 to Rs.4800/- respectively. Taking all the sectors as a whole average income of the beneficiaries before getting the assistance was Rs.1953/-.

The average subsidy disbursed in the primary, secondary, tertiary and composite sector was Rs.1721/-, Rs.1266/-, Rs.1576/- and Rs.1734/- respectively. Taking all the sectors as a whole

it was Rs.1556/-.The average loan sanctioned and disbursed in the primary, secondary, tertiary and composite sector was Rs.2523/-, Rs.2292/-, Rs.2801/- and Rs.3087/- respectively. Taking all the sectors as a whole it was Rs.2597/-. The total project costs in the primary, secondary, tertiary and composite sector was Rs.4277/-, Rs.3534/-, Rs.4423/- and Rs.4859/- respectively. Taking all the sectors as a whole it was Rs.4174/-. The subsidy-credit ratio in the primary,secondary, tertiary and composite sector was 1:1.47; 1:1.81; 1:1.78 and 1:1.78 respectively.Taking all the sectors as a whole it was 1:1.67. In the primary, secondary, tertiary and composite sector, the percentages of the beneficiaries requiring only fixed capital were 95%, 1%, 13% and 11% respectively. Taking all the sectors as a whole it was 39%. Similarly the percentages of the beneficiaries requiring funds for partly fixed and partly circulating capital in the primary,secondary,tertiary and composite sector were 5%, 99%, 87% and 76% respectively. Taking all the sectors as a whole it was 61%. The average fixed capital required in the primary,secondary,tertiary and composite sector was Rs.4090/-, Rs.1403/-, Rs.1327/- and Rs.3315/- respectively. Taking all the sectors as a whole it was Rs.2520/-. The average circulating capital required in the primary, secondary, tertiary and composite sector was Rs.168/-, Rs.2130/-, Rs.3087/- and Rs.1533/- respectively.Taking all the sectors as a whole it was Rs.1643/-. In the primary, secondary, tertiary and composite sector the ratio between

the fixed capital used to total productive capital was 1:1.04; 1:2.52; 1:3.33 and 1:1.46 respectively. Taking all the sectors as a whole it was 1:1.65. Similarly the ratio with working capital used to total productive capital in the primary, secondary, tertiary and composite sector was 1:25.35; 1:1.66; 1:1.43 and 1:3.16 respectively. Taking all the sectors as a whole it was 1:2.53. The ratio between the fixed capital used to working capital used in the primary, secondary, tertiary and composite sector was 24.34:1; 0.65:1; 0.43:1 and 2.16:1. Taking all the sectors as a whole it was 1.53:1.

Time taken for sanctioning of loans, creation of assets and existence of the assets

The average time taken for sanctioning bank loans to the beneficiaries in the primary, secondary, tertiary and composite sector was 8.1 months, 9.5 months, 7.4 months and 9.6 months respectively. Taking all the sectors as a whole it was 8.4 months. The average time taken for sanctioning bank loans in each sector is more than the standard time (which may be taken as 3 months). The causes for excess time taken are --

- i. delay in joint inspection;
 - ii. delay in receipts of no dues certificate from other bank branches;
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iii. delay in formation and functioning of the purchase committee; and

iv. more paper works involved for sanctioning and disbursing a loan proposal, etc.

Regarding schemes sanctioned and schemes disbursed to the beneficiaries, it was observed that those who got sanction for one scheme were also disbursed the same number of schemes but in the case where the beneficiaries got sanction for two schemes only 81% of the beneficiaries received the loans for two schemes and the remaining 19% of the beneficiaries were assisted by one scheme. Similarly out of the beneficiaries who got sanction for 3 schemes, only 75% of the beneficiaries were assisted by the three schemes and the remaining 25% of the beneficiaries were assisted by one scheme.

Regarding subsidy adjustment it was observed that at the time of disbursement of the bank loans, the amount of subsidies was adjusted with the bank loans.

No post-disbursement inspection was made by the DRDA whereas the bank officials paid more visits after providing the assistance.

The percentages of cases where assets were found to exist fully in the primary, secondary, tertiary and composite sector were 31%, 85%, 90% and 17% respectively. Taking all the sectors as a whole it was 60%. Similarly percentages of cases

where assets were found to exist partly in the primary, secondary, tertiary and composite sector were 54%, 3%, 2% and 67% respectively. Taking all the sectors as a whole it was 28%. The percentages of cases where assets were found to be non-existing in the primary, secondary, tertiary and composite sector were 15%, 12%, 8% and 16% respectively. Taking all the sectors as a whole it was 12%. In the case of non-existence of the assets it was observed that 40% of the beneficiaries sold their assets for repayment of the bank loans, 17% of the beneficiaries sold the assets for consumption purpose, 36% of the beneficiaries sold their assets partly for consumption and partly for repayment of bank loans and for the remaining 7% of the beneficiaries, their assets were perished.

13% of the total beneficiaries demanded further loans for the expansion of their existing venture, 60% of the total beneficiaries demanded further loans for diversification of their existing venture to other venture, 23% of the total beneficiaries demanded further loans for both purposes and the remaining 4% of the total beneficiaries had no demand for further loans.

Repayment of Bank Loans

Regular repayment of bank loan instalments in the primary, secondary, tertiary and composite sector were 55%, 59%, 60%

and 26% cases respectively. Taking all the sectors as a whole it was 54%. In the composite sector, the percentage of repayment of bank loan instalments were the lowest. The percentages of defaulters in repayment of bank loan instalments in the primary, secondary, tertiary and composite sector were 45%, 41%, 40% and 74% respectively. Taking all the sectors as a whole it was 46%. Thus the percentage of defaulters in the repayment of bank loan instalments in the composite sector was the highest.

Causes of default were classified into five broad categories. They were : (1) wilful default i.e. who did not repay their bank loan instalments willingly; (2) inadequate and unsatisfactory nature of assets provided i.e. the beneficiaries did not repay their bank loan instalments due to unsatisfactory nature of the assets; (3) low investment i.e. beneficiaries did not repay their bank loan instalments due to low investment in project costs which resulted in low income generation; (4) lack of infrastructural support, i.e. the beneficiaries did not repay their bank loan instalments due to lack of marketing facilities and (5) more than one reasons, i.e. they did not repay the bank loan instalment due to more than one of the above stated reasons.

Out of defaulted beneficiaries in the primary, secondary, tertiary and composite sector the percentages of wilful defaulters were 35%, 43%, 36% and 41% respectively. Taking

all the sectors as a whole it was 38%. In the primary, secondary, tertiary and composite sector, the percentages of defaulters due to inadequate and unsatisfactory nature of assets provided were 28%, 9%, 18% and 12% respectively. Taking all the sectors as a whole it was 18%. The percentages of defaulters due to low investment in project in the primary, secondary, tertiary and composite sector were 7%, 9%, 15% and 15% respectively. Taking all the sectors as a whole it was 11%. The percentages of defaulters due to lack of infrastructural support in the primary, secondary, tertiary and composite sector were 21%, 14%, 18% and 12% respectively. Taking all the sectors as a whole it was 17%. The percentages of defaulters due to more than one causes in the primary, secondary, tertiary and composite sector were 9%, 25%, 13% and 7% respectively. Taking all the sectors as a whole it was 16%.

In the primary sector, out of 57 defaulter beneficiaries, 98% of the beneficiaries opted for further loans whereas 2% did not opt for further loans. Out of those beneficiaries who opted for further loans, 20% of them wanted for expansion of their existing venture, 71% for diversification of their original venture to other venture and the remaining 9% for both purposes. In the secondary sector, 98% of the defaulter beneficiaries applied for further loans whereas 2% opted for non-requirement of further loans. Out of these 5% wanted further loans for expansion of their original venture, 81% wanted

further loans for diversification of their venture to other venture and the remaining 14% wanted for both purposes. In the tertiary sector, 97% of the defaulter beneficiaries wanted further loans whereas 3% opted for non-requirement of further loans. Out of those beneficiaries 8%, 50% and 42% required further loans for expansion of their venture, diversification of their venture to other venture and for both purposes respectively. In the composite sector, 79% beneficiaries opted for further loans whereas 21% of the beneficiaries did not opt for further loans. Out of those beneficiaries who opted for further loans, 15%, 81% and 4% opted for expansion, diversification and for both purposes respectively. Taking all the sectors as a whole, 94% opted for further loans whereas 6% did not opt for further loans. Out of those beneficiaries who opted for further loans, 12%, 71% and 17% opted for expansion diversification and for both purposes respectively. Out of these beneficiaries only 5% beneficiaries of the secondary sector received further assistance for expansion of their original venture. Taking all the sectors as a whole it was only 1% of the defaulted beneficiaries.

Performance of the Agencies

Regarding shifting of annual income after receiving assistance, it was observed that in the primary and secondary sector, 3% and 4% of the beneficiaries remained in the same

income group whereas, 97%, 96%, 100% and 100% in the primary, secondary, tertiary and the composite sector, shifted their annual incomes to other income groups. Taking all the sectors as a whole it was observed that 2.4% of the beneficiaries remained in the same income group, whereas 97.6% of the beneficiaries shifted their annual income to other income groups.

The average annual incomes after providing the assistance in the primary, secondary, tertiary and in the composite sector were Rs.4992/-, Rs.8009/-, Rs.8540/- and Rs.6022/- respectively. Taking all the sectors as a whole it was Rs.6737/-. Thus the percentages change in gross annual income after getting assistance in the primary, secondary, tertiary and composite sector were 259%, 431%, 402% and 318% of the gross annual income before getting the assistance. Taking all the sectors as a whole it was 345%. Net profits after meeting all the expenses, after getting assistance, in the primary, secondary, tertiary and composite sector were Rs.1195/-, Rs.2176/-, Rs.2413/- and Rs.1717/- respectively. Taking all the sectors as a whole it was Rs.1851/-.

The incremental output-capital ratios in the primary, secondary, tertiary and in the composite sector were .72:1; 1.74:1; 1.45:1; and .85:1 respectively. Taking all the sectors as a whole it was 1.15:1.

Problems, Suggestions & Conclusion

On the basis of formal and informal discussion with the

project officer, DRDA, Asst. Project Officer, DRDA, different Extension Officers of I.R.D.P. of different Blocks, Branch Manager of different lending bank branches, Members and Pradhan of different Gram Panchayets and from sample beneficiaries the following main problems regarding IRDP are highlighted :

- i. Proper identification of the beneficiaries was not made on the basis of 'Antyodyo' principles. Though the household survey was done but there exist some loopholes in the list. As a result underserving families got assistance under IRDP.
 - ii. Though yearly physical targets were achieved and even over fulfilled but the per capita subsidies disbursed were below the maximum ceiling. As a result total project costs were lower than the standard costs.
 - iii. Huge time is taken for sanctioning a loan proposal which creates tension in the mind of the beneficiaries and which gives rise to corrupt practices.
 - iv. Due to huge applications at a time, proper identification of the schemes is not possible in practice.
 - v. In some cases investments made under IRDP are not sufficient to generate more income.
 - vi. Equal selection of beneficiaries from each block seems to be not very scientific and logical as there exists a
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regional difference in the ratio of the people below poverty line.

vii. Some of the rural bank branches find it difficult to handle the identification of the beneficiaries and to help them in the preparation of their loan proposals as they have poor machinery to do this.

viii. On the organisational side an important limitation of the IRDP is that, DRDAs have no permanent organisational framework for rural development.

ix. Illiteracy of the target group seriously affects the future prospects of the schemes, as the target groups are not socially conscious about the programme.

Suggestions

i. Proper identification of the beneficiaries must be done.

ii. Submissions of loan proposals to bank branches should be done at regular basis.

iii. One-window system should be introduced for granting loans.

iv. Investment under this scheme should be made in such a way that it ensures yield at the best possible rate of return to the beneficiaries.

v. A cadre of personnel should be appointed and be trained for the IRDP only for verification of the assets and other specialised tasks of the DRDA.

vi. Proper marketing facilities of the output produced by the beneficiaries be provided so that they can easily sell their output.

vii. The maximum ceiling of the loans and subsidies should be enhanced so that the problem of under finance could be overcome.

viii. Seizing power of the assets may be entrusted with the hands of bank branches for wilful defaulters.

ix. In some cases it was observed that liabilities of repayment of bank loans were waived. It was a wrong decision which seriously jeopardized the recovery position. Therefore it is suggested that this practice should be dropped.

Higher level of income generation, assets creation, employment generation etc. in the study area indicated that IRDP has produced positive impact on the socio-economic conditions of its beneficiaries. So it is recommended that the present programme should be well spread in the rural areas so as to bring the rural poor above the poverty line.
