Chapter I

PROBLEM SETTING
CHAPTER - I

PROBLEM SETTING

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PROBLEM SETTING

The percentage of population below a normative minimum has decreased in India since the 70s. However, inequality has been more oppressive on the poor in India, when compared with other developing countries, as the nature of absolute deprivation is made more degradable by inhibiting social factors (Bardhan, 1989: PP 7 and 8 and Table I.1 and I.2). As a comprehensive approach for translating the objectives of reduction of inequality and elimination of poverty into specific programmes, the strategy of contextualisation is adopted. Area-based and household-based approaches target the resource starved areas through programmes like Drought Prone Area Programme and the poor households are targeted through self employment and wage employment programmes.

In this sphere of Social Welfare, different social groups viz., poor women, the handicapped, the old and the infirm among the low income groups have been identified as the 'Target Groups'. Income generating Social Welfare Schemes are designed to provide employment opportunities to these socially and economically marginalised sections.
### Table I I

**Population Below Poverty Line - India**

<table>
<thead>
<tr>
<th>Number of Poor (Mn.)</th>
<th>1972-73</th>
<th>1977-78</th>
<th>1987-88</th>
<th>1993-94</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>244.2</td>
<td>253.1</td>
<td>168.3</td>
<td>141.1*</td>
</tr>
<tr>
<td>Urban</td>
<td>47.3</td>
<td>53.7</td>
<td>33.1</td>
<td>27.5*</td>
</tr>
<tr>
<td>Total</td>
<td>291.5</td>
<td>306.8</td>
<td>201.4</td>
<td>168.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>54.1</td>
<td>51.2</td>
<td>28.4</td>
<td>21.7*</td>
</tr>
<tr>
<td>Urban</td>
<td>41.2</td>
<td>38.2</td>
<td>16.8</td>
<td>11.5*</td>
</tr>
<tr>
<td>Total</td>
<td>51.5</td>
<td>48.3</td>
<td>25.5</td>
<td>19.0</td>
</tr>
</tbody>
</table>

* Preliminary estimate and subject to revision

**Source**

TATA Services Limited, Department of Statistics and Economics, (1996-97) "Statistical Outline of India" PP 200, 201 and 261
### Table I2

**Population Below Poverty Line - Tamil Nadu**

<table>
<thead>
<tr>
<th>State</th>
<th>1977-78</th>
<th>1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>% of</td>
</tr>
<tr>
<td></td>
<td>(Million)</td>
<td>Population</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>24.4</td>
<td>52.8</td>
</tr>
</tbody>
</table>

**Source**
TATA Services Limited, Department of Statistics and Economics, (1996-97) “Statistical Outline of India” PP 200, 201 and 261

**Note**
Poverty line denotes the level of expenditure required for a daily calorie intake of 2400 per person in rural areas and 2100 in urban areas. This expenditure is officially estimated @ Rs. 228.90 per capita per month in rural areas and Rs. 264.10 in urban areas at 1993-94 prices.
I.1. DEVELOPMENT OF SOCIAL WELFARE IN INDIA

The role of Social Welfare in India in the context of absolute poverty, abject inequality and rampant illiteracy is developmental. By shifting the focus from the mere provision of ameliorating services to the needy sections to that of the provision of capabilities, an attempt is made to enable the low income groups to get a legitimate share of the benefit of economic and social development.

This 'Enabling Approach' fits into the comprehensive interpretation of social welfare. More particularly, this developmental orientation to the strategy of social welfare would facilitate the disadvantaged individuals, groups and communities to improve their own situation and realise their full potentialities for growth and development. This focus on the promotional aspects makes social welfare an integral part of Human Resource Development in India. Opportunity poverty and asset poverty are the two important constituents of low income in developing countries like India. Hence, this strategy of Human Resource Development in India recognises that the low income groups should be provided with skill and capital in order to break the vicious circle of poverty and accomplish sustained improvement in the quality of life. This implies that any poverty alleviation or social welfare scheme should equip the poor with skill and asset empowerment. Thus, developmental social welfare, as a component of Human Resource Development, aims at helping the vulnerable groups of people directly to achieve the minimum economic standards.
In the above background, context specific social welfare programmes have been implemented in order to have direct attack on different pockets of poverty. By and large they take the forms of Vocational Training and Asset Distribution Schemes. These income generating social welfare schemes are designed to provide employment opportunities to the economically and socially marginalised sections in the society. The asset distribution schemes, by making income yielding asset available to the low income groups, provide them the capital and the source of employment. The Vocational Training Schemes provide the needed skill to the beneficiaries so that the opportunity for wage employment/self-employment is created.

Thus, there is a paradigm shift from the charitable disposition and piecemeal approach of Social Welfare to that of a developmental and 'Capabilities-Building' role. The residual view is replaced by a systematic approach which endorses social welfare service as a necessary function of any society. Hence, context-specific Social Welfare Schemes are designed not only to provide for current needs but to serve individuals and groups positively so that they may develop and achieve to the fullest extent possible.

1.2. STATEMENT OF THE PROBLEM

Classes and strata are the characteristic divisions of modern industrial societies and in the Indian context, the division between groups based upon caste differences constitutes the basis for social distinctions. Division of class structure in terms of low income, middle income and high income group cuts across the social stratification in terms of caste. Though the rigidity of caste-based occupations is being diluted in India in
recent years on account of social transformation, the community into which one is born still seems to be an important social factor influencing the availing of welfare schemes. The lowest caste individuals are born into families whose traditional occupations like scavenging and tanning of leather yield little return (World Bank Report, 1995: PP 44 and 45). Thus, caste-wise profile of the socio-economic conditions of the beneficiaries determines the pattern of the utilisation of social welfare schemes (Thakur 1991:PP 11 and 12). For example, scheduled castes in India have a relatively low status in the labour market.

Type of family is yet another social variable that determines the extent of utilisation of any welfare scheme by the beneficiary. For instance, the utilisation of schemes like tailoring training would be relatively lower in women headed families compared to joint families. According to Ranjana Kumari (1989:PP 26, 31-38) poverty tends to be one of the main characteristics of women headed households. They often do not possess any valuable asset or market-oriented skill. Similarly, the demographic profile of the family in terms of dependency ratio and size of the family seems to be a determining factor in the pattern of utilisation of the schemes.

The transition from a largely rural to urban concentration occurs in a developing country like India without the favourable circumstances which benefited the early urbanised countries. Although city income is well above rural income in Asia, at least half of the urban population exists often never achieving adequate diet, clothing and housing standards (Hoselitz, 1960:PP 101 and 108). In the urban setting, the presence of low income groups in sizeable proportions leads to the formation of slums without civil and infrastructural facilities. This deplorable conditions add misery to the already poverty
stricken low income groups in the metropolitan cities like Madras (Chennai). Slum dwellers constitute nearly one third of the population of the metropolitan cities of India (Report of the National Institute of Urban Studies : 1994). The urban poverty projects should be redesigned in such a manner as to reach the poorest people in the slums and in the non-slum areas since they are the most marginalised and disadvantaged sections in the society (World Development Report on Poverty, 1990 :PP 132-156). The Rawlsian Theory of Justice also points out that the most disadvantaged sections should be the beneficiaries of any government intervention (Rawls, 1971 : P 66).

Self-reinforcing cycles of low skill formation and low returns in the labour market feed back into lower incentives to acquire human capital (World Development Report, 1995 : PP 44-45). The vicious circle of poverty is the characteristic feature of these poor households. The living standard of these households is not only determined by low level of income but also by low level of savings, low level of asset formation and high level of indebtedness. According to the All India Debt & Investment Survey, (Reserve Bank of India, 1971) the poorest 10% owned a tiny percentage of 0.1% of total assets. The top 10% held as much as 51% of total asset. There has not been any appreciable reduction in the unequal distribution of assets since then (Guhan and Harris, 1992 : PP 3-5). Moreover, most of the assets of the poor do not conform to the pattern of income yielding assets. Thus, some poor families having assets may be finding it difficult to make both ends meet in any particular year on account of lack of income and savings and non-income yielding nature of assets. Having liquidated the past savings, some poor families may be surviving on loans, adding to their level of indebtedness.
Factors like, illiteracy, low level of skill, high dependency ratio and slum living seem to perpetuate impoverishment in terms of inadequate and uncertain income, meagre savings and asset and high level of indebtedness. In the above background, income generating social welfare schemes have been designed to ameliorate the conditions of the low income groups.

Given the background of the socio-economic conditions of the poor households, an investigation is necessary to find out whether the asset and training schemes have benefited the target groups in the study area. The prime objective of the above social welfare schemes is to increase the income of the poor households.

Hence, the following specific issues seek for further investigation:

1. Whether the social factors in terms of type of family, illiteracy, slum living and caste-set influence the pattern of utilization of the schemes and thereby the economic position of the beneficiaries?

2. Whether the pattern of utilization of the schemes by the beneficiaries is the family size (dependency level) biased?

3. What would be the impact of the slum environment on the scheme utilization pattern of the beneficiaries in terms of income gain, savings, assets and reduction in debt?

4. What is the degree of divergence on the impact of schemes of utilization in relation to the lowest among the low income beneficiaries? In other words what is the level of applicability of Rawlsian hypothesis?
L3. **OBJECTIVES**

Given the above research frame, the present study attempts to examine the impact of the Free Distribution of Sewing Machine Scheme (Asset Scheme) and the Free Tailoring Training Scheme (Training Scheme) on the beneficiaries. The objectives of the study are:

1. To examine the interrelationship between social variability and the pattern of utilisation of the asset and training schemes. Specifically, it is to analyse the scheme utilisation pattern by the beneficiaries in terms of number of hours per month across various types of families, community groups and living areas.

2. To make a comparative analysis of the impact of the asset and training schemes on the economic status of the beneficiaries. More particularly, it is to find out whether the schemes have any impact on income, saving, asset and debt of the beneficiary households in the slum and non-slum area.

3. To examine whether the lowest among the low income groups are the beneficiaries of the schemes. More specifically, the objective is to analyse whether the targeting of the two schemes and their economic impact fit into the framework of the 'Rawlsian theory of Justice'.

4. To offer policy oriented suggestions if warranted, based upon the observations of this research study and from relevant macro perspective.
1.4. HYPOTHESES

1 The social factors viz., literacy, forward caste and joint family contribute positively to the scheme utilisation in terms of income gain, savings, movable assets and debt.

2 Higher the family size / dependency ratio, greater would be the scheme utilisation for the purpose of higher income gain.

3 The slum environment (over non-slum) adversely affects the scheme utilisation.

4 The economic benefit would be more relatively among the lowest income group than the others of the low income beneficiaries.

5. APPROACH OF THE STUDY

A point of time survey at current prices is made with regard to the economic parameters of the beneficiary households. An income shift matrix is used to assess the comparative economic status of the beneficiary households during the pre and post-utilisation period. The impact is analysed in terms of changes in the level of income, savings, asset and debt of the beneficiary households. The scheme utilisation pattern of the beneficiary households is examined with reference to the number of hours per month of tailoring work put in by the beneficiaries across type of family and environment. A simple Income Determination Model is used to find out the significant determinants of
economic status of the beneficiary households in the post utilisation period. Step-wise regression models are used for the above purpose. The Statistical Package For Social Sciences (SPSS) of version 6.1 is used for running step-wise regression. The Rawlsian framework is used to evaluate the targeting of the two schemes and their economic impact.

### 1.6. METHODOLOGY

This has reference to the selection of the area of the study, the sampling design and the period of the study.

#### 1.6.1. AREA OF THE STUDY

Tamil Nadu is chosen as it has been implementing number of social welfare schemes applicable to the low income groups (Appendix I B, I C & I D). All the districts in Tamil Nadu have been implementing several social welfare programmes. Madras City (Chennai) (Madras city and Madras district are one and the same) is the cent percent urbanised district where number of social welfare schemes have been implemented in order to bring about the social and economic upliftment of the weaker sections. In view of the constraints of resources and time, only Madras City (Chennai) (Chennai District) is chosen for the study purpose.

#### 1.6.2. SAMPLING DESIGN

This consists of the selection of schemes and beneficiaries (Flow Chart I 1).
Sampling Design

Social Welfare Schemes Implemented By The Department Of Social Welfare In The City Of Madras (Chennai)

Sewing Machine Schemes

Free Distribution of Sewing Machine Scheme (270)

Living Area

Slum (135) Non-Slum (135)

Tailoring Training Scheme (108)

Living Area

Slum (70) Non-Slum (38)
1.6.2(i). SELECTION OF SCHEMES

For the study purpose, income generating social welfare schemes meant for low income groups in the City of Madras are considered. These income generating schemes are operated through distributing sewing machine or providing the tailoring training for one year. Hence, both types, i.e., asset scheme (free distribution of sewing machine) and training scheme (free tailoring training) are chosen. These schemes are implemented by the District Social Welfare Department, Madras.

1.6.2(ii). SELECTION OF BENEFICIARIES

The pilot survey conducted with a sample size of 10% across living area among the beneficiaries of the asset scheme reveals that 2% of sample beneficiaries could not be traced. Hence, a large sample size is chosen in order to accommodate such leakages.

*Stratified random sampling method is adopted for selecting the beneficiaries of the asset scheme.* The beneficiaries are stratified into two categories based on the living environment. They are (i) Households / beneficiaries living in slums and (ii) Households living non-slum area. A sample of 75% is preferred. Hence, out of 185 beneficiaries in each living area, i.e., slum and non-slum, 135 beneficiaries from each group with a total of 270 sample households, are randomly chosen. Similar sample size is thought for training schemes. But, for a large sample, 30 being a minimum number, all 38 non-slum beneficiaries and 70 slum beneficiaries are inevitably chosen. Hence, in the case of training scheme, a total enumeration is made. Thus the total sample size is 378 beneficiaries, 2 environment of Chennai City, Tamil Nadu. (Table 1.3)
# TABLE - I - 3

## Number of Sample Beneficiaries of Different Caste Groups Across Environment (Asset and Training Scheme)

<table>
<thead>
<tr>
<th>Area</th>
<th>Asset Scheme - Caste Groups</th>
<th>SC/ST</th>
<th>BC</th>
<th>MBC</th>
<th>OC</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>5 (1.9%)</td>
<td>128 (47.4%)</td>
<td>-</td>
<td>2 (0.7%)</td>
<td>135 (50%)</td>
</tr>
<tr>
<td>SLUM</td>
<td></td>
<td>36 (13.3%)</td>
<td>93 (34.5%)</td>
<td>-</td>
<td>6 (2.2%)</td>
<td>135 (50%)</td>
</tr>
<tr>
<td>NON SLUM</td>
<td></td>
<td>41 (15.2%)</td>
<td>221 (81.9%)</td>
<td>-</td>
<td>8 (2.9%)</td>
<td>270 (100%)</td>
</tr>
<tr>
<td>SUB TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training Scheme - Caste Groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SLUM</td>
<td></td>
<td>17 (15.7%)</td>
<td>22 (20.4%)</td>
<td>13 (12%)</td>
<td>1 (0.9%)</td>
<td>53 (49%)</td>
</tr>
<tr>
<td>NON SLUM</td>
<td></td>
<td>13 (12%)</td>
<td>22 (20.4%)</td>
<td>11 (10.3%)</td>
<td>9 (8.3%)</td>
<td>55 (51%)</td>
</tr>
<tr>
<td>SUB TOTAL</td>
<td></td>
<td>30 (27.7%)</td>
<td>44 (40.8%)</td>
<td>24 (22.3%)</td>
<td>10 (9.2%)</td>
<td>108 (100%)</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td>71 (18.78%)</td>
<td>265 (70.10%)</td>
<td>24 (6.36%)</td>
<td>18 (4.76%)</td>
<td>378 (100%)</td>
</tr>
</tbody>
</table>

Source: Primary Survey, 1994

Note: Figures in brackets refer to row Percentage
The beneficiaries of the sewing machine schemes across living area are found under different types of families i.e., Nuclear Family, Joint Family, Woman Headed Family and Single Member Family. These families belong to different types of community/caste. These are the scheduled caste/scheduled tribe, the most backward community, the backward community, and other community.

1.6.3. PERIOD OF THE STUDY

The primary survey is conducted during May-September 1994. The beneficiaries of the 'Free Distribution of Sewing Machine Scheme' of the year 1992 i.e., between January-December are chosen for the collection of primary data. With regard to the Free Tailoring Training Scheme, the beneficiaries of the year 1991 (January-December) are chosen. As the period of training is one year, income generation from the scheme commences in the year 1992. Mostly the beneficiaries of the earlier years could not be traced. A minimum of two years is considered for the schemes to generate full potential income after implementation. Hence this time bout is chosen.

1.7. THE DATA

The study is based on primary and the secondary data. The primary data are collected from the beneficiaries of the asset and training schemes through a well designed questionnaire by means of personal interview method in the District of Madras (Chennai). Information is collected regarding the socio-demographic characteristics of the beneficiary households and the utilisation pattern of the schemes. The various
Administrative Reports, Official Records and Documents of Ministry of Welfare, Government of India, Ministry of Finance, Government of India Planning Commission, Reserve Bank of India, Central Statistical Organisation, Department of Statistics, Tamil Nadu Department of Finance, Tamil Nadu, Department of Social Welfare, Tamil Nadu, Evaluation and Applied Research Department, Tamil Nadu, Theses and well researched articles from Journals and Books are the sources of the Secondary Data. The secondary data are used wherever necessary to support the statements made in the analysis.

1.8. LIMITATIONS

Given the conviction about the "trickle-down" effect of strategies of economic growth, no special attention was paid to come to grip with the magnitude of the problems of the informal sector and to create a data base. However, in light of the emergent globalisation and its tenets, it is imperative to assess the potentiality of the informal sector, particularly with reference to the market for different type of tailoring services. In view of the constrains of time, resources and man power, it is beyond the scope of this research study to analyse the sustainability of the schemes in terms of quantification of the demand for and supply of personalised tailoring services in qualitative and quantitative terms covering the formal and informal sectors. Globalisation necessitates further research on marketing with regard to demand for tailoring services at the domestic and global levels.

Though adequate care has been taken at the time of primary survey, the errors associated with recall memory on the part of the respondents may be present. Further,
any omission or commission or deliberate distortion of information on the part of beneficiaries are not completely ruled out

I.9. ORGANIZATION OF THE STUDY

The study contains seven chapters. The chapter -I consists of the statement of the problem, objectives, hypotheses, limitation of the study and methodology. Review of Literature is presented in the chapter-II. Chapter -III deals with the progress of the social welfare in India and in the State of Tamilnadu.

The social variability of the beneficiary households and the utilisation pattern are examined in the Chapter-IV. In Chapter-V, beneficiaries economic status during the pre and post-utilisation period is studied. An analysis of the factors influencing the economic status of the beneficiaries is made in Chapter-VI. The summary and conclusions are given in Chapter-VII.
REFERENCES


