CHAPTER 7

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Integrated Rural development Programme (IRDP) was launched in 1978-79 with the object of raising the poorest families in rural areas above poverty line. IRDP, that major self employment programme for poverty alleviation is under operation all over the country from October 2, 1980. Under this programme, those living below poverty line in rural areas are identified and given assistance for acquisition of productive assets or appropriate skills for self employment, which in turn, should generate enough income to enable the beneficiaries to rise above the poverty line. Since inception till the end of March 1996, about 49 million rural families belonging to small and marginal farmers, agricultural and non-agricultural labourers and rural artisans are assisted with assets that helps generate income and employment to enable them a reasonable standard of living.

The United Nations Development Programme (UNDP) human development report 2001 stated that India ranks at 139th place amongst 174 countries in terms of overall human development. A large number of rural development programmes have been taken up during the last 15 years but they have suffered from basic deficiencies like inadequate inputs of education and relevant technologies and absence of an efficient, honest and all-inclusive delivery system. Time is the most crucial factor in
our agricultural and economic development of the vast rural population - nearly 30 to 40 per cent of whom are living below the poverty line (Hari Narain, 2001). The success of Poverty Alleviation Project (PAP) is largely dependent on the project design and management. The proper design and implementation of Poverty Alleviation Project requires re-orientation of bureaucracy to understand the needs of the poor (Pitabasa Sahoo, 2001).

For these schemes alone, the Government of India spends about Rs.9,000 crore annually. During 1998-99, 166 million families benefited under IRDP Since inception of the programme, dairy scheme as an instrument for socio economic upliftment attracted the attention of rural poor. It became very popular and ranked number one in terms of coverage among all the schemes of IRDP. Thus, dairy enterprise is a solution to overcome such problems besides being an effective tool to improve socio-economic conditions of rural people in India.

Dairy farming has been considered as a subsidiary occupation for the village farming community with a view to improve the potentialities in gainful employment and to ensure regular supplementary income to the small and marginal farmers and landless labourers in rural areas. Thus, dairying is reckoned with as an instrument of social and economic change (Gopalakrishnan and Lai, 1985)

The broad objective of the study is to evaluate the performance of dairy scheme under IRDP and its impact on the development of the rural poor in the Union
Territory of Pondicherry. However, despite the fact that a large majority of the beneficiaries under IRDP in the country are drawn from the milch animal sector, the experience has shown that the impact of the programme on the productivity is far from the satisfactory. Besides, beneficiaries are not able to generate sufficient incremental income and employment and it leads to low repaying capacity (Kannapiran, 1992).

The future planning for dairy development should consider the issues relating to extension of benefits of the co-operative sector in order to increase return to farmers as well as generation of rural employment. There is also an urgent need to remove the disparity in the production as well as the consumption of milk between the different parts of the country (Das, 2000).

Right identification and survey of the existing conditions of poor households should be done by the planning cell of the block with the co-operation of the people. Monitoring of the poverty alleviation programmes is very important and it should be done by every agency concerned very effectively. Further, evolution of each programme must be done at proper time by non governmental research institutes (Ramadass, 1986).

Though there are several studies available in analyzing the impact of IRDP, still there is a dearth of empirical studies both at micro and macro levels with special reference to milch animal scheme. The present study is an attempt to fulfill this gap.
Therefore, this study highlights the significant role of milch animal scheme under IRDP in eradicating poverty and enhancing other benefits in the study area.

The specific objectives are:

1. To analyse the functioning of IRDP and to examine the role of financial institutions and government departments in the implementation of the programme.

2. To assess the impact of milch animal scheme under IRDP in terms of the level of income, employment, savings, assets and indebtedness of the beneficiaries.

3. To examine the factors affecting the pattern of repayment of beneficiaries and the problems thereby.

4. To identify the problems in implementing the programme and to bring out the measures to solve those bottlenecks.

5. To offer suggestions for a better and effective implementation of the programme.

The primary data is collected by personal canvassing through the specially structured schedules for the purpose. The sample size is 300 beneficiaries of four...
blocks. A proportionate random sampling method across block wise is adopted. The study period covers 1998-99 financial year. The secondary data covers the periods 1980-81 to 1998-99. The collected data have been analysed by using appropriate statistical tools like correlation, multiple regression and other related techniques to test the formulated hypotheses.

7.1. ANALYSIS OF IRDP IN PONDICHERRY

The IRDP was first introduced in Pondicherry block from 1st April 1978 and in Karaikal block from 1st April 1979 and later on the programme was extended to Mahe and Yanam blocks. The District Rural Development Agency (DRDA) was established on 2nd April 1980. The actual process of implementation of IRDP was done only by 1980. In 1980-81, 951 families with total credit assistance of Rs.13.46 lakhs and an amount of Rs.7.10 lakhs as subsidy have been assisted. Since the starting of the programme in the Union Territory of Pondicherry, a total of 31,444 beneficiaries have benefited till March 1999.

An aggregate amount of Rs.1,505.43 lakhs has been spent for the entire Union Territory of Pondicherry during the period 1980-81 to 1998-99. In 1998-99, 1,317 families with a total credit assistance of Rs.83.81 lakhs and an amount of Rs.35.47 lakhs as subsidy, have been assisted. IRDP has been implemented throughout Union Territory of Pondicherry. It has widespread coverage across all regions equally in Pondicherry. Even though the implementation was not uniform in the initial years, it
was uniform in the later years. During Eighth Five Year plan (1992-1997), Rs.265.45 lakhs have been sanctioned and in the Ninth Five Year plan (1997-2002), Rs.350 lakhs has been disbursed. The progress of IRDP has shown a good impact on the poverty situation of the Union Territory of Pondicherry. As per DRDA records, out of 1,317 IRDP beneficiary families, about 945 families are assisted with milch animals during the reference year 1998-99. From 1980-81 to 1998-99, the number of beneficiaries covered and the amount of assistance expanded have been increasing progressively. Thus, all targets have been achieved. But, the financial coverage of scheduled castes and women was less compared to the physical coverage, which implied lower subsidy per-capita for these groups.

7.2. SOCIO-ECONOMIC VARIABILITY OF THE BENEFICIARIES

In order to assess the impact of the milch animal scheme under IRDP, it becomes inevitable to study the socio-economic variability of the beneficiaries. The present study reveals that various social factors viz., age, sex, caste groups, family size, education, and occupational distribution do influence the utilization pattern of the milch animal scheme.

Non-scheduled caste is the most dominant caste among the beneficiaries of milch animal scheme, i.e., 38 per cent belong to the scheduled castes and 62 per cent to the non-scheduled caste (other communities). Thus the percentage of
non-scheduled caste beneficiaries of milch animal scheme is much higher than the scheduled caste beneficiaries.

In terms of age wise distribution of sample beneficiaries, of the total 300 sample units, 56.67 per cent belong to the age group of 40 to 60 years, while 36.67 per cent to the age group of 20-40 years and the remaining 6.66 per cent belong to the age group of above 60 years. With regard to sex-wise distribution, out of the total 300 sample beneficiaries 220 are males and 80 are females. This forms 73.33 per cent and 26.67 per cent respectively. This may be due to the fact that milch animal scheme is carried on mostly by males in these selected blocks.

Among the sample households of 300, 265 are married, 20 are bachelors and 15 are widowers. This forms 88 per cent, 7 per cent and 5 per cent respectively. Average size of the family of beneficiaries of milch animal scheme is 52 per cent have less than 4 members, 37 per cent have above 4 but less than 6 members and the remaining 11 per cent have above 6 members. With regard to family type set across blocks, the beneficiaries of nuclear family constitute maximum percentage (77.67 per cent), whereas the joint family type belongs to 22.33 per cent.

In term of level of education, out of 300 sample beneficiaries, 53 are illiterates, 175 have attended the primary level education and the remaining 72 have passed the primary level of education. This forms 17.67 per cent, 58.33 per cent and 24 per cent respectively. Occupation is another factor affecting the dynamic process of a scheme.
Majority of the rural poor are landless agricultural labourers only (80 per cent). Of the total 300 sample beneficiaries, 240 beneficiaries are agricultural labourers which is the largest group forming of the total beneficiaries, 23 are small farmers, 23 are marginal farmers and the remaining 14 are other categories (non-agricultural labourers)

During the post-utilization milch animal scheme period, all the beneficiaries have graduated to the higher income groups. The percentage increase in income varies in all the selected four blocks in the study area. The co-efficient of variation before borrowing for all the four selected blocks are ranging between 32.51 and 60.54 while in the same blocks after borrowing, the co-efficient of variation on an average has declined to 22.74 and 41.80 in the selected four blocks. The calculated paired 't' statistic values are found to be significant in all the selected blocks at 1 per cent level of significance, thereby indicating that the impact of milch animal scheme under IRDP on income generation is significant in all the sample selected blocks

There has been significant improvement in employment position for all selected blocks of sample beneficiaries. The percentage of employment has increased significantly to 43.99 in all selected four blocks in the study area. The co-efficient of variation before borrowing for all the selected four blocks are ranging between 14.29 and 22.19 while in the same blocks after borrowing, the co-efficient of variation has declined to 8.69 and 16.48 in the selected study area. The calculated paired "t" statistic
values are found to be significant in all the selected blocks at 1 per cent level of significance.

There has been an average household expenditure increase by Rs.4,100 indicating 35.62 per cent increase in the post IRDP. This increase in the consumption expenditure is proportional to the increase in the income of the beneficiary due to the milch animal assistance under IRDP. The t value shows the variability in the household expenditure before and after the assistance is statistically significant at 1 per cent level. The average saving has increased significantly in the Ariankuppam and Kalaikal blocks at 1 per cent level, whereas, in the remaining two blocks namely Villianur and Oulgaret blocks, the milch animal assistance under IRDP does not very much influence the change in savings of the sample beneficiaries.

The percentage increase in asset value varies in all the selected four blocks in the study area. The calculated paired “t” value shows the variability in the asset value before and after the milch animal assistance under IRDP is statistically significant at 1 per cent and 5 per cent levels. The average value of the total assets of the beneficiaries has appreciated by 61.96 per cent due to the financial assistance of the programme. This study has made the point clear that the success of IRDP to some extent lies in the social economic variability among the beneficiaries.
7.3. DETERMINANTS OF INCOME, EMPLOYMENT, SAVINGS, ASSET AND REPAYMENT PERFORMANCE

To evaluate the impact of the scheme on economic status of beneficiaries in terms of increase in income, employment, savings, assets and repayment performance, a multiple regression framework is adopted. This cross-sectional study of the milch animal scheme of the IRDP in the Union Territory of Pondicherry reveals that instead of the various problems and constraints in the operation of the scheme, the milch animal scheme as a whole chalked up good progress over the years. The main findings of the study are summarized below. The average family income of the beneficiaries have enhanced and as a result of 88.21 per cent increase in income among the 300 sample beneficiaries in the study area.

The milch animal scheme have generated additional employment to the tune of 43.99 per cent among the beneficiaries. The present study reveals that milch animal scheme under IRDP has significant impact on generation of income in all the sample blocks. It is also noticed that the scheme does not have identical impact on generation of additional income in all the selected four blocks in the study area.

Among the caste groups, non-scheduled caste beneficiaries have benefited more from milch animal scheme under IRDP in all the selected four blocks in the study area. A step-wise regression model analyses the extent to which a set of factors viz. subsidy, livestock value, change in household expenditure, milch animal
expenditure, caste, sex and family size influences the economic status of the beneficiaries in the post-utilization period. Among the caste variables, the income gain model of milch animal scheme shows that non-scheduled caste people would generate Rs. 1 61 more income than their counterparts for every one rupee investment.

The livestock value, change in household expenditure and milch animal expenditure are found to be positive significant determinants in the income gain model of milch animal scheme. Whereas the subsidy variable seems to be a negative significant determinant at 1 per cent level. In the employment generation model of milch animal scheme under IRDP, subsidy and caste seem to be negative and positive determinants at 1 per cent and 10 per cent levels of significance respectively. Livestock value and caste have a positive influence with savings in the milch animal scheme at 1 per cent and 5 per cent levels of significance, whereas subsidy is found to be negative determinant at 1 per cent level of significance in the savings gain model

Among the explanatory variables in the asset gain model, subsidy and livestock value seem to be negative and positive determinants at 1 per cent level of significance. With regard to the asset creation, the study reveals that the scheme has made some real impact in terms of increasing the assets significantly in all the selected four blocks in which the average asset value has increased by 61 96 per cent in post scheme period. In all blocks together, the household consumption expenditure of sample beneficiaries has increased to the extent of 35 62 per cent, whereas the percentage of savings has increased by 42 76
The increase in family size negatively influences the acquiring of assets in the milk animal scheme. The study reveals that increase in debt is associated with increase in family size. The repayment of the bank credit is satisfactory for all sample beneficiaries in the study area. In the repayment performance model, subsidy is found to be negative determinant at 1 per cent level of significance, whereas the milk animal expenditure and the change in household expenditure seem to be positive influence at 1 per cent level of significance.

To interpret the factors contributing to economic status, the significant determinants are identified at 1 per cent, 5 per cent and 10 per cent levels. All the explanatory variables have very low correlations with one another. Hence, they are operatively independent. Thus, this study reveals that while the loan amount has been increasing, there has been an increase in generation of additional income, employment, savings and asset creation. Intensity of poverty (Sen's index) declined that the rate of reduction is high for agricultural labourers and low for non-agricultural labourers. Inequality of income widened among the respondents due to misidentification of beneficiaries.

7.4. CONCLUSION

The above summary of findings and detailed discussion of results in earlier chapters helped draw specific inferences with respect to specific objectives of the study. In the process of drawing inferences and general conclusion, the hypotheses are
empirically tested. First hypothesis is that the increase in income and employment are
due to milch animal assistance As the results showed that the income and employment of beneficiaries are also enhanced and therefore the hypothesis is accepted and proved. Hence, the generation of income and employment showed be sufficiently large to help the beneficiaries to cross the poverty line and to stay above it.

Second hypothesis is that the intensity of poverty has declined among the target groups after getting the assistance from IRDP. Analysis of inequality and Sen’s poverty index showed that inequality of income has reduced and poverty has declined. This would imply that households below poverty line have moved closer to it, while others have moved up the ladder faster. Thus, the second hypothesis is correct in respect of poverty has reduced among the target groups of beneficiaries. The third hypothesis is that savings and asset creations have a direct influence with milch animal scheme of the beneficiaries. Results prove this hypothesis that the assistance under milch animal scheme has generated additional savings and gainful asset creations of the beneficiaries

To conclude, the milch animal scheme under IRDP in the Union Territory of Pondicherry is found to be satisfactory. The economic conditions of the beneficiaries are found to be influenced the programme given in the social structure. The study has revealed that the average income of the beneficiaries has increased significantly. The
programme has also created additional employment for beneficiaries in the milch animal scheme.

The findings arrived at in this investigation show that the milch animal scheme is the most superior, suitable and easy to practice. Therefore, it should be continued and to be treated as the most important component of the anti poverty programme in the Union Territory of Pondicherry. Hence, the bulk of the outlay showed continuously be spent on milch animal scheme under IRDP to make it economically and socially viable to majority of poor households. The present study and its analysis bring to a fruitful conclusion that the modernization and restructurisation of the implementation process of milch animal scheme under IRDP is the vital solution for the upliftment of the rural people in near future.

7.5. POLICY IMPLICATIONS

On the basis of the findings and conclusion of this cross section analysis, the following policy implications are given for future effective implementation of the milch animal scheme under IRDP in the Union Territory of Pondicherry.

- With regard to subsidy disbursement, physical coverage especially of scheduled castes and women, and diversification of assistance through milch animal scheme under IRDP seem to be performed well. However, an improvement is desired in the performance of the variables, viz., per capita subsidy, credit and plan outlay.
• Though the financial assistance by way of subsidy and credit has almost doubled during the period, but the coverage in financial target is lower than that for physical target in general and in particular scheduled castes and women. Inadequate investment tends to perpetuate the vicious circle of “low investment—low return”. Thus, the scope for removal of poverty is restricted. Therefore, the District Rural Development Agency (DRDA) should concentrate in improving per capita assistance, on par with physical coverage, especially with respect to scheduled castes and women. It is sufficient if the authority strictly adheres to the norms specified for IRDP.

• The household survey, for identifying prospective beneficiaries, and the infrastructure survey, to identify the development potentialities of the blocks constitute the basis of planning and implementation of IRDP. This survey will be of much help and guidance to the implementing authorities.

• The identification of beneficiaries should preferably be done by a team comprising of block and village functionaries and the bank staff. This would help to reduce the coverage of ineligible families. No comprehensive guidelines have been laid down for estimating annual family income. This has resulted in improper identification of beneficiary families. Therefore, there is a need for the issue of proper guidelines in this regard. It is noticed that some
more importance should be given to the milch animal scheme in the IRDP, because of the quick adaptability by the beneficiaries.

- The IRDP is implemented without any additional staff at block level. Thus, the provision of additional staff in block level and avoiding the policy of transferring the staff frequently may bring about better results. For the successful operation of the scheme, there should be careful consideration in providing assistance according to the abilities and needs. The viability of the programme depends largely on the extent to which sufficient assistance is provided to the activities.

- The procedure for recovery of loan should be according to the potential earning capacity of the beneficiaries. Often recovery process is hindered by political climate created by the vested interests which give a wrong impression that the loan need not be repaid. There is a need for a coordinated functioning of various branches of different banks. To ensure quality of animals purchased under the scheme, there must be a measure of accountability on the part of the veterinary doctors associated with the purchase committee.

- Most of the respondents feel that the price offered for milk is not remunerative. This adversely affects the income of the beneficiaries and their repayment. Therefore, it is advisable to raise the price of milk paid to the
beneficiaries by the co-operative milk producer's societies. The scheme must be formulated on the basis of the socio-economic indicators such as caste composition, occupational distribution, infrastructural facilities and the location of the beneficiaries in terms of their access to the market.

- Regression analysis carried out in chapter VI reveals that the loan amount is a critical variable influencing the size of the income, employment, savings, asset and repaying capacity of the beneficiaries. This again calls for rational policy of loan advances under IRDP. This however should be viewed in conjunction with the loan repayment behaviour of the beneficiaries, which is outside the scope of the present study.

- Still the dairy constitutes the single largest component of total assistance under IRDP. Therefore, the success of IRDP in the district is largely dependent upon the success of the dairy scheme. A vigilant supervision over the selection of beneficiaries should also ensure closer follow up of use of assistance to prevent sale of animals and exploitation of poor beneficiaries by the officials and middle men and to help smooth repayment of loan.

- Another weakness of the dairy scheme supported by the IRDP is the large number of low yielding animals in all target groups of beneficiaries. Thus, the poor quality of animals is the most important cause and it can be solved by providing professional guidance to the beneficiaries in selecting the animals.
and supporting it with adequate credit. There is also the need to educate the beneficiaries about the proper use of assistance and their obligation for prompt repayment. Co-operatives are the best institution to achieve this vertical integration of input supply, production and marketing of products.

- If prompt repayment is insisted, the animals are disposed of and the dues are cleared either by their own decision or due to the pressure from the banks. When animals are sold out, the farmers loose the very asset base that has been created with all the laudable objectives. To prevent the sale of animals, the beneficiaries must be helped by rescheduling the period of repayment. Beneficiaries of dairy scheme should receive insurance coverage not only for the animals purchased with the help of bank loans but also for the calves of the animals.

- The approach must be selective to give higher priority to women and SC/ST under dairy to translate their optimism evidenced by the results of the study into awareness and conviction leading to adoption of the scheme and its norms. The opinion survey with the official reveals lack of co-ordination in their activities and this has resulted in inadequacy of integrated approach to rural development. It is therefore suggested that the District Rural Development Agency (DRDA) may be entrusted with the responsibility of developing and maintaining effective integration among the agencies involved in the implementation of IRDP both vertically and horizontally.
The dairy scheme under IRDP has generated additional employment, income, savings and asset to the beneficiary households. It has reduced the level of poverty as measured by Sen’s index. It has also reduced inequality in income distribution among beneficiary households. Thus, the scheme has really served as a poverty eradication programme. For the success of the programme, government officials and staff working under the District Rural Development Agency, at the block level and in the banks, must all work with a positive approach and with a sense of dedication to help the rural poor. In order to make this suggestion workable, the administrative personnel should follow the policy of involvement at the village level through personal contact for each pocket of beneficiaries spread over different parts of the block. Under this close guidance and instruction, the beneficiaries should function in congenial atmosphere with confidence and hope.

In view of computerization in all departments, on-line system would definitely help in opening up of e-service under one window system which covers from the beginning of identification of beneficiaries, financial assistance, asset provisions, insurance, subsidy, marketing and credit facilities.