CHAPTER VI

DISCUSSION ON FINDINGS
This part of the enquiry is intended to highlight the background against which the findings and conclusions indicated above are made.

DISCUSSION ON THE FINDINGS: SECTION - A

Situated in the easternmost corner of the country, Manipur suffers a physical constraint in terms of boundary of 352 kms. being shared with Burma, China and also another physical constraint imposed by the Siliguri neck in the Assam - Bengal border. The agrarian character of Manipur and the geo-physical constraints have posed, perhaps, the most serious handicap in the socio-economic transformation.
Looking back to the past picture of the state economy, one finds that, by and large, the state as a whole was rural cent per cent in 1951. 99.55 percent of the total population of 5,77,635 belonged to the rural area. In 1961, the picture remained, more or less, the same with 91.32 percent. Of course, a marginal change could be seen in 1981. In 1981 the percentage was 76.

The socio-economic formations did not undergo substantial change even in 1991. The state remained fundamentally rural. 99.32 percent of the total geographical area of 22,237 sq.kms. is rural. 72.27 percent of the total population of 18,26,714 belongs to the rural sector where there are 2035 villages. 66.39 percent of the total working population of 6,82,448 is engaged in the primary sector.

Inspite of the fact that the state economy remains highly characterised by the rural socio-economic atmosphere in terms of area, population and occupation, the development strategy was not, it appears, tailored to the developmental needs. As a matter of fact, the whole plan approach would have been designed to commit itself to tackle the rural inhibitions, distortions and handicaps. But, following the pattern of development evolved by the Centre, the rural realities were not given deserving attention. The marginal approach adopted from time to time could hardly impressed and create a dent on the fundamental drawbacks that plagued the economy.
As usual, a nominal beginning was found to have been made with the Community Development Programme, followed by the Applied Nutrition Programme (1967-68), Crash Scheme for Rural Employment (1971-72), Minimum Needs Programme (1974-75), The Small Farmers Development Agency and The Marginal Farmers and Agricultural Labourer Development Agency (1976-77), Food for Work Programme (1977-78). References can be made to the limited performances. Beginning, practically, with insignificant performance of the Community Development Programme, the Government undertook isolated move in terms of the above programmes. Ultimately the performance of the Small and Marginal Farmer and the Agricultural Labourers Development Agency was confined to 25,000 farmers who shared the investment allocation of Rs. 1 crore. The per head allocation could hardly be Rs. 360 (minus 10% for administrative expenditure).

It may be recalled in this connection that the political status of Manipur before January, 1972 did not confer the power to prepare and present its own budget since the state was basically a union territory. It is not a surprise that the total plan allocation upto the Fifth Five Year Plan was hardly Rs. 156 crores. The First Plan in Manipur began with Rs. 1.55 crore only, followed by the total outlay of Rs. 6.25 crores in the Second Plan.
The rural development demands the revitalisation of social and economic institutions in order to participate meaningfully in the development programmes. The development agents were identified. They were Panchayats, Cooperatives and Schools, but none of these institutions were revitalised and geared up.

History records that western education started in Manipur only after 1855. The female education started after 1902. The literacy percentage in 1951 was 11.4. In 1950-51, the state had only 479 primary schools, 11 high schools and 71 middle schools only. In 1963-64, the state had 2206 primary schools, 314 middle schools and 122 high and higher secondary schools. In 1971-72, 9146 student appeared at the Matriculation Examination and 3795 candidate passed. 106 boys and 41 girls became degree holders in science and 680 boys and 199 girls passed in B.A., only 8 candidates passed in M.A. In 1971 the literacy rate was 38.47 percent. The poor performance in the educational sector was a reality.

The two rural institutions namely Cooperation and Panchayat have the same story. Till November 1969, Manipur had a single district known as Central District. After 1969, the entire territory was divided into five districts. In 1974, Tengnoupal District was created out of the Central District. Then, in 1983, the Central District was trifurcated. Only after May, 1983 that, the state has been divided into 8 administrative districts.
As such, till 1975, there was centralisation of administration. With the passage of the Manipur Panchayati Raj Act 1975, the institution of village panchayats and panchayat sanitis were made functional with some powers being given at grass-root levels. As such, before 1975, the schemes undertaken by the Government were prepared and implemented without the involvement of the rural institutions.

The cooperative institution is normally designed to play a key role in the rural development. Manipur has been, in this regard, late starter. After the close of the World War - II in 1945, two banks from outside Manipur - the Modern Tripura Bank and the Assam Bank, opened their branches at Imphal. They could not function long. From 1891 to 1948, Manipur was a restricted area and specific authorisation was required for any entry. However, the Manipur State Darbar passed a resolution on 21 May, 1939 for adoption the Indian Cooperative Societies Act of 1912. The Cooperative Movement in Manipur in its present form started in the year 1947 with the passing of the Manipur Cooperative Societies Act, 1947. Manipur State Cooperative Bank was established in 1956. This institution became important as an apex credit institution for agricultural development.
The Cooperative Movement got a token support of plan allocation in the First Five Year Plan. It started with the plan outlay of Rs. 4 lacs. During the First Five Year Plan period, the number of registered Cooperative Societies was increased from 350 to 362. In 1954-55, Multipurpose Cooperative Societies were set up. At the end of the year 1979-80, the number of societies rose to 2839 and to membership of 2.68 lacs. The trend of development of the cooperative societies in Manipur can be seen from the following table.

Table No. 43

DECENNIAL GROWTH OF COOPERATIVES IN MANIPUR

(Percentage)

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<tbody>
<tr>
<td>No. of Societies</td>
<td>79.7</td>
<td>63.4</td>
<td>184.1</td>
<td>32.1</td>
</tr>
<tr>
<td>Membership</td>
<td>85.7</td>
<td>156.4</td>
<td>195.0</td>
<td>28.1</td>
</tr>
<tr>
<td>Working Capital</td>
<td>23.5</td>
<td>96.8</td>
<td>666.9</td>
<td>530.1</td>
</tr>
<tr>
<td>No. of Societies per lakh population</td>
<td>35.0</td>
<td>18.5</td>
<td>115.6</td>
<td>1.9</td>
</tr>
</tbody>
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N.B.: Compiled from the data available in the Office of the Registrar Cooperative Societies, Government of Manipur.

However, the actual performance in the field is perceptibly low. The overdues of the Primary Agricultural Cooperative Societies accounted for 43 percent in 1983-84 and 42 percent in 1984-85. Even in 1985-86 the overdues accounted for 41 percent. Both in the commencement of cooperative institutions and also in the performance, it could not impress.
Let us now again look at the infrastructural development in the state. Transport and communication, power, marketing centres and bank constitute major items. Regarding transport and communication, mention may be made of low density of road which stood at 12 kms. per 100 sq.km. of area, as against 29 kms. the All-India average in the year 1971. The length of surfaced road was 1,765.2 km. which accounted 62% of the road length. That too with a road length of 208.8 km. of the National Highway. The length of village road was substantially high. It constituted 40 percent (1132.2 km.) of the total road length. Even in 1971 "90 percent area of the state" were "struggling for roads"25. In other words, 90 percent area of the state remained without roads.

Let us further look at 1950-51 when we launched the First Five Year Plan. Instances are recorded of the extensive use of "kangkot" (unwheeled cart), drawn by a single animal, where there are no roads but where there are paths and tracks, which are made automatically due to the repeated movements of animals and men. It is not a surprise when

L.W. Dun observed in 1886:

"There are only two roads, properly so called, between British territory and the Manipur Valley - one from the Cachar district on the west, the other from Assam on the north, passing through Kohima. The first lies through a country of exceptional difficulty. It starts from the Cachar valley at an elevation of 100 feet above the sea, and within a longitudinal distance of 50 miles ascends five steep-sided forest-covered ranges crossing them at elevation averaging 4,000 feet above the sea. It descends between the ranges to four rivers, the bed of one of which has an altitude of 1,000 feet above the sea; but all the other are less than 350 feet above the sea."

He further observed

"No roads are metalled".


27. - Ibid - page - 96.

"Till late, roads in the Territory were not developed according to any plan. Excepting Imphal - Dimapur Road, there is no other road connecting the Territory with the rest of India. Owing to landslides, especially during rainy season, even this road was liable to interruptions. Most of the roads were in a very bad condition and unsuitable for vehicular traffic. Owing to the multiplicity of rivers and streams, it is necessary to provide new bridges and improvements to the existing temporary bridges. The existing bridges were all constructed before war and are almost all wooden bridges".

The above observation is substantiated by the fact that the total surface road in 1950-51 was 34 miles only. This was subsequently increased to 281 miles with the expenditure of Rs. 5.53 million (1950-51 to 1956-57).
Under this limited conditions of road, it may not be out of place to make a reference to 605 vehicles operating in 1951. The vehicle population increased to 1,163 in 1961 - which was further increased to 2540 in 1971, for every 422 persons there was only one vehicle in 1971.

The availability of power in Manipur was fairly late. In 1922, Imphal is said to have been served by one diesel engine only. "In 1929-30, the Manipur State Hydro-Electric Board was constituted with the Political Agent as ex-officio Chairman. The Board had two from the public and four from the Darbar as members. In 1930, the Leimakhong Hydro-Electric Power Station was commissioned with two generating sets of 100 kw and 50 kw. But it served the British reserve and the palace mainly. Electricity was almost non-existent as far as the public was concerned till 1950s." During the First Five Year Plan, there was no addition to the capacity.

During the Second Five Year Plan period, the Government of India allotted 6 sets of diesel engine of 175 kwh. Thus, the per capita consumption electricity was only 1.29 units as against All-India average of 28.33 units and also as against 72.25 units in West Bengal and 69.69 units in Bombay in 1957-58.

In 1971-72, the installed capacity was increased to 6510 kwh. The per capita consumption stood at 7 kwh as against 93 for All-India.

The development momentum, so far we have experienced in our country, has indicated a new area of gap in terms of conspicuous absence of rural marketing centres. It is one of the new challenges in the development process. The villagers are being increasingly drawn into ever-widening circles of activities. The input delivery and output sale are getting into wider circles of transactions. This sale-purchase operation marks a key factor in the emergence of greater tempo of development activities. The striking growth in the intra-rural exchanges and inter-rural exchanges has two clear implication for rural development. In the first place, marketing should be given a priority in the schemes of rural development not only for input-output purchase and sale but also for increased income and specialisation of production. Secondly, marketing should be an institutional set up needed to facilitate the fairness and real advantage of trade practices.

The marketing operation demands various activities in concrete forms. It is essentially a physical process. It requires development of roads, transport and communication, housing, proper drainage, supply of drinking water and power. It also requires different shades of building for packaging and processing and also for store.
Till today, the rural economy in the country is being served by a large number of informal rural marketing centres. These informal rural marketing centres have grown into a reality, not being taken care of by the public authority under a definite policy of development. The marketing hour fluctuates from place to place depending upon the market arrivals and, also, depending upon the facilities available. No consumer wants to be a looser. No producer also wants to be a looser. Thus, a nice marketing centre is one where a willing seller meets a willing buyer.

Against this background, if we look at the scenario of the rural marketing centres in Manipur, one finds an abject reality that in 1971 only 9.1 percent of the villages in Manipur had marketing centre. 20 percent of the villages had bus stand. 31.5 percent had motorable roads. Only 12.7 percent got facilities of electricity. 0.4 percent got credit facilities of banks. In short, the rural economy did not have necessary facilities. (Annexure - I). Much remained to be done to develop rural areas.
In the same fashion, the growth of the financial institution, particularly the growth of the banking institution was rarely low. Of course, one cannot expect the growth of banking institutions in isolation. The increasing trend of economic development of the region is considered a necessary condition for the growth of banking institution. Advances in the activities in various sector, particularly manufacturing and tertiary sector, demand increasing transaction of goods and services. They involve increasing monetisation. However, it is said that the growth of banking institution is a condition for economic development. Banks must come first. Economic activities follow. In that case, it is not easy to conclude which one is more important. It is, it appears, a question of priority, not a question of substitution. They have to go together, pushing and pulling each other.

The banking scenario in Manipur presents and conveys a note of discouragement –, of course, in the initial stage. But compared with the rest of the country, it lags fairly behind. According to a report of the United Bank of India, the lead bank in the state, there were only two bank branches at the end of 1969 and the population per bank office was 5 lacs in the same year. In 1969, Andhra Pradesh had 444 branches, Maharashtra got 946, Punjab 290, Uttar Pradesh 639, Gujarat 750, and Goa, Daman and Diu 83. In the North Eastern Region the performance was bra. Meghalaya had 7, Assam 67, Nagaland 2, Tripura 5, only. In other words regional disparity was acute.
However, a new progress was registered in terms of increasing number of bank branches. In 1975, it was 10. In 1977, it increased to 23, and in 1982 it was 42, with the result that population per bank office was reduced to 34 thousands. In short, one can infer that less bank branches mean less mobilisation of credit and low credit facilities.

Reference can be made to the relative levels of development of infrastructures, prepared by the Centre for Monitoring Indian Economy, Bombay, September 1991, based on the relative developments in power, irrigation, roads, railways, post office, education, health and banking. In 1978-79, the relative development for Manipur 61 as against 100, All-India. In the same year it was 101 for Bihar, 93 for Assam, 208 for Punjab and 149 for Haryana.

Thus, inspite of glaring realities in the underdevelopment in the rural sector in Manipur, much remained to be done even after 1980-81. As a matter of fact, a sound and comprehensive planning for rural development would have been initiated. But it was practically, in the real sense of the term, that redistributive schemes of rural development commenced after the Integrated Rural Development Programme (IRDP).
DISCUSSION OF THE FINDINGS : SECTION - B

Planning is a conscious attempt. It is a part of deliberate public intervention left to the inter-play of market forces. A particular section of the economy is found to have been exposed to a built-in mechanism of inequity. The development through the route of growth confers upon a smaller section of the economy undue share and the realised benefit. But their economic behaviours expected of them in terms of a rational savings and investment is not encouraging. Based on this reality which has been repeatedly confirmed by the findings of various expert commissions, Government of India took a concrete step. The 'percolation theory' got replaced by 'redistribution approach'. The resources before utilisation by the public authority were earmarked and deliberately allocated for specific schemes for the alleviation of poverty and inequality.

The first instrument for redistributive approach could be the Land Reform Programme, land being the most important asset and resource in the rural sector of India. However, in the entire gamut of the intervention, what is required is to assess the status of available resources and calculate the deficiencies and, also, to identify the possible inter-sectoral linkages; vertical, horizontal, forward and backward. This link is vital. This link is found missing in the actual implementation of the plan programmes in our country.
The plan begins at the moment with the Centre or for that matter, state level in the case of the state economy. For the purpose of implementation, the programmes along with available funds are communicated to the implementing agencies, such as District Administration. The absence of decentralised planning, of course, is justified to the lack of sufficient technical experts and staff at block and village levels. Lack of adequate fund has its own share in the problem.

Although on the paper many central guidelines are issued from time to time for proper procedure of planning, only at state level the so-called exercise is made and given shape based on compilation of various proposals submitted by various departments. Resources at village and block levels - land, man and materials are not identified at all till today. There is no resource inventory at block level. Conspicuously, the district administration also does not have resource inventory for its own use. In short, the people's participation in the process of planning is perceptibly low. We begin planning practically, it seems, without proper knowledge of:

- population and human resources;
- area and location specific resource data;
- economic activities with details of institution engaged in those activities;
- other infrastructure (location specific); and
- social and institutional facilities along with location.
We undertake planning with "little preparation" - perhaps, without elementary knowledge of the social and economic realities. Prof. Khusro, in the report of the Agricultural Credit Review Committee, Reserve Bank of India, 1990, observes

"It has often been argued that rural development planning must not be imposed from the top but should be evolved from the bottom at the grass root levels. This is an excellent idea and may well become feasible in due course. But in the current state of data and information at the village and the block levels, it is most appropriate to begin development planning at the district level and let the district plan be split into block plans and village plans, meanwhile commissioning the accumulation and analysis of data at the grass root levels. When such base level information and data get collected on a regular basis, the ground will have been prepared to commence grass root level planning and to let it work upwards to the state and regional levels. Until then development planning at the district level is the most feasible and workable."
The district development plan can, of course, be administered downwards to the block and the village levels, even as the district credit plan which evolves from the district development plan, can be so administered at lower levels.²⁹

Let us further listen to F.G. Bailey who conducted indepth study of the Economy of Orissa.

"The frontier of administration did not enter the villages. It stopped short of them. Until recent times, the State was not concerned with the social and political organisation of the rural communities, nor did it interfere with methods of exploiting the material world. The State was interested in revenue. The peasant, was repaid, in some case not at all, in most cases by the maintenance of law and order outside the villages. The functions of Government were fiscal and pacificatory and seldom reforming."³⁰

This drawback in the process of planning is further reinforced by the gap between the intention of the Central Government and the field experience of the State Government. Compliance, with a number of mandatory circulars of the Central Government, is sought from time to time. Mention may, among a large number of circulars, be made of the following:

   To all commercial banks.

2. - No. S. 11011/81/81-IRD-(I), Government of India, Ministry of Rural Development,
   addressed to the Secretary in-charge of IRDP All States/Union Territories.

3. - D.O. Letter No. PRCD No. PSBC.18/c.568(A)/84
   Dt. Jan. 14, 1984
   from Deputy Governor, Reserve Bank of India, Central Office, Bombay, addressed
   To all commercial banks.
Some relevant portions of the circulars are reproduced according to the serial of the circular nos. given above.

- "On Bank's role on IRDP":

  (Para. 2) The Block authorities have undertaken the responsibility for preparing the applications of identified families and the details of the schemes selected for each of them under the programme. The bank managers should, on their part, accept responsibility for processing, without delay, all loan applications of the identified beneficiaries with a view to sanctioning all viable or bankable schemes. The applications must be disposed of within a fortnight or so. This should be done even if this entails a modification of the AAP, as explained in our earlier circular cited above.

  (Para. 3) It is for the banks to judge whether particular types and numbers of schemes are viable in the context of the infrastructure existing or likely to be developed in the block or district. At the same time it would not be right on their part to reject the types
or numbers without discussion with the district development authorities. The Lead Bank should, therefore, hold immediately a meeting of the Standing Committee of the DCC where the type and number of the schemes so far proposed under the programme during the current year should be discussed and a consensus reached. The Ministry of Rural Reconstruction has already advised DRDAs to adopt a cluster approach in regard to types of activities, so as to ensure the forward and backward linkages and the services of the necessary infrastructure. The individual branch managers may then be left to dispose of the applications on the basis of this consensus. It will be the responsibility of the Lead Bank to arrange this meeting. DRDA is being instructed to ensure that adequate steps are taken for supply of the physical assets envisaged under the programme to the beneficiaries and for improving the needed infrastructure.
(Para. 7) Another aspect of the programme which has not received adequate attention is the verification of the assets and the assessment of the impact of the programme in terms of increase in the income of the beneficiaries. The Ministry of Agriculture and Rural Development had indicated in the letter dated 20-3-1982 that action taken by the states on this matter would be one of the issues that would be taken into account before considering the release of funds in the current year. So far, no state has intimated to the Ministry the action taken by them in this respect. Since the success of the programme would be judged on the basis of its impact on income of the beneficiaries, it is necessary to initiate verification of the asset provided under this programme. Such an exercise is necessary in every development block of a district. This verification should be attempted not on a sample basis but should be exhaustive, i.e., each and every beneficiary assisted should be contacted and the existence of his income generating asset should be verified. School
teachers, panchayat officials, NSS volunteers, students of agricultural colleges, polytechnics etc. could be employed to do the asset verification after they have been provided suitable orientation in regard to the manner in which they have to prepare their task".

- "On implementation":

(Para. 3) The instructions given to the commercial banks by GOI/RBI specifically require that no additional security is to be obtained in respect of loans upto Rs. 5000/- (other than hypothecation of the asset acquired with the help of the loan) vide circulars DBOD. No. BP.BC. 115/C. 453-79 dated 14 August 1979 and DBOD. No. BP.BC.14/C. 568-A-81, dated 10 December 1981. In view of this, it is absolutely necessary that the banks should ensure that the branches do not ask for security in the case of small loans, particularly those made to IRDP beneficiaries. Failure on the part of branches to carry out these instructions should be viewed seriously by the banks. In order to enforce the instructions, banks are advised to take suitable action against erring branch managers in a few selected cases.
(Para. 6) The credit institutions would not be in a position to maintain the quality of loaning unless the personnel working in the branches of commercial banks, RRBs and the Cooperative institutions are properly trained. For this purpose lead banks may, inter alia, organise at the district level six-monthly workshops for the personnel of banks as well as the cooperatives and at these workshops, techniques for preparation, appraisal and implementation of the scheme should be discussed. A more effective use of the State Level Bankers' Committees for the purpose of identifying deficiencies in the existing operations of the credit institutions and for taking timely corrective steps is necessary. The State Land Development Banks, State Cooperative Banks as well as State Marketing Federation should be involved in the State Level Committees. At the district level, likewise, cooperative credit institutions should be fully involved with the District Consultative Committee meetings so that better integration of credit delivery system can be achieved.
Even in the case of preparation of the income generating scheme of the family, the identification of skill of the beneficiary, which is possible only after base line survey of the villages, remains much to be improved. The preparation of the scheme is a technical exercise. It requires background, knowledge and a fair degree of skill. But in Manipur, the schemes are, without direct participation of the beneficiary, prepared. The concerned block official appears one fine morning with a format and gets the application filled in and the application is submitted with photographs of the beneficiary. What is required from the beneficiary is the photograph and the amount of loan and subsidy. That is all. Thus, the scheme is a gift of the block official. The beneficiary is, it appears, a net gainer of the benefit.

Secondly, the rural literacy in Manipur was 30 percent in 1971 increased to 37 percent in 1981. But most of these educated families are not interested in the IRDP, as most of them are attracted to government services, such as teachers, clerks etc. It is out of this 63 percent of illiterates that we identify the eligible beneficiary for rural development programmes. Therefore, the old illiterate man and woman continue to head the households in the rural areas with nominal change in the occupational structure. But the procedures for the scheme is lengthy, tedious and cumbersome. Besides, one has to cover a long distance, at least 5 to 10 kms. to go to the block office and the first visit is just a beginning. One is required to go many times. The disposal of one application for IRDP takes at least 8 months (Annexure - II) as against a fortnight directed by the Reserve Bank of India in their letter No. DBOD No. BP.BC. 143/C. 568 A-81, dated, 10 Dec. 1981.
It is interesting to note that in one particular case of beneficiary, the time taken was 36 months in Thoubal district in the primary sector. The degree of disillusionment with repeated failure to get the expected compliance can well be imagined.

In the absence of a reliable qualitative data of all the available resources, the identification of deficiencies and shortages may not be possible. But a sound assessment of deficiencies in the potentials of available resources, man and material resources, is a necessary condition for the calculation of the requirements to make up the deficiencies. In the same fashion, shortages of complementary resources involved in the intra-rural and the inter-village transactions is also a necessary condition for the impressive performance of a productive unit. For example, electricity and water supply are not available. The condition of road is awfully bad. Movement of man and materials is not possible. In that case, the available human resources are bound to suffer from under-utilisation. The range of opportunities is bound to be limited. The tempo of production is bound to suffer. This is what we have been experiencing for the last so many decades.
We can also make a reference to the neglected health and education sectors. In the villages we see a large number of people being favoured with greater availability of foodgrains. They produced food items for domestic consumption, not for marketable surplus. Besides, they also get the benefit "grain-transfer effect" from their neighbours. The villages in the present set up normally have the freedom of gift, donation and customary presentations as a mark of noble simplicity. Thus, the caloric intake may be high but what is required is to raise this level of traditional economy to a higher level of production and distribution.

As such, a clear picture of institutional deficiencies is a necessary condition for a higher tempo and level of economic organisation and production. To the contrary, what do we find is some kind of 'import' of a scheme imposed on one individual - willing or unwilling - perhaps under the compulsion of the exhaustion of budgetary provision of the Government. It ultimately becomes, it appears, a simple game of 'target setting' and 'mandatory credit'. But his or her participation and involvement remains the same.

To this situation, may be added another abject reality in terms of absence of institutional arrangement for necessary provision and delivery of adequate credit. In fact the banks and other financial institutions are fighting shy of innocent people in the villages. The behaviour of the financial institutions is governed by a cumbersome and lengthy process
of formalities. Even after the formalities being respected and attended to, the game ends up in the denial of expected benefit from the financial institutions. This phenomenon has given rise to a promising scope for unorganised lending agencies - money lenders and merchants, to take fuller advantages. The emerging economic situation is manipulated in their advantage. This is what we have been observing.

The presentation made above leads us to a situation where we are bound to state that the development planning of a particular area which provides the backward linkage of the credit plan, is not prepared. In the same way, the credit using agents such as farmers, artisans and workers in the villages are not properly organised and they do not properly organised and they do not have a clear picture of what they will gain out of the Action Plan. They are, as usual, innocent. In the absence of forward linkage, the utilisation of the available credit is not regulated and properly arranged. As such, we experience a situation where imposition becomes part of the rural development programme.
We can also refer to the psychological component of the beneficiaries. In the course of the survey conducted, a very peculiar phenomenon is experienced. A rich man wants to be poor because he will get subsidy of the government and loan from the bank. This tendency of the people is curious in the sense that normally man wants to be rich whereas we find that man wants to be poor. This may be described as "chance-consciousness". The master chart of the Imphal East - I Development Block, it is not a surprise, shows the alarming increase in the poverty ratio at 71 percent in 1991-92. It turns out to be a competition among rich beneficiary and poor beneficiary. But the banks respect credit worthiness. Now the chance for the poor is bound to be less because he does not command credit worthiness and does not enjoy the confidence and support of the so-called 'power groups' in the villages. Thus, the credit planning becomes a rare gift of bureaucrats. The NABARD in Imphal has never conducted any survey for the preparation of the 'Potential Linked Credit Plan' which is supposed to be based on the identified potential of various sectors of the region. The so-called Area Approach Planning is based on the information feedback of the Department of Economics and Statistics and of the Census reports.
DISCUSSION OF THE FINDINGS : SECTION - C

Exposed to inconveniences of fundamental backwardness and plagued with a development lag by about 30 percent behind the rest of the country, the state economy of Manipur, inspite of higher percentage of literacy, remains fundamentally agrarian in character. Restrictions, distortions and disabilities remain prominent. One can hardly expect the higher tempo of development of the region in view of meagre plan allocation upto the Fifth Five Year Plan, absence of central undertakings except the Loktak Hydro-Electric Project, negligible fund flow from the financial institutions, meagre plan allocation of the North Eastern Council for Manipur and no additional 'relief' from the awards of the Finance Commission of India.

Upto January 1972, the power for preparation and presentation of budget was under the control of the Central Government. As such, upto the Fifth Five Year Plan, that is, upto 1980, the total plan allocation was Rs. 156 crore only. This means to say Rs. 1.86 crore was utilised in each sector. The fund flow of the North Eastern Council to Manipur for the period from 1973 to 1991 was hardly 8 percent. The bank finance was equally low as the credit-deposit ratio was 64 in 1980 as against 94 in Southern Region. The institutional finance from the non-banking institution was of the order of Rs. 26 crore only till 1990. The inadequacy of the fund flow to the State of Manipur culminated in the low tempo of development process.
It is against this background that one has to appreciate the emergence of multi-agency system in terms of Government and Banking Credit agencies. The Manipur Industrial Development Corporation Limited (MANIDCO), Manipur Development Society (MDS), District Industries Centres (DICs) and the commercial banks may be mentioned. The comprehensive attempt for development finance particularly the rural development finance is seen. The recognition of the fact of deficiencies and organisation of the credit is also observed. But the question is the state is a late starter. According to the Centre for Monitoring Indian Economy, Bombay, 1981, Punjab has gone ahead of Manipur eleven times. Manipur lags 30 percent behind the rest of the country according to report captioned 'Development Lags in the North Eastern Region', 1988.

Mention may be made of the performance of Manipur Industrial Development Corporation Limited (MANIDCO). The MANIDCO is important because it promotes industrial investment which is crux of rural industrialisation. Beginning with Rs. 362 lakhs in 1986-87, the MANIDCO could invest Rs. 425 lakhs in 1989-90. So far the Corporation could invest a total amount of Rs. 1863.75 lakhs as at the end of March 1992. Out of this, Rs. 1,868.75, Rs. 1444.78 lakhs, that is, 78 percent went in favour of Imphal district. The least, that is Rs. 8.08 lakhs, 0.4 percent was accommodated to the Tamenglong District. The small industries whose capital requirement ranges from Rs. 50,000 to Rs. 1,00,000 constituted only 22 percent as per sanction record at the end of March 1992.
On the contrary, 78 percent went to the investment group of Rs. 7.5 lakhs and above. The proposed employment of these two categories were 3671 and 2196 persons respectively. The cost of one unit of employment was Rs. 17,543 and Rs. 1 lakh respectively. On an average, the cost of one unit of employment is as high as Rs. 45,000. As such, the investment pattern of MANIDCO is found to be leaning more on capital intensive nature. Hence, there is apprehension of "urban bias" (Michael Lipton).

Besides the performance of MANIDCO can also be seen with the recovery position of the Corporation. As at the end of March 1993, Rs. 1518.35 lakhs remains withstanding due including arrears out of the total amount of Rs. 1626.17 lakhs fall due. (Annexure - III). That is, 93 percent of the amount remains not recovered. The circulation of fund and its multiplying profitability suffer to that extent.

Thus, the high hope of rural industrialisation and financial accommodation to be made available by the MANIDCO is less impressive. It has to take up a greater venture and changed outlook.
The Manipur Development Society (MDS) was fundamentally designed to create rural employment and also to create lasting economic asset which will support the transformation. "All the schemes proposed by the Manipur Development Society (MDS) are to be located in the rural areas and implemented in close coordination with the Gram Panchayat etc." 31

Rs. 13.40 crore have been spent on various programmes. In 1983 less than Rs. 1 crore was spent. But from 1985 onward more than one and half crore have been spent annually. But a critical examination of the financial pattern reveals that the investment is not based on any realistic exercise. There is no master plan for any particular district. The selection of beneficiary is left to the bureaucratic decision. The involvement of the local institutions is absolutely limited. The decision is based on the personal relation. The scope for the manipulation by the middleman is evidently high.

Of course, minor irrigation has its share of allocation to the extent of Rs. 4.20 crore for the period 1982-83 to 1992-93. But the irrigation tanks are constructed for purely individual farming in most cases. This goes against the principal of progressive reduction of economic inequality. The capitalistic pattern of agricultural operation is encouraged.

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31. Annual Recast Plan, 1992-93,
    Manipur Development Society, page - 1.
There are cases of irrigation tanks being dig for a particular area. For instance there are 2 I.T. at Thamnapokpi, Imphal East Sub-Division II. They remain at low lying slope area where there is already water and the area beyond the irrigation do not get any expected benefit. Besides, the tanks remain without water in most of the seasons every year. A very interesting phenomenon is a known mechanism of sharing the amount among village leader, middleman and officials. The holy trinity gets a golden opportunity to have their own shares while the farms remain practically without water. It is not a surprise that Manipur gets the irrigated land very low. The percentage of irrigated land was hardly 26 in 1982-83.

The handloom sector is expected to play a significant role in the rural industrialisation. It is expected to have its own potential for its future growth. It should be a production unit expected to stand on its own leg. It is not expected to be 'loose-foot' industry. But the trend of total sale is fluctuating. It declines from Rs. 41.76 lakhs in 1986-87 to Rs. 30.93 lakhs in 1989-90. Of course, it picked up slightly in 1990-91 onwards. The overall performance is not encouraging in view of increasing trend of liabilities. The liability which was Rs. 2.33 lakhs in 1985-86 increased to Rs. 17.50 lakhs in 1989-90.
The commencement of a new policy instrument better known as the District Industries Centres (DIC) marks the recognition for greater concretisation of credit support and other services for rural industrialisation. In order to minimise the inconveniences and losses suffered by the intending entrepreneur and eligible artisans in the villages, a single agency approach was adopted.

The performance of the DICs depends on one single important factor, that is, the administrative efficiency. In Manipur, it appears that the administrative apparatus with necessary background and orientation could not be made to meet the new challenge. Till November 1969, Manipur had a single dstrict known as Central District. Only after May 1983, that the state has been divided into eight administrative districts.

On national front DIC became operational in 1978. In Manipur DIC became operational in one district initially in 1981. The banking activities was equally low. In 1982 there were 42 bank branches in the whole state. The population per bank office was 34 thousand. Even in 1987, the population per bank in Manipur was 21 thousand as against the All-India average of 13 thousand. While the positive roles of the banks are necessary in terms of "mandatory credit", the bank is expected to arrange finance 65 percent of the sponsored scheme, the performance of the banks was equally low. But in 1980-81 only Rs. 30.36 lakhs of bank credit was released as compensating finance for rural industries sponsored by the DICs. The Average-District credit availability was only Rs. 3.8 lakhs.
Although 28846 entrepreneurs have been identified, only 11408 could be registered with the DIC upto 1991-92. However, the percentage of the units assisted was only 25 involving Rs. 854.72 lakhs. The share of the bank was Rs. 668.51 lakhs. (Annexure - IV). The average annual bank credit per district works out to Rs. 6.96 lakhs. This means to say that 82 bank branches extend credit support of Rs. 6.96 lakhs. Based on this, per bank finance stands at Rs. 8488. Therefore, the marginal role played by the bank is evidently clear. This can, further, be examined from the perspective of the average investment requirements of Rs. 15,000 for one unit of village industries.

The poor performance of the banking institutions is evidently seen in Ukhrul and Tamenglong Districts. The services of the banking institutions could hardly be expected before the proper reorganisation of the state in terms of districts. This reorganisation, perhaps, for revenue administration became functional, nominally, only after 1983. As such, Ukhrul district started getting the financial accommodation of the banks only from 1984-85. Thoubal and Bishnupur districts had the same fate. In other words, the districts in Manipur, predominantly rural in character, are late starters as far as the banking roles are concerned.
The inter-district variation in the performance was equally evident. In this connection one may keep in view the fact that 99.32 percent of the area is rural. But the performance in the financing was limited to the Imphal District to the extent of 44 percent, while Lamenglong got the percentage share of 2.29 only. Churachandpur had the advantage of 14 percent, Bishnupur 12.30, Chandel 9.88, Thoubal 9.78, Senapati 4.5 and Ukhrul 3.54.

Let us again look at the three parameters, namely, agricultural workers as percentage of the total workers (1981), per hectare production of rice, industrial workers as percentage of the total workers of the districts. The variation is given as follows:

<table>
<thead>
<tr>
<th>Parameters</th>
<th>IMP</th>
<th>TBL</th>
<th>BPR</th>
<th>UKL</th>
<th>TML</th>
<th>SPT</th>
<th>CCP</th>
<th>CDL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Worker (1981)</td>
<td>38.81</td>
<td>71.92</td>
<td>51.07</td>
<td>81.74</td>
<td>90.92</td>
<td>89.88</td>
<td>76.39</td>
<td>85.06</td>
</tr>
<tr>
<td>Per hectare prodn.of rice (kg.), 1988-89</td>
<td>2464</td>
<td>2752</td>
<td>3030</td>
<td>1254</td>
<td>1210</td>
<td>1453</td>
<td>1700</td>
<td>1366</td>
</tr>
<tr>
<td>Industrial Worker (1981)</td>
<td>18.38</td>
<td>11.63</td>
<td>8.52</td>
<td>0.20</td>
<td>0.23</td>
<td>0.39</td>
<td>1.22</td>
<td>1.14</td>
</tr>
</tbody>
</table>

Source: Government of Manipur, Department of Planning.
One of the important parameters for the assessment of a particular production unit is employment. Of course, employment has three dimensions, namely, number of persons employed, duration of the work and productivity. A pragmatic policy for employment should encompass the three dimensions.

Viewed against the cost of employment, it appears that the cost of one unit of employment in the units under discussion, is Rs. 6087 while the cost per unit of employment on the national front is Rs. 5,800. Added to this cost of employment on the national front (All-India average) with 25 percent because of excessive price escalation in the North Eastern Region compared with the rest of the country, the cost of employment in Manipur works out to Rs. 7,250, much higher than the All-India average of Rs. 5,800. The "realistic" cost of one unit of employment is Rs. 7,250 while the "effective" cost per unit of employment is Rs. 6,087. Hence a shortfall of Rs. 1,163 is evident with dismal future in all manifestation. The lower tempo of economic activities is not ruled out. As such, the employment per unit established could be 5.8 only although the total employment generated could be 66,073 for the period from 1980-81 to 1991-92. The decreasing trend of employment recorded from 1980-81 to 1991-92 speaks of the low potential of the units established. The high employment potentials of 7153 in 1980-81 became gradually less and in 1991-92 it was only 2184, though after one decade infrastructures including banking facilities, road and transport, marketing centres, manpower and administrative set up are increased. This low potential could, perhaps, be attributed to the possible shortage of credit to the extent of Rs. 1163. This suggests the necessity for reorganising the operational units, flow of credit and size of credit.
The trend of production remains characterised by fluctuations. In 1980-81, the value of gross product was Rs. 9.74 crore. In 1986-87 it was Rs. 2.45 crore. In 1988-89 it picked up. It stood at Rs. 15.37 crore, perhaps, the highest in the decade under study. In 1991-92, it was only Rs. 5.77 crore. The value of production per unit per annum works out to Rs. 1232 in 1991-92. This value of production per unit per annum is much lower than the All-India average of Rs. 2466* (1983-84) of the khadi and village industries sub-sector. This difference in the value of production may be explained, if not fully, to the shortfall of the credit made available by the District Industries Centres under the scheme. This does not deny the relative roles of other items of infrastructures, such as transport and communication, power supply, and labour market.

The District Industries Centre focusses on rural industrialisation by encouraging the tiny and small industries. Based on the calculation of the estimated investment requirement of the units less than tiny units, that is; at the rate of Rs. 50,000 per unit, the financial accomodation of the District Industries Centres in Manipur is fairly low. It is only Rs. 35,306. The shortfall is clear. For the entire period under study from 1980-81 to 1991-92. The credit gap is (Rs. 14694 x 2904 units assisted) Rs. 4,27 crore. The annual average shortage works out to Rs. 35.56 lakhs. The rural industrialisation, started with a conspicuous shortage of finance is bound to suffer. (Annexure - V).

* The All-India average is compiled from

The Small Industries Service Institute (Br), Government of India, in their Action Plan For the District Industries Centre, Central District Manipur (1979-80 to 1982-83) makes similar observation

- "The incidence of sickness among the units is alarmingly high and is estimated to be around 41 percent". (page - 15).

- "Shortage of working capital finance is the problem of more than 75 percent of the units". (page - 16).

It is not, therefore, an exaggeration that 75 percent of the established units could not get credit support and the acute shortage of finance for rural industrialisation is evident.

The reality of the credit shortage can be appreciated if we look at the percentage of the borrowings by the non-cultivators rural households in India. The percentage of borrowing of the non-cultivators from the non-institutional agencies to the total debt was 10.5 only in 1960-61. But in 1980-81, the percentage was 36.7. This may imply the fact that the non-cultivators rural households depend on non-institutional sources, possibly, to the extent of 63.3 percent. Hence, the possibility of credit shortage may not be ruled out.
DISCUSSION OF THE FINDINGS : SECTION - D

- The problems of the Integrated Rural Development Programme (IRDP).

Economy of any particular region requires dynamic process of development. The single minded pursuit has been the material progress. Till today, development has been a challenge for all developed and developing countries.

Various policies have been adopted. Various programmes have been launched. Even then, the problem of shortage remains evident. The problem of poverty remains partially reduced. The problem of unemployment remains unsolved. The problem of inequality has been an unanswered question. In the exercise for the transformation of the backward economies, two important realities have to be noted.

- The population pressure, and
- scarcity of resources.

In this connection, mention may be made of the geometrical rate of growth of population not only in the country but also in Manipur. While human resources are increasing, there appears to be the shortage of other complementary goods and services and also of the shortage of basic infrastructures which demands high capital investment.
Thus, the question of economic development boils down to the efficient allocation of available resources. Without other complementary means of production, i.e., without other complementary inputs, the human resources remain idle and under-utilised. In a nutshell, in the agrarian economy, there is need and rationale for the reallocation of land, and other available material resources. In the industrialising economy, there is need for proper transfer of capital. Without land in the agrarian economy, and without capital in the industrialising economy, the question of rural development and industrialisation in an equitable manner may not be answered. Thus, the transfer of resources is the crux of the whole issue.

With the availability of resources, the range of opportunities and possibilities, it appears, is bound to be increased. Multiple options for employment may be expected. The range of opportunity for income generation is bound to be increased. The problem of occupational multiplicity may be greatly reduced. To the contrary, occupational specialisation may appear with a new temptation and momentum. As such, the basic question is how to transfer the available resources to the needy. This argument may be reinforced by the fact that resource wasted is resource denied to some other people or section.
Normally, two approaches are adopted. The first one refers to the heavy investment of the available resources in the so-called core sectors said to have enough potential to generate substantial income to take care of those areas and people, which are relatively left out. In fact, this approach presupposes an automatic percolation mechanism. The created benefits are expected to trickle down to the lowest. But the efficacy of this percolation mechanism has been questioned. The second approach refers to a radical mechanism for the distribution of the available resources before they are used. This is radical in the sense that the key resources like land and capital are earmarked and deliberately transferred to those who need more. Hence, the second approach received better recognition and appreciation. Land reform is made. Bank finance and Government subsidy are earmarked and pre-arranged. A clear cut policy of redistribution is made to reduce the multiple problems of unemployment, poverty and inequality.

The importance of redistribution of land cannot be under emphasised in view of the fact that land is the most important productive asset in the agrarian economy. This enhances the retentive capacity of the family in the rural economy. Studies conducted as part of evaluation have revealed the fact.
However, only possession of land is not enough. What is, perhaps, necessary is deliberate transfer of other complementary inputs including credit, so that the input package can be fully exploited, given the horizontal and vertical linkages. The integrated approach could not be adopted till 1980. Isolated items based, of course, on the regional peculiarities were made to tackle some specific problems, such as, drought, flood, seasonal unemployment etc. But not for the creation of lasting economic assets and skill so that the beneficiaries, given the available opportunities, would come out of the web of poverty. As the first item for concretisation of the deliberate resource transfer, the Integrated Rural Development Programme was undertaken to tackle the problems of rural unemployment, poverty and inequality.

The seriousness of the rural problems was felt and the need for removing was recognised as a national programme after the Fifth Five Year Plan, in view of the economic reality that the percentage share of the top 10 percent in the rural areas possess 51 percent of the rural asset in 1971 and, also, in view of abject reality that the top 30 percent of the rural households commanded 82 percent of the rural assets. Besides, the economy continued to be plague with "the alarming problem of unemployment of about 43 million in 1980, 48.13 percent of the total population could not cross the poverty line". Thus, the public authority

was compelled to modify the development strategy. Following this modification, the target-group approach was adopted. Accordingly 300 families in one block area should be identified every year for the necessary assistance. This marks the commencement of the Integrated Rural Development Programme and for this, a massive allocation was provided in the Central Sector. The outlay on the IRDP during the Sixth Five Year Plan (1980-85) was Rs. 901 crore\(^33\) in the entral sector. The outlay was increased to Rs. 1619.38 crore\(^34\) during the Seventh Five Year Plan period. Thus, the strategy was shifted in favour of rural development for which the total allocation during the Seventh Five Year Plan period was Rs. 9074.22 crore allocation.\(^35\) The plan performance seeks to reduce the poverty ratio from 37 percent in 1984-85 to 26 percent in 1989-90.


In spite of much expectation of the Integrated Rural Development Programme, the performance was not highly encouraging, perhaps, because of the following constraints as pointed out by the Planning Commission.

- "The financial allocations and physical targets under the programmes were determined on a uniform basis per block, without regard to the incidence of poverty, or even the size of population, which in some cases also resulted in the selection of ineligible families.

- The extent of wrong identification was quite high at around 15-20 percent. The main reasons for wrong identification were:

  (a) reliance on lists of households identified under the SFDA, where identification was based on land holding rather than on income;

  (b) non-involvement of people's institutions in the survey and selection process;

  (c) better bank-ability of those having an asset base; and

  (d) collusion between the government functionaries and vested interests in some cases.
There have also been complaints of outright leakages through corruption and malpractices which, however, have not been quantified by any of the studies. Some factors which could have promoted this are:

(a) non-involvement and lack of awareness among the beneficiaries;

(b) methodology of administration of subsidy; and

(c) insufficient investment, in terms of project cost norms, resulting in purchase of substandard assets.

The selection of schemes under the programme has shown an overwhelming bias towards animal husbandry, more particularly milk cattle. While ....... and income generation potential, this was vitiated by:

(a) the shortage of good quality animals;

(b) artificial increase in prices of animals; and

(d) absence of linkages and support structures for feed, health cover and marketing.
On the other hand, the predominance of this activity can be explained by factors such as the familiarity of the beneficiaries and block functionaries alike, and absence of expertise in projectisation with respect to secondary and tertiary activities.

While the programme guidelines stipulated that 33 percent of the beneficiaries in tertiary sectors, the actual percentage in earlier years was much lower, (i.e. 29.8). Though there has been a distinct improvement in the latter years, there has been a tendency even now to concentrate on petty business activities. While these can yield quick return with relatively low project investment levels, the life of the investment is likely to be short and, in many cases, they may not become self-sustaining.

A disturbing distinction between the so-called production programmes and beneficiary-oriented programmes has been noticed. Even the banks have sometimes referred to IRDP loaning as credit at the expense of production sectors, although most of the activities taken up under IRDP would fall within that category.
A major problem has been found to lie in the absence of backward and forward linkages. It appears that no real steps have been taken to provide institutional support for the supply of raw materials and, more particularly, for marketing, which was an important component of the total Sixth Plan strategy for Rural Development. Back-up support from sectoral departments was also found to be largely missing.

Inadequacy of banking infrastructure in certain areas, particularly in the North East, has affected credit flow adversely; shortages of staff, almost everywhere, have resulted in insufficient scrutiny and delayed disposal of loan applications, and absence of supervision and follow-up; insistence on security inspite of instructions to the contrary, has resulted in the exclusion of the poorer among the target group; prescription of unrealistic loan repayment schedules has resulted in non-productive use of assistance; and non-availability of loan passbooks with the beneficiaries has encouraged malpractices and adversely affected repayments.
Another weakness of the IRDP, which has been discovered during the implementation is non-adoption of the cluster or group approach.

An important bottleneck has also been found to lie in administrative weaknesses both in terms of the qualified staff required at the block and district levels and in respect of vertical and horizontal coordination and integration between different departments.”

36. Government of India,
Planning Commission,
The Programme Evaluation Organisation (PEO), Planning Commission, in their Reports on the Integrated Rural Development Programme also makes the same observation. Reference can be made to some of the more discouraging remarks.

- "In most of the DRDAs, the requisite planning teams had not been organised and efforts did not seem to have been made to develop the capability for planning and formulation of viable schemes with the result that the resource surveys could not be taken up and perspective plans were not prepared as prescribed under the guidelines". (page - 136).

- "The block machinery was found to be quite weak for providing an appropriate and integrated delivery system". (page - 137).

- "None of the State Government has followed these guidelines with any uniformity". (page-138).

- "In the early stages the State Governments had not made any attempt to prepare a shelf of bankable schemes suitable for different areas in their States". 37 (page - 139).

Although "the Sixth Plan period could, thus, be called a period of trial in which the programme has gradually come to be known, understood, and even stabilise",\(^{38}\) two guiding principles could be worked out as follows:

- 'cost effectiveness of the programme',
- 'minimisation of leakages'.

However, it was reported that in 1980-85, 165.62 lakhs beneficiaries could be covered and total investment mobilised could be Rs. 4762.78 crore, of which the bank credit was Rs. 3101.61 crore. However the per capita investment was Rs. 2876 only.

It now appears that the programme for rural development started with "a little preparation". The most fundamental loophole is the failure to have a full view of resource inventory at block level, perhaps, owing to, as stated above, the conspicuous absence of decentralised administration. In fact, we have 'centralised planning' and 'decentralised implementation'. But a realistic planning is possible when preparation of planning starts from the unit-base where actual implementation is going to be made. Otherwise, it may amount to cart before the horse.

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38. Government of India,
Planning Commission,
Sixth Five Year Plan, (1980-81), pages - 56.
Failure to have village resource inventory implies the lack of intimate insight into the working, deficiencies, and prospect of the area. A proper picture of rural development should indicate:

(a) the pattern of ownership of assets;
(b) the organisational and institutional structures;
(c) the structure of incentive provided; and
(d) the external relationship.

It may be kept in our view the micro efficiency of a particular unit, - a family, a village or a block - is largely determined by the macro efficiency at higher levels. This means to say that the micro performance becomes necessarily part of the greater network of the state and the national economy. In no way, the isolation is possible. This is a new reality which is perhaps not given a critical attention to.

Besides, much has been talk of the participation of the people. But in what way, by what mechanism and what for. The participation of the people largely depends upon the expectation of benefits - direct or indirect. Unless the vision for expectation is made clear, the participation of the people may amount to a nominal exercise. In fact, what is, perhaps, required is 'understanding' of group requirement, group needs and group behaviours. What is much more imperative is a "participation in practice" and "a development dialogue".
In this connection we may recall a Japanese experience. Japan can be considered as one of the few countries in the world where agrarian reform was carried out without much coercion. The massive involvement was unique. The medium was simple. The students in school, college and university propagated the education of institutional reform as a part of their academic programme. The political parties organised special meetings on land reforms. Besides, the village land reform committee undertook the responsibility for various kinds of spadeworks at grass-root level. This is a new and realistic approach to people's participation, - which perhaps constitutes the crux for the operational success at micro level. The people's participation is meaningful, perhaps, only when the call is accompanied by involvement and commitment. This is a new factor which, perhaps, does not receive a deserving attention in the national economic planning of India.

May we assume that Manipur is an extension of the national economic pattern. The arrival may be late because of geo-physical constraints -, far away from New Delhi. However, the information gets to the Eastern Region, perhaps, in the same form. The content of the programme gets "adjusted" with the local peculiarities - with the result that the programme becomes neither the 'Central Piece' nor 'State Creation'. Completion anyhow is the standard measure. The Integrated Rural Development Programme (IRDP) is a 'Central Piece' -, taken care of and implemented by the states. As such, the total involvement of both
the Centre and the States are definitely called for. Programmes created by the Centre, not being taken fullest care of by the States, may have quite a nominal impact and subsequently may create an 'uncritical belief' and also a 'gulf of mutual incomprehension'. With this scenario, Manipur witnessed the commencement of various centrally sponsored programmes, such as, Community Development Programme (CDP), Applied Nutrition Programme (ANP), Rural Works Programme (RWP), Food for Work Programme (FFWP), the Small Farmers Development Agency (SFDA), the Marginal and Agricultural Labourers Development Agency (MFAL) etc. The performances of the programmes were found restricted to certain areas and also to a handful few. As such, the problem of rural development continued to be as acute as before. The agrarian reforms initiated in 1960, as implemented in 1976-77, after a meaningful gap of 15 years. The Land Reform resulted practically in "Land Resettlement Programme" (Food and Agricultural Organisation, FAO, Rome). Besides, the principles of cooperative movement was found contradicted by the so-called 'Land Reform in Manipur'. The Farming Cooperative Societies were dispossessed of the lands and the lands so acquired from them were distributed. The Farming Cooperative Societies get liquidated. As such, the economic base in terms of rational re-arrangement of land and man was found not encouraging.
Let us further look at the banking sector and education sector. In view of the fact that the success of the rural development is largely determined by (i) administrative acumen, (ii) man power, and (iii) credit.

Banking Sector:

The national policy for banking sector was modified in favour of the rural sector and also in favour of backward regions following the nationalisation of commercial banks in 1969. The population per bank office in 1969 was 65 thousand. And bank advances to priority sector was only Rs. 441 crore. This was increased to Rs. 23811 crore in 1986 - an impressive increase after nationalisation of commercial bank. The population per bank office was also reduced to 13 thousand in 1986.

But when we look at the regional scenario, the performance is not encouraging. In 1985, the North Eastern Region had only 2.7 percent of the total bank branches in the country with credit-deposit ratio of 62.50 and also with per capita bank finance of Rs. 733 only. The Southern Region and the Northern Region had the highest advantage. The Northern Region had 18.5 percent of the bank branches with per capita advance of Rs. 1852 and the Southern Region had 27.9 percent of the bank branches, with credit-deposit ratio of 94.91 and with per capita advance of Rs. 1731. Thus, the North Eastern Region had only 456 branches with Rs. 302 crores as deposit.
As such, lending under IRDP in the North Eastern Region cannot be expected high. As far as commercial lending by the banks under IRDP in 1986 is concerned the Southern Region stands first, followed by the Central Region and the Northern Region. In the Southern Region the number of accounts opened for the IRDP was 2050 thousand and average lending per account was Rs. 1687. In the Northern Region the number of accounts was 776 thousand and the Central Region had 1439 thousand. As against this picture, there were only 174 thousand with outstanding amount of Rs. 38 crore only.

One may observe that much remains to be done in the banking sector in the North Eastern Region in view of the reality that North Eastern Region "lags 30 percent behind the rest of the country". And also that "Punjab has gone 11 times ahead of Manipur in 1982" and, also that the poverty of Manipur is of "the nature of fundamental backwardness". Another reality of immediate importance for the reduction of regional disparity is the official decision announced in the Industrial Policy, 1956. Recognition for resource mobilisation and also for resource transfer was made by the Government of India from time to time.

Against this background of regional scenario, one may be required to review the performance of banking sector in Manipur. The performance of the banking in the North Eastern Region was found much less encouraging. Much more had to be done in the banking sector in Manipur. As stated above, there were only two bank branches in 1969 and the population per bank office was 5 lakhs. However, a new progress was registered by increasing the number of bank branches to 10 in 1975. In 1977, the number of bank branches increased to 23 and in 1982 to 42, with the result that the population per bank office was reduced to 34 thousand. In 1987, the population per bank office in Manipur was 21 thousand as against the All-India average of 13 thousand. As on March, 1988, the number of bank office rose to 65, whichconstites 0.1 percent of the total bank office of 55015 number in the country. In 1984, the per capita bank advance was Rs. 87 only as against Rs. 5409 of Delhi, Rs. 1556 of Maharashtra, Rs. 1498 of Gujarat and Rs. 1328 of Chandigarh, by the national norm of Rs. 552 per capita advance. The per capita bank advance in Manipur was fairly low.

Education Sector:

As stated above (pages 123, 212), formal education was fairly late. When Calcutta, Delhi, Bombay and Madras have got universities, Manipur had primary schools. Change of human knowledge requires institutional changes in their totality. It requires generation. The true essence of education is to show the "whole grandeur" of human existence. Not "dogmatic assertion" is not the question of uncritical behaviour. The vital idea is about the 'inner development' of man. Normally human being evaluate any situation in the light of their ideas and knowledge. The way in which we experience and interpret the world obviously depends on the kind of ideas that fill our mind. If the ideas are 'weak', 'small', 'superficial' and 'incoherent', life will appear insipid, uninteresting, pity and chaotic. In fact, education is a continuing process. It started late. It continues. It will continue. Out of this continuous process, a creative tradition is evolving. This evolving tradition needs proper consolidation and concretisation. The restoration of wisdom takes ages.

We have families in the villages headed by the same illiterate old parents. Of course, some members of the family have acquired formal education. They have exposure. They are attracted into government services. They are appeared to be busy with their routine works. They are busy with the problems of bread and butter. They, it appears, have less intention to initiate, at the moment, a reformatory step. They are reluctant to introduce a "new world of transformation and hope". They are in the same old world.
In this connection, a reference can be made to the three gulf
created by the kind of education imparted to us. They are:

- "gulf between educated and uneducated;
- gulf between the rich and the poor; and
- gulf between city man and country folk".  

In the context of the present level of development in Manipur,
it may not be an exaggeration to experience the three gulf of mutual
incomprehension. As such, inspite of a serious attempt to increase the
literacy percentage made by the Government of Manipur and also inspite
of the high educational attainment in terms of high literacy percentage
(61 percent in 1991), the general awareness and sensitisation remain, it
appears, fairly low. The social and collective assertion against a "known
mistake" is hardly made. In fact, the social enquiry is not high. The
response of the people to any move of change and also to any public
intervention is not high. In a nutshell, the tempo of living is not
characterised by necessary level of alertness and awareness. And, to the
contrary, it admits of the social acts of irresponsibilities manifest in
different forms. As a matter of fact, knowledge is a hard own asset,
- not very cheap and easy. Maturity goes with knowledge. The maturity
gets expressed in terms of taking correct decision corresponding to reality.
Thus, in Manipur, as Gunnar Myrdal has pointed out, we have a simple
problem of 'mis-education'.

43. E.E. Sachumacher, Small is Beautiful, page - 160.
We may also look at some of the shortages in the quantitative requirements of the institutions. By the end of the Seventh Five Year Plan, Manipur had 1932 primary schools. Only 1800 school had two rooms each. The total requirement of room (bricks) is 5796 based on 8 rooms each. The Fifth All-India Educational Survey has further identified 234 schoolless villages. Out of 503 junior high schools, 107 did not have buildings. Out of 181 high schools, 45 did not have buildings. For the high schools only the estimated requirement was 470 rooms in the Eighth Five Year Plan period. Although the State requires 75 higher secondary schools, by the end of the Seventh Five Year Plan, Manipur had only 27. The so-called schools continue without essential facilities of library, sports, hostels, teachers quarter and without playgrounds. The "formal education" was imparted in the "learning shops". The attendance of students and teachers is disturbed by the lack of proper transport and communication and also by the isolated settlements in the hill areas. The minimum facilities provided by the Government remain unutilised and not taken advantage of. Thus, no perceptible change in the intellectual horizon is, it appears, visible.
However, with the growth of increasing commercialisation of agrarian sector and with increased plan allocation, the per capita income of the state is Rs. 3507 in 1990-91 at current price, the demand for quality education is on the increase. Although the cost of education keeps on rising, demand for better education keeps on rising. Thus, at the moment, much cannot be expected of the so-called elites and educated persons because they are operating within the same traditional, and sometimes, highly primitive atmosphere of social economic interactions. It is not uncommon even that the exchange economy remains far and few between even in the remote areas. Goods are being exchanged for goods. The grain transfer is treated as symbol of sacrifice and an act of nobility. The villages are still in the age of the villages, - perhaps, in the age of Rostownikian "traditional society", where convention and taboos are more important than reason and fact.

The modern officers of the Government are manned by those who belong to this kind of society and by those whose thinking is guided by the traditional compulsions. Thus, the people in the villages, - both educated and uneducated, and the bureaucracy, it appears, do not cultivate the creative habit of making use of the available opportunities. Both remain, perhaps, in two worlds. In the entire field visit not a single villager indicated the full awareness of the literature, formalities and the range of benefits. Only when the officials deliver the information on their threshold, they get ready.
It is now apparent that both the quality of administration and quality of the beneficiary fall short of requirement. Thus, only, 30 percent of the units assisted could generate income in compliance with the guidelines. However, departures from the normal guideline could also be observed. But they also generate income. They constitute 8 percent. In other words, with all the inherent deficiencies, "38" percent of the beneficiary could graduate income. Out of this 38 percent, 22 percent were already above poverty line. They were identified and included in the beneficiary list on false ground of income. As such, only 16 percent may be considered to have graduated into the non-poor having crossed the poverty line.

It may be reiterated that finance is key to the success of the programme. This is the reason why the World Development Report, 1989, confirms that finance is the key to investment and hence to growth. The financial operation is decidedly important. All the possible constraints of the financial operation - right from the start to the end, should be reviewed and examined. With reference to the programme under IRDP in Manipur, the constraint experienced are as follows:

(a) false identification;
(b) leakages in terms of money and time;
(c) banking; and
(d) the quantum of credit.
Every policy has its definite objective. The realisation of the objectives depend upon the right choice of the beneficiary and also on the ensured supply of complementary resources. It may not be ruled out that misallocation of resources begins with wrong identification of the beneficiary, - in the sense that the proper quantum of resource is not directed to the right user. The possibility of wastages of resources, in not being used in the right work, may not be ruled out. In fact, resources wasted, ultimately, means resources denied to some other section.

We can now establish, given all the positive linkages, that the proper utilisation of money largely determines the success or otherwise of the activity. 30 percent work well. Because in the very simple language, they deserve credit support. As against this line of argument many instances of sponsoring wrong beneficiary for credit support are evident. The beneficiary has no idea of what he is going to do. He is going to be supported in the name of other occupation of which he has no competence. In Imphal District, very interesting 14 cases have been recorded. One who has knowledge in the scooter workshop was "favoured" with a loan for running a Pan Dukan. This beneficiary has been forced to say Good bye to original skill. A school headmaster was given the loan for the work-bullock. A truck-owner, who is conventionally a driver, got the previlege of a work bullock. A truck owner demotes himself to a status of a peasant. A rickshaw puller was given the opportunity to be a fish farmer. A hoteller was given loan for fishery. Curiously enough, a library assistant in Manipur University got the financial and physical
assistance for duckery. A lady teacher in a Government school who is reasonably established was additionally favoured with a loan under IRDP. A carpenter became "a rickshaw puller" as he was sponsored for IRDP loan for rickshaw pulling. In the same fashion, a teacher in government school got a milch cattle. The picture is very clear, false identification is an easy game. Skill formation is ignored. Asset creation is also equally ignored. To the contrary, the better placed persons were favoured with this additionality. Inequality gets a treatment of abetment. The poorest, the helpless and the ignorant are in the rut of poverty as before.

The picture is not different in Bishnupur District also. A government employee was given a loan under the IRDP for sugarcane cultivation but this gentleman earns not less Rs. 1500 per month as salary for his government job. A weaver also got the loan for piggery. The skill of weaving has less relevance to piggery management. A photographer was accommodated in the embroidery scheme. She got loan for embroidery. The skill of photographer which she acquires is immediately spoiled on becoming an embroider.
The said story of false identification is not new in Thoubal District. A rural artisan having experience in cycle repairing for a long was recommended for a loan for duckery. A member of music band party had the same 'fate'. He was favoured with a loan for mat-making. A pala (traditional singer), was occasioned by the additional benefit of a loan for fishery. He ultimately became a fish farmer. It is an interesting example of changing from tertiary sector to primary sector. A traditional maiba (medical practitioner), who had no knowledge of cycle repairing, on a fine morning, was recommended for a cycle workshop.

In the valley four important implications of this unregulated game may be underlined: (i) ignorance of both the beneficiary and the authority; (ii) pretention on the part of the beneficiary to take the advantage; (iii) open-game of buttering; and (iv) "external instigation". Among these four factors the "external instigation" of politically powerful sections is abnormally, it appears, high. The official recommendation of the eligible beneficiary is a mere formality and, ultimately, a waste-paper. The final decision is made on the dominating dictation of the politically powerful group. As such, we experience the twin problems of inaction on the part of the beneficiary and overdue of loan. One cannot expect, under these circumstances, a perceptible rise in the incremental income and the willingness to pay back. Ultimately, the resources of the public are wasted and the skill is also spoiled. The two purposes are hopefully defeated. It becomes an empty exercise of zero game.
Hill Experience:

The experience in the hill areas is unique. The matter of IRDP is reduced to the simplest possible level of unsophistication with the result that it practically amounts to an exercise of undue inducement and temptation. It practically has nothing to do with unemployment, poverty and inequality. In the Tamenglong Block (Tamenglong District) 118 beneficiaries out of 202 were given woollen yarn worth Rs. 500 - roughly 2 kgs. The quality of the yarn is opened to question. Even men, who are not weaver at all, are included in the list. These yarn were used to produce one scraf. This is the end of the activity. In a tribal economy where jhuming cultivation is most engaging and where there are hardly any lady whose profession is knitting, the provision for wool, through a subtle game of supply and official link, creates a handful few of rich man who are essentially linked man. Besides, the easy practice of manipulation of preparing a list of 176 beneficiaries of the same trade in two blocks (Nungba and Tamenglong), out the total 396 beneficiaries, has been a regular tradition of bureaucracy and politician mix. Necessarily the village chief comes into the picture. He is the point of connection between the so-called 'beneficiaries' and the official concerned. One man who had no paddy field, TAMPAKLOU, was accomodated in the list of beneficiaries for work-buffalo. The buffalo is not useful for the purpose of jhuming. Instances of this nature abound in the hill districts. Three elements are involvement. (i) The village chief does the spadework of preparing the list. (ii) The preparation of the list is made with an understanding that final delivery is practically left to the village chief. And (iii) the officials should enjoy a sumptuous feast at the residence of the chief. The whole exercise is made with full understanding of the M.L.A. of the constituency.
Much more critical and important is the fact that the banks are not practically involved in the IRDP programmes in the hill areas. (Annexure - VI). Only the subsidy component is released. Hence, the question of recovery, in the present scheme of things being followed in the hill areas, does not arise at all. Hence, it becomes a gift of the paternalism of the government. They will meet once a year on the occasion of the grand feast.

The picture in Ukhrul District is not different in nature. Instances of irregularities may be cited. The commanding position of the village headman is high. All the beneficiaries in a village (Mayophung) of Ukhrul block, before the commencement of the programmes, surrendered to the headman. They agreed to set apart a greater part of the subsidy for the village fund. In the case of potato farmers, potatoes worth Rs. 500 are sold in the market for the village fund, and the rest gets distributed among the villagers. Instead of creating lasting assets, they consumed the potatoes. One lady, under a principle known to them only, had to buy a wool knitting machine under the IRDP at Rs. 2,500 although her name appeared in the official list. The same case was with one who worked on master roll. A lady "beneficiary" was not found at all. The "creation" of a beneficiary by the village chief was, perhaps, based on empty base. Much more interesting is the instance of one ex-serviceman in Nongman Village, Phungyar Block, Ukhrul District. This gentleman enjoys Rs. 1000 p.m. as his pension. In addition to this, his wife gets Rs. 300 p.m. as honourium of Angalwadi. However, all the six members of the family
were given exceptional advantage by being included in the list of beneficiaries. In other words, the family got six types of financial assistance under the IRDP. Another interesting picture is the story of a Subedar, who was currently serving in the defence and was staying in Madras. He was not in his village but his name was found in the list of recommended beneficiary under potato scheme. Another, "attendant" was also found in the list. In the same way a couple got one sewing machine each which the husband, perhaps, has no idea of sewing. In fact, he was much more interested in jhuming and hunting. As such, the IRDP in the hill areas presents a new picture which demands immediate attention of the authority. Otherwise, the pattern of development in the hill areas may acquire, in due course, a new pattern of undue abetment to unearned income and patronage without raising the critical habit of work and competition. In fact, the tribal economy needs the higher tempo of competition being brought into greater network of exchange and market economy. The present trend is not, in any way, happy in the sense that the economic formations are characterised by the distortions, restrictions, inhibitions and immobility.

This manipulated forces of various kinds prepare an atmosphere congenial to the selection of wrong beneficiaries who do not deserve the assistance under the Integrated Rural Development Programme (IRDP). The false identification emerges from two angles. One based on occupation and the other, income.
48 percent of the total beneficiaries were identified as false, based on occupation. The secondary sector is the greatest casualty accounting for 66 percent, followed by the primary sector where the false identification was not very high. It was only 39 percent. The above explanation highlighted the fact that beneficiaries who had no knowledge of manufacturing were listed for the benefit. But the casualty may not be high in the primary sector because our economy is an agricultural economy. The casualty in the tertiary sector may be expected to be low because tertiary sector, by and large, depends upon the rate of development in the secondary and the primary sectors. Sale and transaction may be high, perhaps, only when there is higher scale of production - , a productive level which gives us higher margin of marketable surplus.

In the same fashion, because of "benefit-chance-consciousness", higher income groups -, just marginally higher, manage to get into the list although technically they are disqualified for the inclusion. They constitute the false beneficiaries based on income. The highest percentage of this false identification occurs in the schemes of the secondary sector (58.59 percent). The percentage is 55.17 in the schemes of the tertiary nature. Hopefully, the casualty is found less in the schemes of the primary nature. The percentage is only 30.58. In fact, it is not easy to conceal the landed property. It is easy to conceal the sources of income in the secondary and the tertiary sectors where there is greater scope for manipulation.
It may now be mentioned in this connection, the two categories of false identification, the category of false identification based on occupation is of lesser degree. Although the false occupation was accepted, some of the beneficiaries actually belongs to the poor group. The basic purpose of poverty alleviation is not defeated. And the utilisation of the financial assistance is also made. 47 percent of false beneficiary (occupation) could cross poverty line. They constitute 7 percent of the total number of beneficiaries.

On the whole the performance of the IRDP did not impress. Perhaps, one important factor could be the misallocation of resources, that is, the allocation of resources for false beneficiaries which account 95.98 percent. Much remains to improve the quality of the administration.
False Identification, - Manipur
a few instance

<table>
<thead>
<tr>
<th>Sl.</th>
<th>Original occupation - skill of the beneficiary</th>
<th>Trade/occupation for which IRDP loan is recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IMPHAL DISTRICT:</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Scooter mechanic</td>
<td>Pan dukan</td>
</tr>
<tr>
<td>2.</td>
<td>Mashoon mistri</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>A school headmaster</td>
<td>Work bullock</td>
</tr>
<tr>
<td>4.</td>
<td>Pan dukan keeper</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Firewood business (a truck owner)</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>A businessmen (whose son is also a police constable)</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Autorickshaw driver</td>
<td>Fishery</td>
</tr>
<tr>
<td>8.</td>
<td>Hotteller</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Library Assistant, M.U.</td>
<td>Duckery</td>
</tr>
<tr>
<td>10.</td>
<td>Kubota driver/chattai maker</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>A Government lady teacher</td>
<td>Weaving</td>
</tr>
<tr>
<td>12.</td>
<td>A carpenter</td>
<td>Rickshaw pulling</td>
</tr>
<tr>
<td>13.</td>
<td>An automobile mechanic</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BISHNUPUR DISTRICT:</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>A fisherman</td>
<td>Poultry</td>
</tr>
<tr>
<td>16.</td>
<td>A fisherman</td>
<td>Sugarcane cultivation</td>
</tr>
<tr>
<td>17.</td>
<td>A Government employee</td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Weaver</td>
<td>Piggery</td>
</tr>
<tr>
<td>19.</td>
<td>Fisherman</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Photographer</td>
<td>Embroidery</td>
</tr>
</tbody>
</table>
THOUBAL DISTRICT:

21. Cycle repairer
22. Mat maker
23. Music player (Band party)
24. Mul-muri maker
25. Hoteller
26. Pala (Ritual singer)
27. Rickshaw puller
28. Maiba (Traditional medical practitioner)

Duckery
Banana cultivation
Mat making
"
Fishery
"
Carpentary
Cycle workshop

TAMENGLONG DISTRICT:

29. Tamenglong block - Woollen yarn of Rs. 500
30. Man who has no TAMPAKLOU
   a man who has TAMPAKLOU
   and also man who has "
31. Unskilled lady
32. A son of Govt.employee
(Veterinary, Tamenglong)

(58%) 118 Nos. out of 202
(30%) 58 Nos. out of 196
, 176 Nos. (44%) 396
Work buffalo (now a sepoy)
U-morok scheme
Woollen yarn, not buffalo
Embroidery (now just keeping the machine)
Gill net
UKHRUL DISTRICT:

*All the beneficiaries of a village surrendered their schemes to the village Headman for village fund. It includes:

33. A hoteller (at Ukhrul)  Potato cultivation

34. (Lady) Farmer  Wool knitting
   (she purchased it from the village authority at Rs. 2,500)

35. Master Roll (Tsar at Gwaltabi)  Carpentry
   (he bought the tools from village authority at Rs. 300)

36. 2nd son of the village headman  Carpentry
     a government employee (song & drama, Government of India)
     (They said that they did not take it)

37. Married daughter of the village headman (she bought the machine from village authority at Rs. 500)  Tailoring

38. Youngest son, a cultivator, Blacksmithy
     having no knowledge of (no one was there to buy the tool, it remained in the corner of warehouse)

39. A lady (cannot be traced in the village)  Weaving
Operational Constraints:

Time Gap:

The time factor is important from two angles: (i) time is money; and (ii) time is irreversible. It is not the availability of labour which matters in the practical planning. It is the utilisation of labour hour which matters. As such, the rural asset is the "labour time", not the labour, more so in the case of a rural poor. The time compulsion of the agricultural operation imposes a sense of proper utilisation of time and the urgency of the work on the agricultural community. On the eve of and during agricultural operation, the importance of "timely" delivery of the input packages is decidedly important. What a consumer will buy when market is closed. Every act has its own highest value at only particular point of time. The time series of fullest utilisation is key to the success of any economic move. Nay, of all moves.

The time gap between the date of submission and the date of disposal of the application is found fairly high. The minimum time gap is 1 month while the longest time gap 36 months. Thus on an average, the time gap is 8 months i.e. 256 days. (Annexure - II).
The economic implication of the time gap of 256 days can be examined in the light of a projection. Assuming that the number of days taken for the disposal of an application is 30 days as against 15 days fixed by the Central Government for the purpose. To this may be added 20 days for the gestation period. In other words, within 50 days of the given time frame, no income can be expected.

However, on the 51st day, one can expect the commencement of the operational stage. Income may be expected to be generated on and from the 51st day. In other words, one could have expected the total income for 206 days in the 256 days lost. Thus, the actual economic gain that would have otherwise been generated and received is found lost, as during the said period no income was actually generated. Thus, base on the annual per income of the rural households in Manipur - 'Rs. 1844 in 1986-89', the actual foregone lost could be worked out to Rs. 1041 per beneficiary. In other words, had the time taken was reduced to 50 days the net gain would have been 206 days which could be converted into money with all creative and healthy tempos of competition and interaction. This is, perhaps, one possible economic implication that could have been taken into account before the commencement of the programme.

In this connection, one must note that administration - rather responsive administration or a committed administration, has turned out to be an important economic input. The actual implementation begins, in the present scheme of things, with the administrative decision. Policy decision is taken, programmes are worked out. Budget is prepared. Budget is passed. Then, it goes to the hands of the administrative machinery - field staff, for actual implementation. So is the case with the IRDP. The Central Government has taken decision. The plans are prepared. Programmes are included in the Central and the State budgets. Then the approval for the programme is conveyed to and handed over to the block machinery to go ahead. This is the beginning of actual implementation.

Another time gap is also experienced. From the Secretariat to the Block level, there is another time gap. The budget is passed in April. The orders are prepared in May. Sanction is made in June. Order comes to the Block department in July. Thus the actual implementation begins in August while monsoon starts. With the result that the work progress is delayed by heavy rains and, sometimes, the very purpose of the work gets defeated. Thus one may note the economic implications, not only in connection with the time gap between the date of submission and the date of disposal, but also in connection with the long period taken by the authority in giving "the actual green signal" to the field staff. In the normal process, the decision taken in April in the budget session gets materialised only after July. Half of the year is gone. Thus when
the rural households are fully engaged in agricultural operations, the IRDP starts. The shortage of labour is bound to be a constraint. This could be another economic implication for long time gap at two levels. At best one can expect the so-called financial achievement, i.e. the exhaustion of budgetary provision anyhow -, without less reference to physical achievement. Curiously enough, Indian planning goes by the financial achievement as a yardstick for performance, while, of course, the physical achievement is not completely ignored. But the fact remains that evaluation is hardly conducted in the States, particularly in Manipur, by any autonomous individual or institution on the initiative of the Government. As such, the degree of economic loss resulting from the long time gap is bound to be experienced in Manipur.
Leakages:

The high degree of false identification and undue long time gap prepare the scope for the possible leakages. The false identification is occasioned and encouraged by, among other factors, the intention of misusing the financial assistance. Recovery may not be expected in these cases. In fact, the beneficiary does not have genuine interest in the asset creation and skill formation. His main consideration, perhaps, is the immediate satisfaction. He is not guided by the prospect for incremental income and willingness to pay back. As such, the incidence likely to be experienced as a result of monetary sacrifice in terms of bribery etc. is not high.

In the same way, the undue time gap of months has the same implication. Temptation for the 'gift' of the bureaucrats dealing with the IRDP is bound to be high.

Besides there has been a tradition in Manipur that material gratitudes should be shown either before or after any act of considerable importance. Material presentation takes higher forms of valuable commodities and ornaments. The social coercion has taken root in the society. This is, of course, a remnant of feudal economy. When the survival of an individual is in danger, he is forced to depend upon the concrete help and benevolence of the feudal lord. If we look at the hill
areas, this tradition of material gift for any act performed by the village chief has become a matter of compulsion in due course. The customary obligation in many non-economic forms -, in terms of various services, are very pronounced more in the Kuki areas than in the Naga areas. Any Kuki villager who comes back after a day's work with a load of some available articles has to part with some portions of his daily collection for the Kuki chief. As a matter of convention, the thigh of the live animal has to be presented to the chief.

This folklore of additional compulsory obligation can be traced to the institution of "Lallup", that existed in the kingdom of Meiteis. According to this institution, every able bodied person should render his service free of cost in the palace for ten days for every forty days. Village artisans and weavers, workers of various skills attended the "Lallup Loishang" by turn. This services were rendered in the name of the State in the palace while the actual material benefit was enjoyed by the king. In a way, as observed by the European scholars, the compulsion involved in the Lallup institution amounted to some kind of forced labour. This system of customary obligation became part of centralised administration, of course, the fiscal administration was difficult in view of large scale non-monetised sector and mass poverty. However, any government functionary, even Amins and tax collectors, were considered by the innocent villagers as representative of the centralised authority. The villagers, hardened by the lessons and experiences of history of the past, entertain
the sense of submission and undue compliance in various forms. This social institution, even after Independence, could not be uprooted. Against this social background, the plan investment started. Programmes involving substantial allocation were executed. The false notion of the innocent villagers for the bureaucrats got increased with the increase of programmes. The agents of the Government were respected out of fear. In view of the fact that they were supposed to have the power. Plans may not achieve the target but the power of bureaucracy increases.

Thus, the possibility of corruption was ultimately formalised with the emergence of a new class - 'link man' who provides the point of connection between the innocent villagers and the sophisticated administration. Thus 'understanding' became an inherent reality since the innocent masses have no direct access to the government. They are forced to serve both 'minor master' and 'major master'. These link man (minor master) became, in due course, a social parasite and became professionalised. This is true in other parts of the country also. Perhaps, this also culminates in the creation of two worlds of innocent masses and administration.

The sorry aspect of the trend is the fact that there has been increasing concentration of "power", "wealth" and "status", in this group of link man. With the easy political mobilisation for electoral success through these linkmen, the higher power groups depend on them. This is, perhaps, the social origin of the "folklore of corruption".
In the light of the above presentation one may feel like stating that the degree of leakage in the IRDP, which involves the uneducated rural masses, is bound to be high. It may not be an exaggeration to reiterate that the leakage amounting to Rs. 758, the highest, is found in the primary sector. This is followed by the tertiary sector. The leakage suffered by the beneficiary in this sector is Rs. 637. In the secondary sector, the leakage amount is found to be Rs. 474. In one exceptional case, one beneficiary in the primary sector in Thoubal District had to sacrifice an extra amount of Rs. 4,000 in order to get the assistance in terms of work bullock. The minimum leakage is of the order of Rs. 100. Thus on an average, the beneficiary has been deprived of Rs. 500 (Annexure - II) without, perhaps, quid pro quo, which is much higher than 'All-India average of bribery amounting to Rs. 300-400 for a loan of Rs. 2000-3000'.

India : Average Expenditure for Obtaining Loans under IRDP.

<table>
<thead>
<tr>
<th>Cost of item</th>
<th>Average Expenditure (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing costs of preparing documents</td>
<td>50 - 150</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>100 - 150</td>
</tr>
<tr>
<td>Other (including bribes)</td>
<td>50 - 150</td>
</tr>
</tbody>
</table>


The obvious practice of pleasing the concerned people at various levels definitely has economic implication. The financing pattern is bound to be affected in terms of the less commensurate real value of the quantum of finance at the receiving end.
Bank Finance:

Any economic process of development requires finance. Finance may be expected from different sources. We have tax and non-tax sources. We also have institutional and non-institutional sources. The ultimate purpose is to ensure sufficient supply of resources at reasonable time and reasonable cost. The problem of underdevelopment which has engaged the critical attention of the planners, can be traced back to the shortage of financial resources. A particular economy is poor because it has less saving, more consumption, less capital formation, nominal investment and underdevelopment. Inspite of many theories of development based on labour (Lewis), the tempo of competition remains fairly low in the absence of sufficient supply of credit requirement at various levels of development.

History has recorded territorial aggrandisement and armed conflict essentially for capturing market and commercial domination. In a way, it becomes a battle for acquisition and transfer of capital from one region to another region. Mere availability of capital is not enough. Organisation of the available capital becomes necessary. Institutional arrangement becomes imperative for effective organisation, institutions come in. Bank is an intermediary between a saver and an investor. This role of intermediary, in developing economies, becomes marked in light of new policy decisions and new policy instruments adopted by the Government to address new problems that crop up from time to time. The new policy
direction evolved based on the emerging new economic realism demands a directional change in the performance of financial institutions. New assignment has to be given. New roles have to be identified. New thrust areas have to be defined. The performance needs to be evaluated not as "independent profit centre" but as a powerful development agent. The role of a bank has been redesigned recently as Development Area Approach.

"In a development approach, a banker is judged not so much by how much he lent, how well he kept the accounts, and how thoroughly he followed the rules and procedures, but by how much he succeeded in changing the economy of the customers and the socio-economic face of the region. In such a development banking an audit becomes not an audit of accounts but an audit of development performance." 45

The conventional functions of bank were modified and improved upon the light of new economic problems that control the economy. The Government of India found the inherent inadequacy in the performances of the commercial banks in India. Only 1505 bank office operated in the rural areas, out of 6596 in 1969. Out of total advances of Rs. 3035 crore, only Rs. 441 crore were advanced as bank credit to the priority sector. It was, thus, found that the financial operation was urban based and not pro-priority sector. As such, the Government of India nationalised 14 commercial banks in July 1969, and another 6 banks in 1980. With the following tasks assigned to the nationalised banks:

- to build up a banking infrastructure in rural and semi-rural areas through an extended branch network;

- to reorient the system for handling a wide range of small customers particularly in rural areas;

- to upgrade their lending techniques from security based lending to development oriented lending.
The performance of the commercial banks was found better. The priority sector constituted 45.8 percent of the total credit. 16.8 percent went to agriculture direct. 11.8 percent went to the weaker sections in 1988. However, the performance in the North Eastern Region was not satisfactory. The total bank branches opened in the North Eastern Region in June 1985 was only 2.7 percent of the total bank branches while the Southern Region got 27.9 percent and the Central Region 20.1 percent. The credit deposit ratio in the North Eastern Region was only 62.5 as against 94.91 in the Southern Region. Even if the credit deposit ratio is high in the North Eastern Region since the number of bank branches was few, the credit advance could not be high. As such, the per capita advance in the North Eastern Region could be Rs. 733 as against Rs. 1852 of the Northern Region and Rs. 1731 of the Southern Region.

Lending under IRDP by the commercial banks may not be impressive in the North Eastern Region. Following the line of argument made above, a comparative picture is given in the following table.

**Table No. 44**

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of accounts</th>
<th>Amount outstanding (Rs. in crore)</th>
<th>Average per account (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern</td>
<td>776</td>
<td>175</td>
<td>2,255</td>
</tr>
<tr>
<td>North Eastern</td>
<td>174</td>
<td>38</td>
<td>2,183</td>
</tr>
<tr>
<td>Eastern</td>
<td>1224</td>
<td>205</td>
<td>1,675</td>
</tr>
<tr>
<td>Central</td>
<td>1439</td>
<td>329</td>
<td>2,286</td>
</tr>
<tr>
<td>Western</td>
<td>833</td>
<td>174</td>
<td>2,088</td>
</tr>
<tr>
<td>Southern</td>
<td>2050</td>
<td>346</td>
<td>1,687</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6296</strong></td>
<td><strong>1,267</strong></td>
<td><strong>1,950</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6.58</td>
<td>6.69</td>
<td>7.22</td>
<td>7.27</td>
<td>7.37</td>
<td>7.44</td>
<td>7.52</td>
</tr>
<tr>
<td>West</td>
<td>1.67</td>
<td>1.81</td>
<td>2.19</td>
<td>2.29</td>
<td>2.41</td>
<td>2.55</td>
<td>2.68</td>
</tr>
<tr>
<td>East</td>
<td>4.91</td>
<td>4.88</td>
<td>5.03</td>
<td>5.08</td>
<td>5.24</td>
<td>5.34</td>
<td>5.40</td>
</tr>
</tbody>
</table>

### Source
State Monitoring Cell, Secretariat Building, Imphal, Government of Manipur.
The institutional finance has been playing a key role in the IRDP. In 1985-86, the credit extended by the commercial banks for the IRDP, accounted for 69 percent. The share of lending by the commercial banks was substantially high followed by the lendings of the Regional Rural Banks (RRBs) - , which accounted for 23 percent while the lendings of the cooperatives constituted only 8 percent as indicated below:

Table No. 46

SHARE OF THE LENDING INSTITUTIONS : (IRDP), 1986

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Institution</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Commercial banks</td>
<td>69</td>
</tr>
<tr>
<td>2.</td>
<td>Rural banks</td>
<td>23</td>
</tr>
<tr>
<td>3.</td>
<td>Cooperative banks</td>
<td>8</td>
</tr>
</tbody>
</table>

(Source: - Ibid -, page - 86).
Now let us look at the observation made by the Agricultural Credit Review Committee, Reserve Bank of India, Bombay, 1990 on the impact of the IRDP lending on financial institutions:

"We notice on the financial side that at present the banks are involved neither in the selection of beneficiaries, nor in the identification of viable activities, nor in the matching of activities with the beneficiaries, nor indeed in helping the beneficiaries to prepare feasible projects. The net result is that the banks do not regard the IRDP as their programme and are only involved in a mechanical way. This affects the quality of credit, the goodness of the project, its operations and the recovery." 46

46. - Ibid -, page - 32.
While credit is "to play a dynamic role" in the IRDP, the gulf of two segments, namely, the Government and the Bankers, has assumed a meaningful proportion. The bankers feel that the IRDP targets are imposed on them from the top, the general impression is that they need not adhere to the accepted banking norms while the bankers feel that norms have to be adhered to. This is the basis of the "gulf" between the two segments. As a matter of fact, the primary consideration for the financial institution has been the fair margin of profitability. This idea may be read with the kind of autonomy given to the banker in their general conduct of financial institutions. Even after social control and the nationalisation of the commercial banks, it has been the convention that the achievement of a bank is determined by the amount of profit earned.

The bankers view on the IRDP, in short, remains, it appears, dominated by reservation on the economics and rationale of the rural development programmes. "Banking institutions have a crucial role to play because the Banker has the veto. Bankers are trained to handle a small numbers of large accounts. They are averse in dealing with a large number of small accounts. For many of them the whole concept of IRDP is an anathema thrust on them through the compulsion of populism of an elected Government. Hence, there are serious reservations among many of them about the logic, rationale, ethic and economics of this programme. There is a built-in-urge to subvert the programme unless motivation other than altruism comes to play in clearing cases".47

The genesis of this reservation is, perhaps, the lack of clear-cut understanding of the authorities - both the government and the bank, about the characteristics of the poor. The basic qualification for the "IRDP-assistance" is poverty. Hence, it may be necessary to know of the web of deprivations and the inequality into which they get even after their attempt for long.

It may be required for us to have a thorough knowledge about the poor before we take decision on poverty alleviation programmes addressed to the poor.

- How many poor are there?
- What are the strata of the poor?
- Where do they live?
- What are their precise economic circumstances?
Poverty is normally defined as "inability to attend a minimal standard of living". To make this definition 'meaningful', three questions have to be answered. How do you measure the standard of living? What do you mean by a minimal standard of living? How do we express the overall severity of poverty in a single measure or index? The controversy over these questions, it may noted, remains unsolved. While there is no clearcut knowledge of the poor, the policy decision addressed to the poor is bound to be deficient in one way or the other. The planning may be sound theoretically, but at operational levels it may suffer. Even in the calculation of the number of poor people, we experience an element of heterogeneity. There are strata among the poor. There are destitutes (Rs. 0 - 2265), very very poor (Rs. 2265 - 3500), very poor (Rs. 3501 - 4800) and the poor (Rs. 4801 - 6400). They do not have similar economic circumstances. This is the core of the problem which must be taken into account while evolving the Anti-Poverty Alleviation Programmes.

But unfortunately, the success of the IRDP is normally determined by the percentage of beneficiary who have crossed the 'poverty-line' and the 'asset intake' leading to the generation of incremental income. If the asset position is a condition for the creation of incremental income, among the segments of the poor, the "poor group" may be expected to have better advantages and less severity over 'the destitute', 'the very poor', and 'the very poor'. In that case, in order to ensure the so-called operational success of the programme, - not necessarily for the

removal of "severity of poverty", the programme has to be prepared for the poor. Programme may succeed, but poverty remains as severe as before in the lower three segments. This is, perhaps, one of the reasons why the bankers do entertain a reservation on the IRDP. 'The destitutes', 'the very very poor' and 'the very poor' feel to attract the worthy attention of Government and the Bankers. The simple reason is they do not have the prospect of repayment.

In addition the above delineation, let us now glance over the third constraint — where do they live. Most of the poor people live in less advantaged area. Their land has less fertility. They do not have irrigation facilities. They do not have marketing centres. They do not have the advantage of bus stand. They do not have post office and telegraph. They do not have health care. They do not have banking facilities. They live even without a police outpost. As such, their poverty is hardened by severity of deprivations. We should also know what they do for a living, what they own and purchase, what they eat, what risk they face and how they fit into the society around them. These realities do have a "conditioning effect" on the fortune of the poor. Without taking into account all these deprivations, one may be tempted to undertake poverty gap. This is probably the deficiency with the expression of the severity of poverty in one single index. What is, perhaps, required is not merely the increase in income at a given moment of time. Therefore the conventional definition of growth has been broadened to include the horizons of development in all sectors and sub-sectors. These minute realities of deficiencies and shortages are, perhaps, not taken into account
of the preparation anti-poverty programmes and as a result they reflect on the efficacy of the IRDP. As such, only 12 percent of the beneficiaries are reported to have crossed the poverty line on national scenario inspite of investment of Rs. 4763 crore in the Sixth Five Year Plan and Rs. 6702 crore in the Seventh Five Year Plan in the IRDP.

In the light of above presentation, it may now appear that the reservation of the bankers is occasioned by the nature of the evolution and the preparation of the programme. The bankers feel the 'IRDP lending' 'airksome' for the following additional reasons:

- "lack of freedom to choose the borrowers or the economic activities;
- general apprehension that the beneficiaries selected would not be in a position to make productive use of loans and repay the advance;
- lack of adequate planning by DRDA to identify income generating activities;
- compulsion to fulfil, the targets imposed from above; and
- the general disregard of viability of activities by government functionaries who in effect choose borrowers as well as activities''.

49. Reserve Bank of India, ACRC, Bombay, 1990
A Review of the Agricultural Credit System in India, page - 754.
These deficiencies, of course, were felt, perhaps, in 1980s. As such, attempt was made to improve upon the performance of the financial institutions in terms of the introduction of lead bank scheme and the potential linked credit plan (service area approach).

Any institution is bound to have some operational problems from time to time. Changes have to be accommodated. Changes pose new dimensions of the problem. The Lead Bank Scheme could be considered as one of the new instruments to take care of the new problems of the banking sector. The Lead Bank came into being following the recommendation of the Study Group of National Credit Council on 'Organisational Framework for the Implementation of Social objectives' set up under the Chairmanship of the then Deputy Chairman of Planning Commission, Prof. D.R. Gadgil, 1969 and Committee of Bankers under the Chairmanship of F.K.F. Nariman. The lead bank is expected to conduct "quick and impressionist survey of the district" and "to act as consortium leader to bring about a coordination of cooperative, commercial banking and other financial institution in their respective district in the interest of lead district development". 50 Two important assignments of the Lead Bank are clear - (a) assessment of existing resources and potentials thereof, (b) coordinated credit planning of all the banking institutions operating in the district. Now the basic question is whether the Annual Credit Plans

are prepared on the basis of the resource survey of the district. In this connection the Khursh Committee on "the Agricultural Credit System in India" observes:

"The quality of statistics required for credit planning at grass-root level is far from satisfactory. Little reliable data are available about production, marketing, equipment, income-estimates, transportation, village and cottage industries - most of the sectors for which credit plans are to be formulated. The quality of statistics affects the quality of the credit plans. Unless concerned Government Departments and banks realise the value of accurate statistics for planning and set about compiling reliable time series, the credit plan estimates based on these Statistics cannot but be tentative". 51

What about of Manipur. The answer is simple. No resource survey at any level, perhaps, at any time, were conducted by the Lead Bank, by the NABARD, by the Government of Manipur, whereas 'the Annual Action Plan', 'the Potential Credit' Linked Plan', have been prepared and produced in large number. Annual Action Plan/District Credit Plans are prepared based on the "easy utilisation" of the available statistics of the Government Departments such as, the Department of Economics and Statistics, and the Department of Planning, which probably have not so far undertaken the resource survey of even a village at micro level. At most, the broad figures are available whose quality has been questioned. The possibility of actual field visit, in the abject shortages and the deficiencies of infrastructure in the districts, is honestly ruled out. However, as a routine matter the Potential Linked Credit Plan has been prepared while potentials have not been identified. Thus, the Potential Linked Credit Plan of Manipur, at best, is an exercise of conjecture and at most, an exercise of mechanical forecast and projections.

It may, also, be recalled in this connection that the evolution of bank finance in Manipur is marked by low percentage and late accomodation. One cannot expect much in the economic and banking behaviour of the people when the bank branches were restricted to 42 with 34,000 persons being taken care of by one bank branch. In addition to this, large scale area of non-monetised sector found in rural and hill areas did not demand the extensive necessity for sophisticated financial arrangement. The "commodity - relation" could be considered more
important than the financial relations in terms of acts of purchase and sale involving the proceedings of market mechanism. In most cases, till today, the bank accounts are opened in order to facilitate the payment of salaries and governmental transactions. Few and far between could of those individuals who open account with the bank with a view to increasing the credit mobilisation and saving mobilisation.

It is against this background of banking scenario that we are going to examine the roles of the commercial banks in the IRDP. Couple with this, the administrative efficiency of a committed government determines the operational success or otherwise of the programme. Recalling the priority pattern one may like to state that the Government of India intends to have the priority pattern in the allocation of the IRDP, in such a way that 68 percent should go to the primary sector, 16 percent to the secondary sector and 16 percent to the tertiary sector. As against this priority norm, one has to examine the priority pattern followed in Manipur. Besides, the extent to which the economy is rural and poor should also be taken into consideration. Manipur, is more rural in terms of population (72.27 percent), area (99.32 percent) and occupation (66.39 percent).
Seen against this, the priority pattern followed in Manipur makes a distinct departure. The percentage allocation in the primary sector in 1985 was only 51. 28 percent was earmarked for the secondary sector, 21 percent went to the tertiary sector. The emphasis was less on the primary sector compared with the expected degree of emphasis of 68 percent - All-India. It appears that more importance was given to the trade and commerce and also to small units of tailoring, cycle work-shop, weaving, wool knitting etc., while the emphasis could have been given to the production in the primary sector. The same trend could also be observed in the physical achievement from 1985 to 1990 (VII plan). Of course, increasing attention was given to the primary sector. Better performance could be seen in the tertiary sector. The following (next page) indicates the priority pattern.
### Table No. 47

**PRIORITY PATTERN, (IRDP)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>All-India norms (p.c. allocation)</th>
<th>State scenario : MANIPUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>P.C. allocation 1985 (b)</td>
</tr>
<tr>
<td>Primary Sector</td>
<td>68</td>
<td>51</td>
</tr>
<tr>
<td>Secondary Sector</td>
<td>16</td>
<td>28</td>
</tr>
<tr>
<td>Tertiary Sector</td>
<td>16</td>
<td>21</td>
</tr>
</tbody>
</table>

| 100         | 100     | 100     | 100 |

**Sources:**


(c) - Ibid - 1987-88.

(d) State Monitoring Cell, Secretariat Building, Imphal, IRDP Section, Government of Manipur.
Of the total bank finance of Rs. 96.52 lakhs in 1986-87, 93.26 percent was meant for the valley and 6.74 percent for the hills. During the Seventh Five Year Plan period (1985-90), it was Rs. 274.18 lakhs were released. 90.63 percent went to the valley and 9.37 percent to the hills (Annexure - VI). Curiously enough, the hill district, except Churachandpur District, do not enjoy the benefit of the bank finance. Only government subsidy in kind was made available.

What is more important in the exercise is the quantum of credit. In the growing economy where there is higher poverty ratio, the consumption need is normally very high and the marginal producers and assetless people, in the light of increasing price escalation and transport bottleneck, get into 'debt-trap' in Manipur. The rural debt ranges from Rs. 200 to Rs. 35,000. On an average the debt incurred is Rs. 2,900 from the unorganised credit agencies, such as, village money lenders, friends and relative, retailers, etc. The percentage of borrowings from the institutional and organised sources could be 48.6 only in 1986 even as against 61.2 of India in 1981. The borrowings from the non-institutional sources accounted for 51.4 percent in Manipur as against 38.8 percent of All-India. On the whole, the credit structure in Manipur in 1986 was much less encouraging than even that of the picture of India in 1981. This domination of the unorganised lending in Manipur can be seen in the table given below:

(Please see the next page)
Table No. 48

BORROWING BY SOURCE (PERCENTAGE): INDIA & MANIPUR

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage of borrowing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>61.2</td>
</tr>
<tr>
<td>Non-institutional</td>
<td>38.8</td>
</tr>
</tbody>
</table>

The most important finding of the enquiry is the magnitude of the shortage of credit per unit operating the Integrated Rural Development Programme. According to the Report of the Agricultural Credit Review Committee -, Reserve Bank of India, Bombay, 1990, (Khusro Committee), the estimated capital requirement on the basis of the incremental capital-output ratio which was being followed in the Seventh Five Year Plan, was Rs. 13,230 (page - 761). To this capital requirement may be added 25 percent in view of higher trend of price behaviour in the North Eastern Region, - particularly in Manipur, perhaps, because of inherent geo-physical constraints and infrastructural handicaps. Thus, the estimated capital requirement for Manipur by All-India norm may be Rs. 16,537. As against, the credit per beneficiary under the IRDP (state average) was only Rs. 4,224.32. The shortage per unit may be estimated to be Rs. 12,312.68 per unit. The credit per beneficiary in the primary sector was Rs. 4,905.01, Rs. 3,041.06 in the secondary sector and Rs. 3,746.47 in the tertiary sector. The per beneficiary sectoral investment is found much lower than All-India average capital requirement of Rs. 13,230. Now the credit gap is quite evident.
As a result one may not expect a promising turn of rural development in Manipur. As such, only 16 percent could generate income, although it is higher than All-India average of 12 percent. This may be seen in the following table.

**Table No. 49**

**QUANTUM OF CREDIT : (IRDP)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Credit per beneficiary</th>
<th>(a) All-India estimated capital requirement (Rs.)</th>
<th>(b) All-India estimated capital requirement + 25%(price hike) (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary sector</td>
<td>4905.41</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Secondary sector</td>
<td>3041.06</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tertiary sector</td>
<td>3746.47</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State</td>
<td>4224.32</td>
<td>13230</td>
<td>16537</td>
</tr>
</tbody>
</table>

(a) Shortage per unit - Rs. 12,312.68

(b) Shortage per unit - Rs. 9,005.68
Recovery:

In view of the high 'credit-gap', the operating units, it seems, experience handicaps. The question of "under-finance" lends itself to the lack of viability, not only in finance but also in economic and technical aspects. Shortage of finance may deprive the beneficiary of the available market opportunities and technical efficiency. The success of a production unit largely depends upon the horizontal linkage of the complementary inputs. The shortage of one input may place the beneficiary in a position of inconvenience - a position of less production and loss. He may get into the 'web of retarded performance'. As such, one cannot expect high returns and one cannot subsequently expect promising trend of loan recovery. Only 4 percent could repay while 42 percent could partly repay against 45.3 percent of the All-India in 1986-87. The amount of partly repayment ranges from Rs. 80 to Rs. 2,000. 54 percent was unable to repay. (Annexure - VII). One important factor could, apart from credit gap, the high consumption requirement, perhaps, occasioned by increasing trend of consumerism and "demonstration effect". The customary obligations are equally active. The customary obligations affect the quantum of actual investment. Besides, the social consumption sector - particularly education and health care, are increasingly costly. As such, the possibility of mis-using part of the assistance available may not be ruled out. Besides, the "external instigation" (political patronage) encourages the behaviour of unproductive consumption with the result that the ultimate incremental
These factors have their own shares although the actual quantification of their respective shares may be difficult to be made. However, in Manipur three important factors stand out clearly - (a) structural weaknesses of the credit agencies, (b) ineffective supervision, and (c) external instigation. As such, the problem of recovery may be reduced the following if tied-up is made:

- the credit with inputs;
- the inputs with output;
- the output with repayment;
- the repayment with new lending.

In that case, not only the repayment is made, the credit cycle does not stop.
While we are fully aware of the fact that, forecast or projection is a "dangerous temptation" for a social scientist, particularly economist, one may, however, be tempted, in due course of the logical exercise, to indicate a picture of projection/estimated requirement for the economy under study. The economy of Manipur remains, as stated above, fundamentally rural and the critical impulses created in the rural economy may be expected to have potential for imparting greater momentum and tempo to the general trend of economic development of the state as a whole. The strategy for resource transfer through deliberate public intervention to the rural economy to tackle the conventional problems of unemployment, poverty and inequality, is sound and accepted and in the attempt credit, decidedly plays a key and dynamic role. However, the annual credit requirement for rural development in Manipur works out to -, a minimum of Rs. 44 crore calculated on the average requirements for the period under study. But actual investment for rural development was only Rs. 11 crore. The annual gap of credit requirement is Rs. 33 crore. To that extent the economy may suffer the underdevelopment lag - which may subsequently become the backlog underdevelopment. As against this estimated requirement of Rs. 44 crore, the highest amount invested by the Government from the institutional sources could be Rs. 22 crore only in 1988-89 and in 1980-81 it was only Rs. 6 crore - the lowest.
Now, to have a better picture, reference may be made to the resource position of the State. Even after the end of the seven Five Year Plans, the resource mobilisation has not been encouraging. The tax revenue in 1991-92 could be Rs. 23.11 crore and the non-tax revenue was only Rs. 21.74 crore. Thus, the public revenue from tax and non-tax sources could be Rs. 44.85 crore. Even the whole revenue collected a year does hardly meet the total requirement for the state for rural development only. This underscores the necessity for the substantial institutional finance to meet the requirement for rural development. Because, the revenue receipts are mostly utilised for the non-plan items or expenditure on revenue accounts, not for the capital investment. Resource surplus can hardly be expected for plan purposes. However, the state depends on the Centre for the plan schemes. The State receives block grants and grants under Article 275 for plan purposes. However, in view of the enforcement of fiscal discipline by the Centre, the quantum of plan assistance may not be liberal. The resource mobilisation becomes, as a part of new fiscal exercise, a condition for central plan assistance. Besides, the new fiscal policy has been designed on the consolidated of the gains already made on the industrial front. But, both on agricultural and industrial fronts, much headway has not been made in Manipur. The agricultural development has hardly attained the stage of commercialisation. Hardly 25 percent of the land is irrigated. While the cost of new technology
has gone up, the per capita rural income is hardly Rs. 1944, as against Rs. 4206 of Punjab, and as against Rs. 2052 of Haryana. On the industrial front the picture is not encouraging. In Manipur, the number of non-agricultural enterprises was only 32,000 as against 15,54,000 of Andhra Pradesh, 8,74,000 of Kerala, 4,46,000 of Punjab and 16,39,000 of Tamil Nadu (1980). Even in 1990, the number of non-agricultural enterprises in Manipur was hardly 55,000. The employment in the registered factories in 1980 was only 2,000 as against 6,66,000 of Andhra Pradesh, 6,95,000 of Gujarat and 13,38,000 of Maharastra. Even Kerala could employ 2,80,000 people in the factories. As such, the per capita value added in the factory sector could be only Rs. 7 in 1980-81 and in 1987-88, it decreased to Rs. 6. But the per capita value added in the factory sector in 1987-88 was Rs. 866 in Andhra Pradesh, Rs. 731 in Gujarat, Rs. 536 in Punjab, Rs. 404 in West Bengal and Rs. 196 in Assam and Rs. 42 in Tripura. As such, both agricultural and industrial sectors did not perform well during the last 40 years of economic planning in the country. Besides, the North Eastern Region, is reported to have lagged 30 percent behind the rest of the country (Development lags in the NER, NCAER, New Delhi, 1988, page - 130).
The abject economic realities of geo-physical conditions, infrastructural handicaps and dirth of professional skills, a new policy direction is called for so that there may be a distinct "step-up" of institutional finance. We may reiterate in this connection the observation made by the National Committee on the Development of Backward Areas, (B. Sivaraman Committee) Report on the Development of the NER, page - 1 that "the North Eastern Region can make a directional departure from the national strategy". Thus, in the event of a new policy direction not being evolved, the tempo for economic development, - a change in tempo, from the agricultural atmosphere to the industrial atmosphere -, can hardly be looked forward to.