CHAPTER II

CONCEPTS AND REVIEW

With a view to have clarity of the concepts used in the present study and to draw inferences in proper perspective it becomes necessary to review the literature on the concepts and the related past studies. Therefore, a brief review of the concepts is attempted. In order to bring about a perceptible change in the poverty ridden masses rural development programmes had been put into operation by the planners. Hence a review of the term Rural Development.

Rural Development

The concept of rural development has assumed very great significance in recent literature. Various economists, sociologists and politicians defined rural development in a variety of ways but all of them stressed one and the same thing viz., the development of rural areas. "In fact, rural development means more than just agricultural development, exactly what it does mean, though has been the subject of much international debate and little agreement."1

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The World Bank Report defined rural development as a strategy designed to improve the economic and social life of the rural poor.²

Chambers interpreted the term rural development as a strategy to enable a specific group of people, poor rural men and women, to gain for themselves and their children more of what they wanted and needed.³

Olatunbosum defined rural development as a consciously formulated systematic multi-sectoral programme to attain the integration of rural people into the main stream of country's income group.⁴

Hunter stressed that the fundamental objective of rural development would be to enable that mass of the rural population who were in poverty line to earn by their own efforts, the basic human needs of livelihood increasing food and clothing, shelter and living space, health and help in sickness, the resources and opportunities to use and develop their skills and capacities.⁵


The World Bank Sector paper on Rural Development defined rural development as a strategy to improve the economic and social life of a specific group of people—the rural poor.6

Blair enumerated the essential elements of rural development as administration, leadership from the Government, Corporate structure, substantial investment of money mainly in the form of credit and subsidy and the necessary training to local people in managerial skill.7

Parida conceived rural development as a process of structural changes together with more employment and output in rural areas.8

Bat defined rural development as a programme of reducing the economic and social dualism between rural and urban areas in the country.9

Lele defined rural development as improving the living standards of the mass of low income population residing in rural areas and making the process of their development self-sustaining.10

Patel viewed rural development as a strategy designed to improve the economic and social life of a specific group of people. It involves the extending of the benefits of development to the poorest among those who seek a livelihood in the rural areas. The group includes small farmers, rural artisans, tenants, scheduled castes and scheduled tribes. Since rural development is intended to reduce poverty it must be clearly designed to increase production and raise productivity.¹¹

According to Desai¹² Vithal¹³, and Singh¹⁴ rural development embraced a very wide range of activities pertaining to all aspects of rural economy, covering the rural people in their entirety, including cultivators, landless labourers, rural artisans and so forth.

Singh stressed that rural development encompassed the development of agriculture and allied activities, village and cottage industries and crafts, socio-economic infrastructures, community services and facilities and above all the human resources in rural areas.¹⁵

Identifying three important aspects in rural development, while depending primarily on small farmer agricultural progress, it encompassed (a) improvements in the levels of living including employment, health, nutrition, housing and a variety of social services b) decreasing inequality in the distribution of rural incomes and in urban-rural imbalances in income and economic opportunities and (c) the capacity of the rural sector to sustain the pace of these improvements.\textsuperscript{16}

The aim of rural development according to Rao\textsuperscript{17} and Singh\textsuperscript{18} was the optimum utilisation of the natural and human resources of a given area for the enrichment of the quality of life of all sections of its population.

Rao stressed that the concept of rural development was comprehensive covering social, economic and cultural aspects of rural life.\textsuperscript{19}

\begin{footnotesize}
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\item \textsuperscript{17} V.K.R.V. Rao, paper submitted to the Third Biennial Conference of Association of Development Research and Training Institutions of Asia and the Pacific, Eastern Economist, 14 October, 1971, p. 74.
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Rajagopal, Krishnamoorthy and Giriappa viewed rural development as a process by which the life of the rural people was sought to be improved through higher incomes, higher employment, and better health, sanitation and recreation.

According to Sinha rural development would mean essentially a desired positive change in the rural areas, both in a quantitative as well as a qualitative sense. It was an area concept and a complete term which integrated a variety of elements of human life and activities.

Sulabha Brahme had emphasised the scientific management of resources and the provision of linkages between agricultural and non-agricultural sectors.

Parthasarathy emphasised that rural development is not something extraneous to the overall economic development. It is not something of a new concept in the scheme of things. Even before


Independence it was emphasised that any meaningful policy of development must, of necessity, be given priority to programmes designed to transform rural economy to rescue it from the morass of poverty and hunger, illiteracy and disease, into which it has been submerged from the time of foreign domination of the country.25

According to Anker, rural development refers to strategies and programmes for the development of rural areas and the promotion of activities, carried out in such areas (agriculture, forestry, fishery, rural crafts and industries, the building of social and economic infrastructure) with ultimate aim of achieving further utilisation of available physical and human resources and generating higher income and better living conditions for the rural population as a whole, particularly the rural poor, and effective participation of rural poor in the development process.26

Mathew considers that development of rural areas can not for long be sustained only through development of agriculture and or through an equal distribution of benefits within the sector. It is as much necessary, as it is desirable, to bring industrial employment and income and the indirect employment and income generated by industry closer to the majority of population living in villages.27

25 Parthasarathy G, Rural Development in India (New Delhi, Agricole Publishing Academy, 1984), p. 27.


Tapliyal observed that though the impact of rural development programmes in India was not as expected yet the situation would have worsened but for the development measures.28

According to Harris the object of rural development is the reduction of inequalities of income and employment, an access to public goods to the rural poor and alleviation of poverty.29

In the words of Johnston and Blark the objective of rural development is to reduce and eventually to eliminate acute poverty.30

Dhillon and Sandhu concluded that many rural development programmes started by the Government of India for the eradication of rural poverty failed to achieve their objectives.31

Parthasarathy sums up that the critical elements of rural development are:

a) basic needs
b) full employment

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c) local participation and

d) micro level planning.\textsuperscript{32}

In the words of Planning Commission rural development could be received of as strategies, policies and programmes for the development of rural areas and the promotion of activities carried out in such spheres as agriculture, forestry, fishing, rural crafts and industries, the building up of social and economic infrastructure, with the ultimate aim of achieving a fuller utilisation of available physical and human resources and earns higher income and better living conditions for the population as a whole and particularly the rural poor ..... and effective participation of the latter in the development process.\textsuperscript{33}

From the above review, it can be perceived that rural development was a consciously formulated, systematic, multi-sectoral programme pertaining to all the aspects of rural economy with a special emphasis on improving the living conditions of the rural poor. Hence the term rural development for the present study is defined as "an integrated growth of all sectors of rural economy for increasing the rural income, employment and purchasing power of the rural poor and to provide them a better standard of living".


\textsuperscript{33} Planning Commission, Government of India III FYP, New Delhi, Yojan Bhawan, 1960, p. 3.
Rural poor

It is necessary to identify the poor people living in rural areas for the purpose of rural development and hence the present review of the terms rural poor and poverty are made.

The RBI estimated that the number of poor households in India stood at 270.8 lakhs in 1971, as against 206.6 lakhs in 1961, all the States except Kerala showed a rise. In aggregate terms the highest number of 34.8 lakh households were poor in Tamil Nadu, followed by Uttar Pradesh and Bihar in that order.34

Dandekar and Rath35 and Joshi36 observed that the rural poor consisted of predominantly agricultural labour households and small landholders with a cultivated area of less than two and a half acres. These two groups would also include village artisans thrown out of their traditional employment.

The World Bank study observed that the agricultural workers and landless were among the poorest members of the Community. Slightly above them in economic status were the small farmers and marginal farmers.37

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Mishra suggested that in India three criteria could be used to identify the poor viz., social status as indicated by caste or community, educational status and income or property status.38

The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) identified the poorest section of the population as virtually asset less groups of households consisting of small farmers, marginal farmers, agricultural labourers and rural artisans. Overlapping with these economic categories were the socially disadvantaged and backward classes, viz., scheduled castes and scheduled tribes.39

The Community Development and Corporation Ministry defined the weaker sections of the Community as to comprise families having uneconomic holdings, landless agricultural labourers, village artisans, workers engaged in small crafts, fisheries, etc. groups living in unproductive regions, scheduled castes, women, nomadic tribes and destitutes.40


According to George taking into account the cost of living, a level of income adequate to provide consumption level could be used as the cut off point to identify poor families.  

From the above review it could be observed that small farmers, marginal farmers, agricultural labourers, rural artisans, Scheduled Castes and Scheduled Tribes constitute the weaker sections of the population.

POVERTY

For the purpose of identifying the poor it is necessary to review the concept of poverty.

Since the publication of Dandekar and Rath's study on 'Poverty in India' there has been a wide ranging controversy about the increasing poverty in India. Dandekar and Rath, Bardhan, Gri and Khan have all proved with the help of facts and figures that economic structure in India has failed to reduce the poverty of the masses.


42 Dandekar VM, and Rath Nilakanta, Poverty in India (Bombay, Indian School of Political Economy, 1971).


On the other hand, another group of economists like Minhas had pointed out that the percentage below poverty line had declined since 1960. In the opinion of Ahluwalia there is, however, no consistent trend in regard to the percentage of population below poverty line.

In the words of Kar the word 'Poverty' encompassed the characteristics ranging from a psychic state of mind to extreme nutritional deficiency.

To Thimmiah poverty was the inadequacy of income to meet the basic necessities of life.

According to George poverty as a concept was more easily understood, if it was related to a minimum subsistence level, expressed in terms of money that was necessary to maintain health and working efficiency. Taking into account the cost of living, a level of income which would be adequate to provide the minimum consumption level could be

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arrived at, using it as the cut off point and then families could be identified as poor or otherwise.\textsuperscript{49}

Varadarajan pointed out that relative poverty implied the extent of poverty in a society which could be estimated in terms of the degree of several inequality.\textsuperscript{50}

Desai stated that the word poverty in the absolute sense referred to a condition of acute physical want, starvation mal-nutrition, disease, want of clothing, shelter, education and almost total lack of medical care.\textsuperscript{51}

Appu regarded poverty as a person's lack of command over adequate goods and services to satisfy basic needs relating to food, clothing, housing, medicine and education.\textsuperscript{52}

Yadav considered a person as poor if he was living in conditions of insufficiency of basic needs viz., food, shelter and clothing.\textsuperscript{53}

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\textsuperscript{49}George PT, op. cit, p. 20.
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\textsuperscript{52}Appu PS, Inadequacies of Policies and Programme", Kurukshetra XXVII (8): 16: 197.
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\textsuperscript{53}Yadav, K, "Eradication of Rural Poverty in China A Lesson to India, (Bangalore, IIM, 1980), p. 3.
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Reddy and Mitra defined poor as those who could not afford to pay for their nutritional requirements.\(^\text{54}\)

Ahluwalia defined absolute poverty as the below-subsistence condition reflected mainly in the inadequacy of food intake and the consequent under nourishment on a small scale. In developing countries the definition of subsistence might also include other essential minimum needs like clothing, housing, education and health.\(^\text{55}\)

Subramaniam,\(^\text{56}\) Varadarajan and Aiyasamy\(^\text{57}\) viewed poverty as an attribute of the families experiencing deprivation not only in nutrition but also in health, education, sanitation, clothing and purchasing power.

Hagonners and Vos stated that basically all definitions of poverty could fit into one of the three categories, viz. poverty having less than our objectively defined absolute minimum, less than others in Society and the feeling that one did not have enough to get along.\(^\text{58}\)

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\(^{56}\) Subramanian C, "An Anatomy of Poverty" The Hindu September 6, 84.

\(^{57}\) Varadarajan and Aiyasamy R, The Structural content of Poverty", paper presented at the IV Annual Conference of Association of Economists at Tiruppathur.

Pant concluded that the concept of poverty was somewhat wider and included not only those who were unemployed but also those who were fully or partly employed but earned very little because of low productivity and low wages.\textsuperscript{59}

Murdoch was of the view that the condition of poverty was created because the poor were denied access to productive resources resulting in unemployment, under employment, low wages and low income to those who work.\textsuperscript{60}

For the present study poverty is defined as a condition where a person was deprived of any one or combination of each factors like income, employment, productive assets and social factors like education, health care and sanitation necessary for a minimum standard of living in a particular locality”.

**Poverty Line**

The development programmes aim at lifting the poor above the poverty line. Hence it becomes necessary to have a clear idea of the concept of poverty line, its estimate and the number of persons below the poverty line.

\textsuperscript{59} Pant SP, "Poverty, Unemployment and food for work" Agricultural Situation in India XXXIV(2): 84, 1980.

There were different approaches in defining the poverty line which include the Basic Needs Approach, the Income Level Approach and the Physical Quality of Life Index based on infant mortality, illiteracy and life expectancy as indicated by Vasisht and Krishnan.\(^{61}\)

According to Bandyopadhyaya, the term Poverty Line used by Rowntree for the first time and the quantification of poverty in terms of calorie consumption originally devised by him were subsequently adopted by World Bank economists, Indian Planners and Government Commissions.\(^{62}\)

Thimmiah divided the methods of estimation of poverty line into two categories the physical calorie requirement method and the physiological norms method. Under the physical calorie requirement method the minimum calorie requirement for the normal functioning of different groups had been estimated and some amount was added as necessary for clothing, housing and other essential needs. Under the physiological Norms Method the minimum amount of expenditure required varied according to the changing pattern of consumption owing to differences in cultural set up, food preferences and tastes.\(^{63}\)


\(^{63}\) Thimmiah P, op. cit. p. 89.
Hagennars and Urs pointed out that Food Income Ratio, Fixed Cost Income Ratio and Total Income Expenditure Ratio were also used for determining the absolute minimum amount.64

According to Kar, the most convenient method of identifying the target population was Income Level Approach where the minimum income level was considered desirable.65

The Study Group set up by the Planning Commission in 1962 concluded that the minimum consumption expenditure for a household of five persons would work out to Rs. 20 per capita per month at 1960-61 prices.66

Dandekar and Rath67, Bardhan68 and Ahluwalia69 estimated the minimum per capita consumer expenditure as Rs. 15/- per head, per month in rural areas at 1960-61 prices while Minhas70 fixed at Rs. 16.70.

64 Hafennars and Urs op. cit. p. 87.
65 Kar, op. cit. p. 98.
68 Bardan PK, "On Incidence of Poverty in Rural India in the Sixties", Economic and Political Weekly, Feb. 73, p. 25.
70 Minhas BS, Planning and the Poor, (New Delhi, S.Chand and Co. Ltd., 1974), p. 75.
Thakur worked out the per capita per month minimum food requirements in monetary terms as Rs. 77.61 and Rs. 52.93 respectively at 1980-81 prices.\textsuperscript{71}

Ojha estimated that in 1967-68 289 million persons lived below poverty line. The percentage of rural population below poverty level was 52 per cent in 1960-61 and rose to 70 per cent in 1967-68.\textsuperscript{72}

Pillai concluded, on the basis of the estimates of Dandekar and Rath and Rao, that the percentage of population below the poverty line increased in 1973-74 as compared to 1960-61.\textsuperscript{73}

Singh questioned the drawing of poverty line on monetary terms based on nutrition norms and pointed out that higher income could be derived through public consumption such as better housing, education and better health facilities also. The food requirements differed from region to region. Therefore the concept of poverty would include items of social consumption as well.\textsuperscript{74}


\textsuperscript{73} Pillai PP, "Planning for the Poor", Yojana, 28(16): 21, 1984.

The Seventh Finance Commission attempted to have a more inclusive concept of poverty line. To the per capita monthly private consumer expenditure the per capita monthly public expenditure incurred in 1970-71 by each State Government was added and this modified State-specific norm was named as Augmented Poverty Line. It was found that 225 millions persons lived below poverty line in rural areas in 1970-71. In Tamil Nadu and Pondicherry more than 60 per cent of the population was living below poverty line.\textsuperscript{75}

The Sixth Plan defined poverty line on the basis of the recommended nutritional requirement of 2,400 calories per person per day for rural areas and 2,100 calories for urban areas. By including expenditure on non-food items, the cut off points in the consumer expenditure turned out to be Rs. 61.68 for rural and Rs. 71.73 for urban areas at 1976-77 prices. In terms of 1979-80 prices as per capita monthly expenditure of Rs. 76 for rural areas and Rs. 88 for urban areas, the Sixth plan calculated that 317 million persons were living below poverty line and out of them 260 millions were residing in rural areas. In relative terms 50.7 per cent of the rural population and 40 per cent of the urban population is classed as poor.\textsuperscript{76}

\textsuperscript{75} Quoted by Ruddar Dutt and Sundharam, Indian Economy, (New Delhi, Sultan Chand and Co., 1988), p. 302.

\textsuperscript{76} Planning Commission, Draft Five Year Plan (1978-83), p. 3.
The Seventh plan mentioned in the light of information provided by the National Sample survey (38th Round) one can conclude that 34 million people crossed the poverty line between 1977-78 and 1984-85 and the National Sample Survey (39th Round) found out that the number of poor persons had fallen from 273 million in 1984-85 to 211 million in 1989-90 and in percentage terms from 36.9 to 25.8 by 1989-90.77

Mundal78 estimated poverty line for the States of Tamil Nadu and Pondicherry as Rs. 57 per capita in 1973-74 based on a nutritional intake of 2435 calorie per head per day, while the Sixth Plan79 defined Poverty Line as the mid point of monthly per capita expenditure class having a daily calorie intake of 2400 per person in rural areas. At 1979-80 prices the mid point was Rs. 76 and the Poverty Line was fixed at an annual income of Rs. 3500 from all sources at 1970-71 prices in an average family of five persons.

The Seventh Plan80 had made an upward revision in the Poverty Line and a family having an annual income of Rs. 6400 or less was

considered to be below Poverty Line. Under the integrated Rural Development Programme the identified poor family would be assisted to reach an annual income of Rs. 6400. However, in order to ensure that the poorest of the poor get the assistance first, it would be ensured that the families with an annual income level upto Rs. 3500 would be assisted first.

According to the revised guidelines issued by the Ministry of Rural Development, Government of India, the Poverty line to be adopted in rural areas would be the income level of Rs. 11,000 per family per annum with effect from 1.4.1992. The cut off line for identification of families under Integrated Rural Development Programme would be Rs. 8,500/-. 81

In the present study for the purpose of identifying a family below the poverty line, an annual income of Rs. 8,500 per family as fixed in the guidelines for Integrated Rural Development programme had been adopted.

**Schemes of Assistance to the Poor**

A review of the concept of assistance to the poor, its aim and impact are presented hereunder.

Samenta stated that the growing concern over a still increasing poverty led to the concept of IRD. The term had two notions, viz., to

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integrate those bypassed by development into the overall society and economy by activating their dormant productivity potential and, the other a comprehensive system approach based on a careful economic, socio-cultural and political factors.82

Kini83, Hye84, Misra and Sundaram85 observed that the concept of priority sector lending had both growth and distributive justice and sought to integrate multiple activities so as to achieve comprehensive development.

Brara stressed that the concept of integrated development was not to alter the power structure or to deal with the problems of unbalanced ownership of the means of production, but to set in motion a process through which rural poverty would be alleviated by sustained increases in the productivity and incomes of low revenue workers and agricultural households.86

Desai pointed out that the object of IRDP was to bring the families in the target group above the poverty line by providing them the needed assistance in the form of subsidy and loan for economic activities.\(^87\)

Dhillon and Sandhu stressed that the main objective of providing assistance under IRDP was to raise the standard of living of the poorest families above the poverty line on a lasting basis by giving them income generating assets and access to credit and inputs.\(^88\)

According to Bhanja and Venkatadri, the priority sector lending was directed towards the specific target of the poor below the poverty line and within this group there existed variations with regard to other parameters like the number of dependents, family size, age group, education and caste composition categories which were more expressive of the actual socio-economic backwardness of the beneficiary.\(^89\)

In the opinion of Vaishnoi, lending to the priority sector under IRDP was a comprehensive and satisfactory approach that might accelerate the economic development process in a country and meet the individual needs of the rural poor.\(^90\)

\(^{87}\) Desai, Vasant, op. cit. p. 332.


Casly and Lury suggested three categories of performance indicators viz., output indicators expressed in terms of production, economic indicators considered in terms of income, and quality of life indicators in terms of consumption, health, education, life expectancy and ownership of goods.\(^91\)

Parida selected a few indicators which were expected to reflect the level of rural development like cropping intensity\(^92\), the area under crops other than food crops and the number of workers in non-agricultural activities.\(^93\)

In the opinion of Desai\(^94\), Rao and Erappa\(^95\) an important measure of the success was the number of families which had been helped to acquire assets but a far more important measure was to find out how many of such families had effectively benefited in terms of incremental income and had crossed the poverty line.


\(^93\) Parida JK, op. cit. p. 31.

\(^94\) Desai, Vasant, op. cit, Vol. VI, p. 166.

Review of past studies

Many studies had been done by institutions and individual researchers with varied coverage of area and the number of beneficiaries. Some of these studies are reviewed below.

According to Reserve Bank of India, the percentage of beneficiaries who received incremental income was 51, the percentage of beneficiaries who crossed the poverty line was only 17 and the percentage of ineligible beneficiaries who received assistance was 16.\textsuperscript{96}

According to National Bank for Agricultural and Rural Development (NABARD) the percentage of beneficiaries who received incremental income was 82, the percentage of beneficiaries who crossed the poverty line was 47 and the percentage of ineligible beneficiaries who received assistance was 15.\textsuperscript{97}

The study conducted by the Institute for financial Management and Research (IFMR) concluded that the percentage of beneficiaries who received incremental income was 90, the percentage of loan repayment was 79.6 and the percentage of ineligible beneficiaries who received assistance was 60 in Tamil Nadu and 20 in Maharashtra.\textsuperscript{98}

\textsuperscript{96} Reserve Bank of India, "Implementation of Integrated Rural Development Programme", (Bombay RBI, 1986).


\textsuperscript{98} Institute for Financial Management and Research "An Economic Assessment of Poverty Eradication and Rural Employment Programmes and their Prospects" (Madras, IFMR, 1984).
The study of the Programme Evaluation Organisation (PEO) revealed that the percentage of beneficiaries who received incremental income was 88, the percentage of beneficiaries who crossed the poverty line was 49.4 and the percentage of ineligible beneficiaries who received assistance was 26.99.

The study conducted by the Department of Rural Development in 1986 in 22 States and 9 Union Territories concluded that 76 per cent of the beneficiaries received incremental income, 52 per cent of the beneficiaries crossed the poverty line (at Rs. 3,500) and 12 per cent of the beneficiaries crossed the poverty line at Rs. 6,400 and the percentage of ineligible beneficiaries who received assistance was 9. 45 per cent of the beneficiaries had repaid the loan fully.100

According to the Study conducted by the Department of Rural Development in 23 States and 3 Union Territories 78 per cent of the beneficiaries received incremental income, 59 per cent of the beneficiaries crossed the poverty line at Rs. 3,500/-, 12 per cent of beneficiaries crossed the poverty line at Rs. 6,400/- and the percentage of ineligible beneficiaries who received the assistance was 9. 44 per cent of the beneficiaries repaid the loan fully.101


100 Government of India, Ministry of Agriculture, Department of Rural Development, Concurrent Evaluation of IRDP. The Main findings of the Survey, New Delhi, 1986.

The State Bank of India study revealed that 37.5 of sample beneficiaries were financed for allied agricultural activities, followed by 34.5 per cent for Agriculture, 23.5 per cent for the Tertiary Sector and 4.5 per cent for Village and Cottage Industries. The average investment in the activities was Rs. 4,197/-, the average subsidy provided varied from Rs. 539 in Goa to Rs. 1,377 in Chamoli. In 85 per cent of the cases the assets created were found to be in tact and in possession of the beneficiaries. On the average the number of mandays generated per family increased by 78. The average incremental income per annum per beneficiary was Rs. 937 in Agriculture, Rs. 1267 in Allied agricultural activities and Rs. 2255 in Village industries. The average monthly expenditure increased by 33 per cent. Only 31 per cent of the beneficiaries was able to cross the poverty line.\textsuperscript{102}

Kumar and Sharma identified the lack of facilities, inadequate irrigation, non-availability of inputs and unwillingness due to lack of money, labour and land and risks involved as the major constraints in the development of small farmers.\textsuperscript{103}

Mohan Rao concluded that among the Target Groups the distribution of gain was positively associated with the assets either owned by them or created by the loan of the beneficiaries.\textsuperscript{104}


Dinagar and Singh found a viable farmer as one whose net farm income and income received from subsidiary occupation was sufficient to maintain himself and his family. Thus viability has been judged on the basis of average agricultural income on the one hand and consumption expenditure per household on the other. Family expenditure per household was higher for the farmers of the participant group due to higher levels of income. A higher consumption expenditure on small farms in comparison to marginal farms was due to the large size of family and higher incomes. The composition of income showed that net farm income constituted more than 50 per cent of the total income on small farms, while it was around 31% in the marginal farms.\(^{105}\)

Raju observed that marginal farmers had well reacted to the projected facilities and had really registered a more than proportionate increase in their asset position.\(^{106}\)

Muthaya et al. assessed that the annual per capita income increased ranging from 19 to 54%. However, the increase in per capita income did not help the beneficiaries to cross the poverty line.\(^{107}\)

\(^{105}\) Dinagar SM and Singh RB, "Income Viability of Identified Small and Marginal farmers in SFDA Project" - Indian Journal of Agricultural Economics XXV (4) - 88, 1986.


Many economists viewed critically the impact of the poverty alleviation programmes and their impact in generating income despite a large dose of financial assistance. Some of the criticisms are presented below.

Paul observed that the poverty alleviation programmes of the VI plan had on the whole performed kindly. Bureaucratic agencies had been given the task of assisting the poor beneficiaries to cross the poverty line through the creation of economic assets. However the task involved was such that only intermediary organisations like Dairy and Poultry co-operatives, Handloom co-operatives, with a capacity to create and sustain the necessary market and technical linkages were likely to succeed. It was no surprise that District Rural Development Agency (DRDA) which did not act as intermediary organisation in the above sense was unequal to the task.\textsuperscript{108}

After examining all the valuation reports in 1985 Neelakanta Rath assessed that the poverty alleviation programme assisting the weaker sections have come nowhere near its objective of raising at least one third of the rural poor above the poverty line.\textsuperscript{109}

Rao and Erappa concluded that these programmes go some distance in helping the cultivators to become more viable by taking up land linked activities supplementary to farming, but was doubtful that the


programme would create enough productive occupations for the rural
landless. It had not been successful even in rehabilitating the existing
erstwhile village artisans in their traditional occupations.110

Sodhi found that 89% of the beneficiaries were with
programmes of primary sector. The family income of the beneficiaries
increased by 88% and one third of them remained below poverty line.
Among the schemes of ISB, cycle shop, petty shop and leather works were
more productive as each beneficiary was able to get an additional income of
Rs. 2800, Rs. 2290 and Rs. 2390 respectively".111

Rath concluded that the hope of poverty mitigation through
percolation of the units of general economic growth has failed. The strategy
of helping the poor to get over poverty with the help of assets given to
them is largely misconceived. There are not enough assets for distribution.
Only a small proportion could be helped.112

But Dantwala rejected Rath's contention of creation of massive
wife employment on the point that it will not inspire the poor to become
producers in their own right or owning an asset or upgrade their skills, a
house site, a cow or a goat or a fish pond or a charka or a loom. To him

110 Rao VM and Erappa S, op. cit. p. 158.

111 Sodhi, JS, "Results of a Study of Evaluation of Poverty Alleviation Through

112 Nilakanta Rath, op. cit. p. 245.
such a strategy would perpetuate their dependence on employees and by implication on their benevolence.\textsuperscript{113}

Indira Hirway also rejects Rath's recommendation of poverty eradication through massive wife employment generation. She points out that the strategy of creating massive wife employment will have a favourable impact on the levels of living of the poor only if the employment of labour is continuous and wages are high enough to provide minimum living. She upholds the strategy with emphasis on self employment as against Rath's strategy of wife employment.