CHAPTER - I

INTRODUCTION
1.1 After fifty years of independence, India still remains as one of the poorest countries of the world. It has been more than four decades since India set out on the path of planned economy, but still it remains in the Block of developing countries. Of course during the post-independence era, our country has achieved substantial progress in different fields. After green revolution, India has attained self sufficiency in food production. But still majority of its people are under fed taking the calorie factor into consideration. In the field of Science and Technology India is considered as one of the advanced nations of the world. Despite of “Buddha’s Smile” after Pokharan-II, a large number of people are still living below the poverty line. They do not have the basic needs. Their annual income is very low. The technological advantage attained by the country is still far away from their reach. It is a bitter truth that India is poor despite of all its glorious achievements.

It is difficult to measure the extent of poverty in our country. According to the Planning Commission, the extent of poverty in our country is 30% i.e. 30% of our people are living below the poverty line. But the economists have estimated that about 40 to 50% of our people are living below the poverty line. This to some extent gives us a
picture about the extent of poverty that exists in our country.

1.2 The high level of poverty in our country has multiple reasons. But the main reason is that majority of our people live in rural areas. After 55 years of independence, Indian economy still continues to remain predominately rural in character. About 73% of the total population of India resides in 5,76,000 villages of the country and they are engaged mainly in agricultural sector. Though this major part of the manpower in India is engaged in agricultural sector, it constitutes & contributes to only 37% of the total national income.

1.3 The situation in Orissa is further bleak in comparison to the national level. In Orissa the percentage of people living in rural areas is much above the national level. In Orissa out of the total working population, nearly 90% depend on agriculture directly or indirectly, out of which nearly 74% depend solely on agriculture to eke out their living. To considerable extent agriculture in Orissa means the growing of food grains, which occupies nearly 83% of total cropping area. Out of all crops, paddy is the most predominate crop and it is grown in 52% of the total cropping area. Hence agriculture prosperity of the state largely depends on a simple crop i.e. paddy. But the productivity of rice is very low. It never exceeds 1.5 tones per hector. The large no. of population of the state are depending on a single sector for
earning their livelihood i.e. agriculture and that sector again depend on only one product i.e. paddy. Hence it is bound to affect the economic progress adversely if not guarded & planned properly. This has happened in Orissa and most of the rural populations are therefore now living below the poverty line.

1.4 The poor are poor because they are poor & they have no scope to improve their living standards. Majority of the rural population who are depending on agriculture to maintain their livelihood are either asset less or marginal and small farmers. In Orissa, there is predominance of marginal and small farmers. In between 1970-71 and 1985-86 their number increased from 25.91 lakhs to 27.77 lakhs. Together they constitute 78% of the farming community. Further there have been heavy subdivisions of the landholdings. The average size of operational land holding per family in the state is 0.47 hectares as against the national level of 1.68 hectares. Lack of resources and small size of land holding does not allow them to adopt modern technology to increase productivity. They stick to the traditional method of cultivation and hence remain poor with lower level of productivity & income.

1.5 Dependence of a large number of people on agriculture results in unemployment and underemployment. The quantity of land remains fixed. But the number of persons depending on it increase with the increase of population.
Hence the number of unemployment and underemployment has been increasing over time. Over 44 million families living in rural areas of our country are reported to suffer from no or less work and low productivity. Employment opportunities in rural regions, where labour is mainly agriculture oriented, are limited.

1.6 Another special feature of rural poverty in Orissa is the predominance of SCs and STs. Nearly 38% of its population are SCs and STs. Most of them live in rural areas. They are tradition bound people. Their attitude, cultural practices and production practices are not conducive to economic growth. They are honest, faithful and loyal but due to the age old poverty, social oppression and exploitation, they have almost lost their vitality to uplift their standard of living. This poor socio-economic condition of nearly 38% of the population of the state further drag down the level of economy of the state.

1.7 From the preceding paragraphs it can be seen that despite substantial economic development, still a large number of our people are poor and their poverty is reflected through their poor state of nutrition, inadequate shelter and low health standards. Our poverty lies in our villages. The high figure of poverty in rural areas are ominous for planners and administrators. They are often confused and are trying their best to develop rural areas with various planning
techniques. It is now admitted that without comprehensive & integrated rural development, sustainable economic growth cannot be achieved. The major object of the rural development has been the alleviation of poverty in the rural areas and hence alleviation of rural poverty has been the primary objective of policy makers in India since beginning of the plan period.

1.8 Approach to rural development in India during the post independence era has passed through many phases. The first phase from 1951 to 1969 is characterized by Community Development (CD) approach. The Community Development programme was launched during 2nd October 1952. This approach aimed at building grassroot level democratic institutions and contributing to the material well being of the rural people with their direct participation in the solution of common problems. Under this programme about 100 villages were clubbed to form a Block. Each Block was placed under a Block Development Officer. By the end of 2nd Five Year Plan the C.D. programme was proved to be a failure and this failure was mainly attributed to lack of people's participation. This made the planners to bring a policy shift from broad based C.D. approach to intensification of agriculture.

During the 3rd Plan, a new programme named Intensive Agricultural District Programme (IADP) was lunched.
Initially this programme was taken up in 15 selected districts of the Country during 1960-61. The programme was subsequently extended to all parts of the country in 1964 and it was named as Intensive Agricultural Area Programme (IAAP). Under this programme priority was given on creating basic infrastructure and heavy investments were made in building industries, hydroelectric projects, road etc. As a result, production of food grain went up from 51 million tones in 1950-51 to 108 million tones by 1970-71. This was the period of Green Revolution. Although there was spectacular increase in production of food grain, the increase was region specific and was enjoyed by a small section of the people. It was seen that the farmers with large holdings and having irrigation facilities mostly availed of the benefits. Before, formulating the 4th Plan the Planning Commission had noted that certain regions in the country were advancing at the cost of others and certain section of the population, who had resources, were prospering while major portion of it had remained outside the circle of economic development.

1.9 In order to correct some of these lapses, the concept of development with social justice was introduced in the Fourth Plan and some target group oriented programmes like Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers Development Agency (MFAL) were taken up. The main objective of these
programmes were to enable the weaker sections of society to raise their productivity and income. Some area oriented programmes were also taken up to achieve integrated rural development through optimum utilisation of all productive resources of an area. Those programmes are Drought Prone Area Programme (DPAP), Command Area Development Programme (CADP), Hill Areas Development Programme (HADP), Tribal Area Development Programme (TADP), and Desert Development Programme (DDP). Minimum need programme for removal of poverty and attainment of economic self reliance was introduced in the Fifth Plan. It was designed to improve earning opportunities for the poor and the public service that reach the poor. It concentrated on human resources development through promotion of rural roads, rural health, rural water supply, nutrition, elementary education, rural sanitation, public distribution system etc.

1.10 In addition to this, some employment oriented programmes were introduced at different phases. Food for work programme, which was launched in 1977 aimed at enhancement of employment opportunities for the rural poor, was subsequently replaced by National Rural Employment Programme (NREP).

1.11 Despite all these efforts, it was experienced that the overall development achieved by the country, although was
substantial, it failed to reduce poverty. All the above mentioned programmes were not comprehensive enough in their approach and coverage as they were primarily land based. Those were mainly concerned with the development of the primary sector and benefited largely the landholders & was not very much beneficial for the landless families. Vast majority of householders lying below poverty line such as agricultural labourers, non-agricultural wage earners, rural artisans etc. could not get direct benefit from these programmes.

1.12 With this perspective, the concept of Integrated Rural Development has taken shape in the Sixth Plan with the objective to evolve an operationally integrated strategy to lift some of the “poorest of the poor” families in rural areas above poverty line. The word “integrated” was used to emphasize the need to integrate the rural poor into national development. The IRDP was conceived and designed by Government of India and implemented by the state government through District Rural Development Agencies (DRDA) and Blocks. In other words it is a centrally sponsored programme. The scheme is funded by center and the states on 50:50 basis.

1.13 The objective of the programme is to assist selected families of the target group, such as small farmers, marginal farmers, agricultural labourers, rural artisans, in
rural areas living below the poverty line to cross the poverty line by taking up self employment ventures. Out of rural area agriculture production programmes like SFDA, MFAL, TDA, DPAP, CADA etc, the SFDA and MFAL got merged with IRDP in subsequent years. The IRDP was started initially in 3000 blocks in 1978-79 and gradually extended to all blocks of the country during October 1980.

1.14 Poverty alleviation intervention for the rural poor in Orissa started in the beginning of the 1950s. Community Development (CD) programme was launched in the state in 1952. Rural Development Programmes were intensified during the Fourth Plan period with implementation of Small Farmers’ Development Agency (SFDA), Marginal Farmers’ Development Agency (MFDA), Drought Prone Area Programme (DPAP) and Crash Scheme in Rural Employment (CRSE) programmes. The Minimum Needs Programme was also taken up during Fourth Five Year Plan in the state. Although these programmes have shown good results in some states, in Orissa, they did not prove to be very successful. The Integrated Rural Development Programme (IRDP) has been initiated in the state since the Sixth Plan with the objective to assist the families below poverty line to cross poverty line. The IRDP in Orissa involves some income generation schemes in primary, secondary and tertiary sectors like Agriculture, Minor Irrigation, Animal Husbandry, Fisheries, Artisans, Cottage Industries and
Small Business. The programme in Orissa started with the aim to achieve its objective by providing income generation assets including subsidy and institutional credit. At the end of the Sixth Plan it was seen that the IRDP has not yielded expected benefits to the rural poor. Hence the Seventh Plan intensified this programme further.

In the above context an attempt has been made to study the impact of the IRDP in a selected area of the state i.e. Balipatna Block in Khurda District on changing the economy of the rural poor in the area.

However, to get a better picture about the IRDP Program implementation in the State of Orissa and its effectiveness, a detailed analysis has been attempted in the following paragraphs in one Block – in the shape of a Micro Study.

1.15 In recent years, persistence of economic and social backwardness in the States of Eastern India in general and Orissa in particular has drawn much scholarly attention besides that of planners as well as policy makers. It is being increasingly realised that there is a growing concern for the 'poor', the malnourished and the unemployed all over the country and more importantly in backward states like Orissa. Their numbers are increasing to alarming proportions over years. The problem of hunger and nutritional deficiencies has been largely a function of
poverty and unemployment. According to the estimates of
the Expert Group appointed by the Planning Commission for
the year 1987-88, as much as 58.0 per cent of Orissa’s
population which marginally got reduced to about 47% live
below the poverty line which constitute a sizeable section
belonging to S.C., S.T. and other weaker sections of the
society. In particular, the majority of the poor are found in
rural Orissa. They are not only illiterate but also have no
access to health and education. Their consumption of items
of basic needs like nutritious food, fuel, clothing and shelter
are almost at minimal or at subsistence levels. Interestingly,
while a negative co-relation between poverty and illiteracy
is very much noticed, the positive co-relation between
literacy and development is often not conclusively
established for the State of Orissa.

1.16 Human Development (in a certain well defined sense of the
term) no doubt does play a crucial role in
promoting/facilitating equitable, efficient and sustainable
economic development. But, the non-correspondence
between the level of human development on the one hand
and the level of economic development on the other has
provided the basis for theoretical analysis and empirical
investigation with respect to different dimensions and
determinants of human development in different contexts.
In this context, though the broad conditions of successful
human development have been quite well attended to, what
has not been told adequately perhaps is about its failure particularly from the point of view of public policy. In this context, Orissa provides an interesting picture compared to all other States relating to incidence of poverty, which appears to be a more sensitive index, measured in terms of daily calorie intake. A wide interstate variation in the level of poverty over a period of time for the sake of comparison with the help of CMIE’s data distinctly characterises Orissa as the low human development state from others. Though Orissa had secured the first position in 1973-74 and 1987-88 with regard to proportion of population below poverty line followed by West Bengal, M.P. and Bihar securing the first position followed by Orissa in 1993-94. While, during 1987-88 and 1993-94, it is noteworthy that Orissa achieved a marginal decline in the ratio of its people below poverty line from 55.6 to 49.9 per cent (CMIE, 1996), the programmes launched in recent years for poverty alleviation seem to have failed to achieve desired results compared to Andhra Pradesh. Precisely, the states of Eastern India (Bihar, West Bengal, Orissa) seem to have failed to fare satisfactory performance in implementing varieties of poverty alleviation programmes compared to the poverty levels prevailing in many other states over the length and breadth of the country.

1.17 During the last couple of decades, innumerable deliberate efforts have been made under successive Five Year Plans of the Country to achieve economic growth with reduction in
socio-economic inequalities to ensure social justice and economic well beings of the masses especially of the rural poor. While the first three Five Year Plans were believed to have assumed that economic growth would percolate down and create ‘spread effects’ so that benefits of planning would reach the poorest of the poor, the Fourth Plan abandoned the broad-based community development as well as sectoral approaches and initiated special target group and area oriented development strategy through a host of beneficiary oriented programmes to provide developmental benefits to the poorer sections of people in general and poor people in backward areas in particular. The Fifth Plan was more specific on developmental strategy and initiated therefore a couple of anti-poverty programmes as direct attack on poverty through massive transfer of resources from the top three deciles to bottom deciles which was renewed in Sixth Five Year Plan on the basis of the principle of trickle-down benefits of general development programmes. Accordingly, it was envisaged to devise a systematic local level planning for resource development and employment generation for alleviation of rural poverty.

1.18 The Integrated Rural Development Programme (IRDP) was launched in 1978-79 for purpose of poverty alleviation as well as increasing production through a set of self-employment and wage-employment schemes. However, the
Integrated Rural Development Concept by and large is associated with growth and equity. Accordingly, it was designed to integrate a number of components including credit, extension, input supply, marketing etc. But, in the Seventh Five Year Plan, the emphasis on income distribution and asset was muted. The low growth of economy in general and the ineffective 'trickle down effect' in particular during last couple of decades of planning however, have no doubt failed to dent into economic distribution and to make serious inroads in to poverty. Keeping these in view, direct measures through IRDP, NREP, RLEG, JRY, ERBL, TRYSEM, IAY were designed and tried out for implementation in phases to raise income levels of poor. Besides, emphasis was given for development of the social sector to benefit poor rural people in general and targeted group of people in particular in the backward areas in terms of primary education, health care facilities, safe drinking water, low-cost housing facility and enlargement as well as efficient functioning of public distribution network for supply of essential goods.

1.19 Various Concurrent Evaluation Studies undertaken by the Ministry of Rural Areas and Employment and Studies undertaken by several agencies at different institutional as well as individual levels by and large suggest that the special anti-poverty programmes aimed at integrated rural development have grossly failed to raise the consumption
levels of the poorest of the poor in rural areas as the participation rate of the poor in asset-based income/employment generating programmes is very low. While the better off poor are the actual beneficiaries, the targeted group of beneficiaries have not benefited much in terms of increase in income, employment, asset formation and the like. Further, the development administration and the supporting institutions seem to have not shown much interest for successful implementation of such schemes from time to time. As a result, the scope of leakages in the programmes meant for upliftment of the poor has been widened and impoverishment and marginalisation of this group have continued to remain irreversible.

1.20 Despite several deficiencies and ineffectiveness of anti-poverty programmes, their catalytic role in bringing out gradual socio-economic transformations in the rural India and to make it more egalitarian may not be ruled out. The attitudes of the beneficiaries towards self-help, capability for independent decisions on occupation and means of livelihood, risk bearing attitudes towards investments etc. in the changing socio-economic environment bear testimony to some of the positive effects of anti-poverty programmes. Besides, the gradual sanction of freedom from the grips of many leaders, feudal landlords, dominating rich due to host of such programmes on the one hand and development of infrastructure such as all weather roads,
school buildings, health centers, irrigation network, farm forestry, drinking water facilities, etc. in the country side on the other hand, seem to have created a sense of security in the minds of the rural people. Most importantly, all these are the result of integrated rural development through implementation of various anti-poverty Programmes in the countryside at regular intervals.

1.21 Admittedly, irrespective of methodological differences with respect to measurement of poverty, the fact remains that Orissa demonstrates highest level of mass poverty among all the States. The 1992 computation of rural families living below the poverty line made by the Panchayat Raj Department, Government of Orissa according to the newly divided districts in accordance with the poverty level of income of Rs. 11000/- shows that the incidence of rural poverty in Orissa is 78.7 per cent at the aggregate level. The desegregated data further suggest that a large majority of these families belong to Marginal Farmers (MF), Agricultural Labourers (AL), Non-Agricultural Labourers (NAL) and Rural Artisans (RA). The majority of S.F. and M.F. identified under below poverty line (BPL) suggest that certain structural, institutional and marketing impediments such as failure of land reforms, inadequate consolidation, supply constraints in qualitative inputs, seeds and credit, irrigation, marketing of produce, small size of the cultivating units etc. put serious obstacles for not yielding a
reasonable income to many even with assistance from various poverty ameliorative programmes of the Government. As has been rightly said, “equity oriented policies and programmes pursued within the cast-iron iniquitous economic structure of ownership of assets will not only be self-defeating, but may prove counter-productive” (Preface to Seventh Plan by the Deputy Chairman, Planning Commission). Because, of a direct attack on poverty without an equally direct attack on the structure, has bred poverty and it continues to do so and will remain as an illusion unless the approach does not get changed at policy as well as implementation level. Though, there have been profound discussion about poverty and its alleviation, a mention of unmerited affluence is carefully avoided, though we believe that poverty would not be eliminated without certain amount of affluence. This is indeed a paradox.

1.22 Needless to say that poverty is multi-dimensional. It manifests itself in a variety of socio-economic characteristics. However, it is indisputable to say that the failure of trickle-down effect of various poverty alleviation programmes including IRDP is possibly, primarily due to the several changes in the rural development strategy over the years with regard to its emphasis, strategies and programmes. All these changes seem to have created great upheavals and have exerted indeed profound influence on the society and economy in general and weaker section in
particular. The distribution of cash/asset through different schemes has made people dependent on Government, as a result, the poorer section of the community appear to remain far from the attainment of economic self-reliance since they turn to Government for everything and in the process have developed dependency syndrome.

1.23 That anti-poverty schemes including IRDP during 1978-92 have had witnessed a gross failure for raising income levels of 78.7 per cent of identified rural poor in Orissa, does very much bear testimony to non-attainment of self-reliance and steady growth of the Orissa’s economy. Across the districts within the State of Orissa, the poverty situation no doubt shows great variations. As a result, the disadvantaged sections of the society are very much found in distress conditions despite the implementation of a host of anti-poverty programmes during the last two and half decades.

1.24 Admittedly, the dismal performance of practically all special employment and income augmenting schemes implemented during last couple of years for the weaker sections of the rural population is fairly common. Most importantly, neither the beneficiary programmes nor the wage employment programmes have been chosen by the type of society and social relations we visualise as a consequence of plans and programmes. In particular, the beneficiary programmes have not been visualised according to the suitability and
feasibility for poverty alleviation in many rural areas in general and backward tribal regions in particular. What appears to be more important and pertinent at this critical stage is our gross incapability to unearth the root cause of failure and reorient the modalities of action, redesigning the institutions and organisations through which the strategy could be made successfully operational. The gross failure of IRDP to raise substantial proportion of population living below the poverty level of income (Rs. 11000/-) in Orissa in 1992 stands testimony to this despite huge investment of funds during last few years in terms of loans and subsidies in favour of beneficiaries in primary, secondary and tertiary sectors.

1.25 IRDP is a major poverty alleviation programme and has been implemented as an ameliorative measure to raise poverty levels of income of substantial rural population in the State of Orissa since 1979-80. It has been implemented as a self employment programme for rural poor in 314 blocks with effect from October 1980. The basic strategy of the programme is to help the identified rural families to cross the poverty line by providing productive assets and inputs through term credit and subsidy. The main focus of the programme has been to help the poorest of the poor on priority and in phases through proper identification of rural families. The programme includes all categories of weaker sections of rural households under the target group. These
include SCs/STs, physically handicapped and women. The assisted families as per IRDP guidelines of the Central Government have been drawn from the above categories though, at the implementation level the norms prescribed for seems to have been grossly violated for some reason or the other. However, subsidies and bank credit to beneficiaries for taking up self-employment activities have been strictly followed with subsidy of 25% to S.F., 33% to M.F., A.L. and rural artisans, 50% for SCs/STs and physically handicapped persons.

1.26 Under the IRDP (launched in the State since 1979-80), 11.04 lakh beneficiaries were covered by the end of the Seventh Five Year Plan out of which 5.58 lakhs belong to SC/ST category. The total coverage of beneficiaries in 1990-91, 1991-92, 1992-93, 1993-94, 1994-95 and 1995-96 were 162832, 132938, 105083, 107299, 151725 and 141625 respectively out of which SC & ST beneficiaries covered were 84828, 64964, 53687, 93789, 77677 and 66657 respectively for the corresponding years. However, the total number of IRDP beneficiaries till the end of March 1996 in Orissa were 29.04 lakhs out of which 18.0 lakhs have been identified during 1990-91 to 1995-96.

1.27 It is pertinent to point out here that despite huge investments for creation of durable income generating assets through IRDP scheme, as much as 21.3 per cent of
the beneficiaries covered by 1992 could cross the poverty line of Rs. 11,000/-. Further, the average per family investment (both subsidy and credit) in creation of income-generating assets shows that while it was Rs. 7,121/- in 1993-94, during 1994-95 and 1995-96, this has been increased to Rs. 8,678/- and Rs. 12,732/- respectively. Precisely, it shows that there is a non-correspondence between the volume of investment per family and proportion of beneficiary families benefited in crossing the prescribed poverty level income. Therefore, it is not simply investments on income generating assets but other than this, ability for preservation of assets, their maintenance and choice of assets that matter most.

1.28 Under the IRDP launched in the State, the subsidies realised by the beneficiaries during 1990-91 and 1995-96 show that the quantum of subsidies has increased from Rs. 30.79 crores in 1990-91 to Rs. 60.49 crores in 1995-96. Although, the number of beneficiaries and the amount of subsidy released so far appear to be appreciable, this has not put significant dent in to the reduction in the extent of poverty. More importantly, the sectoral distribution of subsidies during the above period shows that a very significant proportion of investment in terms of subsidy has gone in to primary sector followed by tertiary and secondary sectors. In this context, without restructuring land, credit and market structure and without integrating
the schemes for rural development, generation of employment opportunities, and effective participation of beneficiaries themselves, the scheme possibly may fail to conceive to yield positive result. The increasing poverty ratio of the State over the years stands testimony to such continuing adverse situation and dismal performances of poverty ameliorative programmes in the State.