CHAPTER VII

SUMMARY OF FINDINGS AND SUGGESTIONS

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7.1 INTRODUCTION

Alleviation of rural poverty has been one of the primary objectives of planned development in India. Among the many programmes aimed at poverty alleviation, most prominent is the Integrated Rural Development Programme. IRDP is designed to provide the rural poor with access to productive assets, skills, support services and institutional facilities, with the basic objective of enabling them to cross the poverty line through additional employment and income generation. The target group of the IRDP consists of families of small and marginal farmers, agricultural and non-agricultural labourers and rural artisans whose family income is below the pre-determined poverty line, which at present, is set at Rs.11,000 per annum. Under the programme, acquisition of assets by the poor in the primary, secondary and tertiary sectors is made possible through financial assistance in the form of credit advanced by banks and subsidy provided by the Government. The following are the important steps in the implementation of the programme: choosing the beneficiary on the basis of a household survey, selection of viable economic activities, provision of forward and backward linkages, arranging of credit, monitoring and taking follow-up action to ensure that the beneficiaries derived substantial benefits
stretching over a long period. The implementation of the programme in the field is done through the District Rural Development Agencies and Block Agencies.

The present study attempts to evaluate the programme in Tirunelveli Kattabomman District in Tamil Nadu in all its ramifications. The evaluation has been carried out with the objectives of analysing the progress of IRDP in the state of Tamil Nadu vis-a-vis at the All India level both in terms of physical and financial achievements and to examine the growth, performance variation and equity in the implementation of the programme amongst development division/blocks in the study area. An attempt has also been made to examine the income generating capacity of different schemes and the relative significance of factors which influence the income generation pattern of IRDP schemes. The study describes also the process of identification of beneficiaries, the selection of schemes, the financial arrangements for schemes, monitoring and follow-up action. Finally, it provides suitable measures for improving the overall effectiveness of the programme on the basis of the findings of the study.

The study is based on primary and secondary data. The sources of primary data were the sample beneficiaries, block officials and branch officials of the loan-issuing banks.
The information from them was collected through structured schedules. The secondary data have been collected from the official records maintained in the block development office, District Rural Development Agency, Directorate of Rural Development and published reports and journals. The data collected from different sources have been presented in the form of tables according to the requirements of the study. Each table is accompanied by appropriate analysis and wherever necessary, analytical tools such as co-efficient of variation, co-efficient of correlation, growth rates and test of significance such as chi-square, t and z tests have been applied. Multiple correlation and regression analysis have been used to study the relative significance of various explanatory variables influencing income generation from schemes under the programme. Taxanomic method was used to identify the performance variation and equity in the implementation of the programme in the district.

7.2 SUMMARY

The major findings of the study are summarised in the following paragraphs.
7.2.1 Progress of IRDP-Tamil Nadu State Vis-a-vis at All India Level

A macro-analysis of IRDP on the various key indicators of performance in Tamil Nadu vis-a-vis at All India level during the thirteen year period (1980-81 to 1992-93) brings out the following facts:

i) The percentage achievements of physical targets have been higher in the case of Tamil Nadu as compared to those at the All India level during 1980-81 to 1983-84. However, a decline in this percentage in Tamil Nadu as compared to All-India level figures have been noticed from 1984-85 onwards except during 1992-93.

ii) As regards coverage of SC/ST families and women, Tamil Nadu’s achievements have been higher than those at All India level in general, during the period under reference.

iii) As regards financial achievement, the percentage of utilisation of funds to total allocation has been higher in the case of Tamil Nadu as compared to All-India figures in seven out of thirteen years under reference.
iv) The subsidy credit ratio at the Tamil Nadu level has been lower than that at the All-India level except in the three years under reference (1985-86 to 1987-88).

v) The per capita subsidy, per capita credit and per capita investment in Tamil Nadu had been below the All-India average during all the years (1980-81 to 1992-93).

vi) The growth rates of physical as well as financial targets and achievements were higher at All-India level than at Tamil Nadu State level.

The macro data (during the period under reference) both at Tamil Nadu and All-India level reveal the following two important facts:

i) There was a progressive reduction of subsidy credit ratio indicating that the availability of credit for IRDP beneficiaries was getting reduced.

ii) Despite the inflationary trends, increase in cost index, per family investment was far below that contemplated in 1986. Investment size of Rs.13,000 - 14,000 was required to raise and sustain the beneficiaries above the poverty line but till 1992-93, in none of the years, did the investment touch the level assumed in 1986. It indicates that the
Government did not make any effort to raise the per capita investment level either by allocating more funds or by reducing the coverage of families. It had laid more stress on achieving the numerical targets and in fact it had all along over achieved the targets as could be seen from Table 3.1. This made IRDP an expenditure-oriented programme rather than result-oriented, through thin distribution of funds.

7.2.2 District-wise Progress of IRDP in Tamil Nadu

It was observed that the progress of IRDP, both in physical and financial terms, over the various districts had not been uniform during the period under reference. The same phenomenon is observed in the sector-wise performance too. Average growth rates of physical and financial targets and achievements were altogether different in all the districts of Tamil Nadu. There was a pronounced gap between the highest and the lowest average growth rates. This is also evidenced by the co-efficients of variation which have all along been changing. How far there had been association between the targets and the achievements, is made clear by the co-efficient of correlation. In this regard it has been found that yearly co-efficients of correlation between targets and achievements (both in physical and financial terms) for all the districts taken together were significant.
However, district-wise correlations between target and achievement of different years were not significant in some districts. This indicates that the relationship between planning and implementation had not been harmonious.

7.2.3 Sector-wise Overall Progress in Tamil Nadu

Considering the sector-wise overall progress, the maximum growth had taken place in the tertiary sector (9.17% and 23.68%) followed by the secondary sector (5.68% and 20.87%) and the primary sector (3.82% and 20.32%) in physical and financial terms respectively. The coverage in terms of percentage share (both in physical and financial terms) was the highest in primary sector, followed by tertiary and secondary sectors in all the years under reference. In respect of growth in terms of number of beneficiaries covered in all the sectors there had been an increase from 1,61,603 in 1991-92 to 1,83,385 in 1995-96 with an annual compound growth rate of 6.04 per cent. It was observed that number of beneficiaries covered in the milch cattle scheme in the primary sector dominated the entire activities of the programme during the period referred to. The number of beneficiaries covered under the secondary and tertiary sectors had undergone substantial increases during the same period. This shows that there had been some achievements in
terms of diversification of activities which was needed most to off-load the primary sector activities. The growth in terms of financial assistance by way of subsidy had increased from Rs.3,813.51 lakhs in 1991-92 to Rs.7,435.78 lakhs in 1995-96, which is the result of an annual compound growth rate of 21.63 per cent.

7.2.4 Progress of IRDP in Tirunelveli Kattabomman District: Comparison of Growth and Equity by Taxonomic Method

The analysis of IRDP from the growth and equity angles has revealed that inequity in the following aspects of the programme among development divisions/blocks in the study area, had policy implications.

i) Number of beneficiaries selected for providing financial assistance.

ii) Total assets created

iii) Assets created for SC/ST and women

iv) Subsidy utilised

v) Investment mobilised (including subsidy and credit).

It could be observed that the blocks which were relatively better endowed attracted the schemes and loans more than the blocks which were backward and situated in less developed regions. It suggests that benefits reached largely
the better off regions of the study area. Further, it was observed during the study that the coverage of the small and marginal farmers had been more than the coverage of landless labourers. It indicates the prospensity on the part of the development agencies to extend the benefit of loan to those who had land. This procedure led to the fulfilment of the security criterion and also the target coverage. Consequently the landless labourers remained the most neglected in the overall coverage of the target groups.

Thus the study brings out the two dimensions of Government policy. The better-endowed regions and beneficiaries in the study area had a built-in gravitational pull. The policy was to respond to better-off conditions rather than create those conditions by the effective implementation of the programme. This indicates the failure of the policy, both in terms of its capacity to intervene and also transform the existing conditions.

7.2.5 Income Generation through IRDP

The income generation analysis revealed that the average family income which was Rs.6246 without scheme income increased to Rs.9638 when the scheme income was included. In other words, there was an increase of 54.30 per cent (or Rs.3392) on average. The income generating capacity of IRDP
schemes varied considerably among agriculture, animal husbandry and ISB schemes. Income generation was found to be distinctly favourable in case of animal husbandry schemes. The yardstick for measuring the success of the programme was the percentage of families who crossed the poverty line by attaining an annual income of Rs.11,000. Going by this yardstick, the impact of the programme in poverty alleviation was rather limited. The study revealed that out of 250 beneficiary households who were below the poverty line without IRDP schemes, only 89 (35.6 per cent) had crossed the poverty line. Among the different schemes, in relative terms the highest percentage of beneficiaries who could comfortably cross the poverty line was from animal husbandry (37.78%) followed by agriculture (33.33%) and ISB (32.91%). In terms of income groups, the study indicates that there were positive shifts in the income levels of the beneficiary households from the lower to the higher income levels giving evidence to the fact that there was a constant effort on the part of the beneficiaries to improve their income although all of them were not able to earn enough to enable them to cross the poverty line.
In order to study the relative importance of the variables influencing the scheme income, a multiple regression analysis was attempted. The major conclusions derived from the analysis are as follows:

The variables 'value of livestock assets' and 'size of landholdings' possessed by the beneficiary households at the time of assistance and 'size of market for the scheme' have significantly and positively affected the levels of income generation in each of the schemes under IRDP and the total sample. This implies that those beneficiaries who possessed land and livestock assets could generate more income than others who did not possess them. In case of the small and marginal farmers, those who possessed bigger landholdings within the definitional ceiling got more income from the schemes than others in the two beneficiary groups. However, in the case of landless labour, the livestock owned by them played an important role in giving them greater benefit from the schemes under IRDP. The income generation impact through animal husbandry scheme was not that high in the case of such beneficiaries who did not possess any livestock when they were identified as beneficiaries from the IRDP programme. The positive and significant association between 'size of market' for the scheme and income generation
indicates that all schemes under IRDP did not enjoy equal opportunities for sale and marketing and the schemes which had adequate marketing support generated more income than those which did not have them.

Capital cost of the asset (credit and subsidy) was found to be a significant factor influencing the levels of income generation. The relationship between the two was positive and significant in agricultural, ISB activities and the total sample. The implication is that higher the size of investment, the higher would be the income generation. However in the animal husbandry activities, the capital cost of the scheme could not significantly influence the income generation of the scheme. It suggests that unit cost financed for animal husbandry scheme was not adequate to purchase quality animals or the number of animals prescribed by the scheme.

The variable 'family income without scheme' had significantly and positively affected the scheme income when compared with the animal husbandry and ISB activities. It suggests that the beneficiaries had used some portion of their income in maintaining the IRDP assets and meeting their working capital requirements which were absolutely essential for deriving continuous stream of income from benefit assets. However, the variable could not significantly
influence the level of income generation in agricultural activities and the total sample which may be due to the low income level of the beneficiaries.

The variable dependency ratio is found to be negatively correlated with income generation in all the economic activities under IRDP and the total sample. Its implication is that increase in number of dependent persons in the family adversely affected the level of income generation of the schemes.

The skill and capabilities of the beneficiary household did not contribute positively and significantly in Agriculture and Animal husbandry activities indicating that skills and capabilities for these schemes were of negligible importance. However it was found to be positively and significantly correlated with income generation in ISB activities. It suggests that those who had adequate skills and capabilities could generate more income than others.

7.2.6 Appraisal of Operational Aspects of IRDP

Proper identification is a very important factor in the successful implementation of IRDP. But this remains the least important with the authorities. The study indicates that inspite of the detailed guidelines, the IRDP
beneficiaries were not selected on a basis of the detailed household survey. In actual practice, the list of beneficiaries was prepared on the basis of particulars given in the ration cards and the impression of Gram Sevaks/VLWs about the poverty status of household and the list was approved without placing it in the meeting of the Gram sabha, resulting in the application of subjective judgments by the officials. The selection of beneficiaries for the purpose of assistance was also not based on 'Antyodaya Principle'. Therefore, it is not ruled out that some of the influential 'identified' target families might have got the benefits first.

The study revealed that sixty eight per cent of the beneficiaries had assets in Agriculture and Animal Husbandry schemes as compared to thirty-two per cent in Industries Service and Business Schemes (ISB). The data further revealed that there was an overwhelming bias towards animal husbandry schemes, more particularly towards milch cattle. This reflects lack of awareness about project approach because it was much easier to get a scheme sanctioned under agriculture or animal husbandry rather than a scheme under the ISB sector. The block and bank officials expressed the view that diversification of activities was not possible
in the absence of perspective block plans. A constraint also was noticed in the task of bringing more number of poor families into the ISB scheme because of reluctance on the part of the poor to take up such schemes. This reluctance was possibly due to the relatively higher degree of risk and uncertainty involved. Besides, these schemes demanded experience and skills. It has been generally found that stereo-typed schemes were being financed to reach the saturation point in that sector. There had been hardly any effort to prepare a shelf of suitable projects keeping in view the local conditions.

The Block officials affirmed that while assigning a specific scheme to the beneficiaries, they took care of aspects like willingness and ability of the beneficiaries for performing economic activities, the viability of the schemes, the infra-structure available, provision of necessary inputs and marketing linkages. But there was no evidence with block authorities that schemes were assigned after taking into consideration these criteria. Nowhere in the study area formal market research surveys were conducted. Intuitively, the block officials felt that there would be sufficient infrastructural and marketing facilities and based on such intuitions, schemes were identified. At the same time, it is
encouraging to note that a large majority (88%) of the beneficiaries had made their own choice in selecting schemes. The most important factor which influenced the beneficiary when selecting the project was found to be the subsidy component of IRDP. It was observed that 62.50 per cent of the sample beneficiaries faced difficulties in getting selected under the programme because of insufficient knowledge of the selection procedure.

Coming to the planning aspects of IRDP, no attempt was made to formulate perspective plans for the block due to inadequate staff for undertaking the survey which was necessary for formulation of such plans. The annual action plan was not prepared as per the instructions contained in the manual. The annual action plans by and large were mere exercises indicating the annual break up of physical and financial targets. The block officials did not prepare implementation schedules and majority of the officials mentioned that scheduling was not possible because of uncertainty in getting the loans sanctioned by the bankers.

The process of financing the schemes under the programme had suffered from various pitfalls, despite various norms and guidelines issued by the Government and RBI from time to time. The survey reveals that average time gap involved in
covering different stages of the entire process, from the identification of beneficiaries up to the actual disbursement of the loan, was about 96 days. The maximum delay in the process of assisting the beneficiaries was in sanctioning the loan and the adjusting of the subsidy. Main reasons indicated by the bank officials were (i) lack of preparation of the implementation schedule at the block level and this made it difficult for the banks to formulate a realistic and comprehensive credit plan (ii) dumping of large number of loan applications at the same time (iii) delay at the DRDA level in releasing the subsidy and (iv) DRDA was not depositing adequate amount with banks for the issue of subsidy. The main reasons indicated for rejecting loan applications were the beneficiaries' inexperience in the line of activity chosen and his default in other financial institutions.

The study reveals that each beneficiary had to meet the block and bank officials several times before getting the loan. The survey reveals that the average visit per beneficiary was eleven at the block headquarters and seven at the bank. As to the adequacy of financial assistance, 55.60 per cent of the beneficiaries reported it to be inadequate.
Further it was observed that schemes differed significantly in respect of the adequacy level of loans. Scheme-wise, the inadequacy of funds was felt more in animal husbandry followed by ISB and agricultural schemes. Regarding repayment performance of the beneficiaries, the study shows that majority (56.80%) of the beneficiaries were irregular in repayment and further the pattern of repayment performance differed from scheme to scheme. The reasons for irregularity in repayment or non-repayment of loans differed from scheme to scheme. The prominent reasons for irregularity in repayment or non-repayment were 'under utilisation of benefit assets' in agricultural activities, 'poor quality of assets' in animal husbandry activities and 'inadequate returns in ISB activities.

Monitoring at the beneficiary level is the key to better management of schemes. However the study reveals that monitoring was very weak, and proper attention was not paid in this regard. It was evident from the fact that use of 'Vikas Patrika' (Identity-cum-monitoring card) was the most useful instrument for generating information at the beneficiary level, but it was not distributed to a great majority (84%) of the sample beneficiaries. It suggests that difficulties and problems faced by the beneficiaries were not
appreciated by the implementing agencies. With the non-maintenance of 'Vikas Patrikas', monitoring of the assistance rendered to the beneficiaries was also not effective. Further the study revealed that the frequency of visits by officials was not adequate. The purpose of their visits also did not serve their basic needs. Only 3.20 per cent of the sample beneficiaries mentioned that the officials' visits were concerned with their fundamental problems.

As regards the problems faced by the beneficiaries after the grounding of the schemes, the sample beneficiaries reported five important constraints which caused inadequate impact on income generation. The lack of adequate marketing support for the schemes was found to be the most important problem faced by the beneficiaries. The other problems in order of importance were inadequate complementary input delivery system for supply of necessary inputs and services for the schemes, inadequate working capital support, seasonal nature of schemes with regard to providing employment and unhealthy competition among IRDP beneficiaries.
7.3 SUGGESTIONS

The researcher is making the following suggestions to improve the working of IRDP:

1. A judicious selection of beneficiaries can be made only when the Government functionaries have with them a complete list of all the eligible beneficiaries. This would enable them to identify the lowest income group from among them. It is suggested that the selection of beneficiaries should be made from the list of households below the poverty line (BPL) prepared on the basis of a household survey as prescribed under the IDRP guidelines. If this is not done, assistance to the defaulting block should be withheld till such time this deficiency is rectified. The survey should be conducted by adequately trained enumerators and the list should be up-dated from time to time. No comprehensive guidelines have been laid down for estimating annual family income, and this has resulted in improper identification of beneficiary families. Therefore, there is a need for issue of proper guidelines in this regard. Further the criteria of selection should be based on the per capita income rather than on the per family income. The final selection of beneficiaries from the BPL list should be made in an open
meeting of the Gram Sabha involving Panchayat Raj institutions. All elected members of the Gram Sabha, representatives from the concerned block and the bank branch, and at least a member each from families living in the village should be persuaded to attend this meeting. Such meetings should be conducted after giving due notice and publicity. The poorest of the poor should be chosen first while making a selection for assistance under the programme.

There is a great advantage in involving bank officials at the stage of identification of beneficiaries. This will give them a greater sense of participation and facilitate ready acceptance of the selections made.

Proper selection of beneficiaries would go a long way in keeping the non-poor out of the programme. However, a point to be remembered is that given the kind of power structure that obtains in the rural areas and the composition of Panchayat Raj institution membership, it is difficult to say that this method of identifying the poor would be foolproof. Ideally, it is the organisation of the poor which must take up the task of not only identifying the poor but also obtaining for them the various state benefits that are due to them.
2. The resource endowments of the poor are small and heterogeneous. Differences arise owing to their varying capabilities and resource endowment. It was observed during the study that this underlying factor had not been adequately appreciated before assigning the schemes. It is suggested that the poor who do not have reasonable measure of capabilities and resource endowments should be placed in a separate category by an expert committee and such poor should be initially provided wage employment under various schemes of the State and the Central Governments. They also should be supported by providing them with greater social consumption expenditure such as improved access to primary education, health, public distribution of food grains, shelter and the like. The economic activities for this segment have to be built up as an integrated package consisting of wage employment opportunities and social services since their ability to sustain credit financed assets is extremely limited. However, wage employment can not be considered a permanent solution of alleviating the poverty of this segment. They should be provided with assistance under IRDP, subject to their acquiring such capabilities and resource endowments. The other segment of the poor, that is, families which have reasonable measure of capabilities and resource endowments, should be provided assistance under IRDP, straightway.
3. It is obvious that most of the poorest households require micro investment on those projects which are within the management capabilities of the groups. The choice of projects poses a serious challenge for the implementing agencies and banks. Best results could be achieved if project planning is done by professionally competent teams but in a decentralised manner so as to take into account local assets and markets, resource endowments of the beneficiary households and their capabilities. Therefore, the District Industries Centre (DIC) which has come into being for formulation and implementation of rural industrialisation programmes should function in greater co-ordination with the financial institutions on the one hand and the Block organisations on the other. The capability of the selected beneficiaries should be carefully assessed by the DIC and appropriate measures should be devised for providing them with loans from the financial institutions and technological assistance and training in order to develop their skills and entrepreneurship.

4. Selection of beneficiaries without following the cluster approach would lead to unhealthy consequence as the beneficiaries selected would remain scattered. Besides it would be difficult to provide any backward and forward linkages. Therefore, it is suggested that wherever possible,
thrust in the application of IRDP should be on executing the activities on a cluster basis, which would provide better backward and forward linkages.

5. It was observed during the study that real planning was not being done at the block level. Perspective Five Year Plan and Annual Action Plan at the block level which provide resource inventory for identifying the potentialities of development, must be drawn to ensure the successful implementation of the programme. Where such a well-knit and detailed micro plan is available, it could be taken into account for preparing the credit plan by the participating bank. This would ensure smooth flow of bank credit for the scheme under the programme. The obstacles in the way of preparation of these plans must be removed by providing necessary infrastructure such as expertise, trained field staff, computerisation and the like.

6. As per the existing procedure, allocation of sector-wise beneficiaries to be selected is followed at the state level and it has to be followed at the field level also. It had been stipulated in the guidelines that 33 per cent of the beneficiary average should be as far as possible in the secondary and tertiary sector. This creates numerous problems
and sometimes results in the selection of wrong beneficiaries. Inappropriate schemes are also selected without reference to the economics, aptitude and background of the beneficiary. It is, therefore, necessary that the district administration should be given freedom to change this proportion according to the availability of backward and forward linkages. The schemes should not be rigid but flexible so that they can be changed on the basis of local resources and marketing potential of the products generated. It is further suggested that projects with the highest backward and forward linkages should be taken up first under the programme. Planning for establishing such linkage should precede the implementation of the programme. The sectoral programmes of the district should be properly studied and the detailing of programmes under IRDP should be done. The shelf of the viable projects/schemes should be ready with DRDA before the commencement of the year.

7. One of the complaints from banks is the dumping of large number of loan application at the same time which makes it difficult for the bank officials to scrutinise and process the applications judiciously. The want of proper attention not only leads to delay in sanctioning loans but also to the rejection of a large number of applications even
without stating the appropriate reasons. If such delays have to be minimised or controlled, the block officials should chalk out a time schedule for implementing the schemes selected for beneficiaries after the annual action plan is ready and approved for implementation. A monthly schedule of the number of beneficiaries according to the types of schemes village-wise and bank-wise could be chalked out in consultation with all the concerned functionaries. There should be a definite programme of sending completed loan applications to banks every month. Such schedule chalked out in consultation with bank officials will help in enlisting their better co-ordination and timely sanction of loans. The monitoring system should examine whether the project execution is able to adhere to the given time schedule.

8. Though the programme has not made possible crossing the poverty line on a substantial scale by creating enough assets and increasing income and employment, it has promoted income mobility among the beneficiaries and thereby initiated the process of poverty removal. If this process is to be sustained and, in the final analysis, if it is to help truly the assisted families on the move, a second dose of assistance should be given to them. This may be done only
after case-by-case scrutiny of the borrower’s performance. RBI should consider issuing suitable instructions to banks in this regard.

9. It is found that the major type of income generating asset in the study area is animal husbandry. It is true that such labour absorbing schemes like dairy farming and keeping small livestock of sheep, goats and poultry can be an important instrument in ameliorating the economic condition of the rural poor. However such an approach is misplaced in the absence of upgraded animals, good grazing land and pasture development, fodder and after care in the form of convenient, timely and adequate veterinary back-up services as well as livestock insurance. Further, it was found that in many cases, markets for the sale of milk products were not available locally and marketing centres were at a considerable distance. It not only creates a lot of hardship to the beneficiaries but also it affects the profitability of the scheme on account of extra transportation costs and loss due to deterioration in the quality of milk during transit. Therefore, it is suggested extension of credit for this purpose should be related to procurement of good quality
animals and to those areas where feed, fodder, veterinary support and marketing linkages are available or can be established under the IRDP or other similar programmes.

More over in most cases only one milch animal was financed and so continuity in income could not be assured when the dry spell began for the animal. Therefore, assistance under the scheme should be for two animals, preferably of such breeds having longer lactation period. The assistance should be in succession to the same beneficiary in such a way that the dry period of the animals do not occur at the same time. Such a procedure would help in maintaining a regular flow of income. This would also ensure the repayment of the loan regularly, by the beneficiary.

10. The study revealed that while the variable 'family income without the scheme' had positively affected the scheme income, the dependency ratio of the family was found to be negatively correlated with income generation. Action therefore, lies in the direction of creating more and more employment opportunities for the absorption of eligible unemployed family members in the beneficiary family under the
wage employment programme like JRY and Food-for-work programme. This will create opportunities for them to earn wages and thereby add to the family income.

11. It is found that capital cost of the asset is one of the important factors which influences the level of income generation from schemes. The relationship between the two is positive and significant which implies that higher the size of investment, the higher would be income generation. However, the study reveals that the level of investment per family was far below than the contemplated investment size of Rs.13,000 - 14,000. Considering the low investment size that yields a non-poverty income, there is a strong case for enhancing significantly the per family investment under the programme. This will call for a larger credit as also a higher amount of subsidy. While RBI may advise the banks in the matter of credit, the Ministry of Rural Development may consider raising the ceiling limit for subsidy. Further if the authorities stick to the target and do not go beyond it, more funds could be made available for distribution among the beneficiaries.

12. It was observed that the variable size of marketing for the scheme had significantly and positively affected the level of income generation in each of the schemes under IRDP.
Further, it was observed that all schemes did not enjoy equal opportunities for sale and marketing on account of different reasons. Schemes credited through IRDP cannot be sustained in a vacuum without an appropriate marketing network. So, a much more realistic understanding of the marketing problem confronting the IRDP beneficiaries is required. A formal demand survey, effective marketing link-up and collaborative decision-making of IRDP officials with beneficiary households in the selection and running of the schemes would help IRDP beneficiaries to enhance their income to a great extent.

13. In majority of the cases beneficiaries do not get loans equal to the actual cost of the asset under the scheme as has been revealed from the survey of the sample beneficiaries. Considering the inadequacy of assistance to meet the cost of asset, there is a need for raising the amount of assistance. Further, it was observed that the credit subsidy ratio under the programme was at times low. While credit subsidy ratio depends on the nature of project, there is scope for increasing the loan portion to meet the full financial requirements of the borrower. If the financial assistance is inadequate, beneficiaries may have to fall back upon the village money lender, who can trap them in his vicious circle. As such, an attempt should be made to
provide adequate financial assistance to meet the actual unit costs. It is further suggested that depending on the financial requirements of the project, the loan subsidy ratio should ordinarily be at least 2:1. However, it is to be realised that it might not be possible in all cases, particularly when the amount of subsidy is substantially higher.

14. One of the common problems reported by the respondents during the survey was the inadequate provision of working capital. In order to make IRDP projects fully sustainable and productive, it is essential to provide not merely term loans for acquiring assets, but also to meet their working capital requirements. In the absence of adequate working capital support, the assets created would become non-operational or non-viable. This is especially true in the case of ISB activities. Therefore, the implementing agencies should take care to meet the working capital requirements while providing assistance. It is suggested that banks may be advised to provide loans in the form of cash credits for meeting the working capital requirements, along with the term loans.
15. The planning, implementation and monitoring of IRDP get considerably weakened due to the dearth of local functionaries at both village and block levels. It is felt that provision of additional staff both at village and block levels, and avoiding transfer of staff frequently would bring about better results. Further, the BDO has to be relieved of his general duties and made solely responsible for the implementation of rural development programmes. He should be made answerable directly to the project officer, DRDA. One additional BDO should be appointed to take care of general duties.

16. Monitoring of IRDP is essential for its successful and effective implementation. The monitoring system has to be designed in such a way that it provides necessary information to evaluate the comparative performance of projects and to examine to what extent poor performance of projects was related to organisational, procedural or remediable weaknesses. Monitoring at the beneficiary level should ensure constant interactions between the beneficiaries and the authorities with the objective of solving their problems in a more systematic way. In this regard, the following could be effective measures:
i) Distribution of Vikas Patrika (Identity-cum-Monitoring Card) to all beneficiaries right at the time of grounding of the scheme is essential and should be ensured by the Project Officer, DRDA and the Block Development Officer.

ii) A monitoring schedule indicating the names of the officers responsible for monitoring the implementation of the programme and days fixed for visits to the beneficiaries should also be drawn up. The responsibility for the collection of the necessary data should also be fixed.

iii) Each official responsible for monitoring should record his remarks/observations in the Vikas Patrika with the beneficiary and in his own copy. Each official should furnish a consolidated report fortnightly to the BDO. The consolidated statement for the whole block should be discussed at the block level co-ordination committee meeting and decisions on remedial measures should be taken.

iv) One encouraging finding during the survey was that some of the beneficiary families ploughed back their surplus income for expanding their economic activities. If the surplus income is not utilised for further development activities there is every possibility of the families going below the poverty line once again. Hence, the monitoring
system should consider such changes and developments taking place among the assisted families. It is necessary to follow the beneficiaries through monitoring till they stabilise themselves.

17. It was found that majority of the beneficiaries did not have adequate knowledge of the selection procedure. It is therefore, of paramount importance on the part of the implementing agencies to take necessary steps to provide detailed knowledge of programmes including the norms of the selection procedure, sanctioning of loans and the like.

Active participation of beneficiaries in the IRDP is necessary to make the programme more responsive to their needs. These sections of society can be brought into the main stream of the development process only when they are fully involved. If an organisation of the IRDP beneficiaries is established in each block, then it could act as a focal point in assisting the implementing agencies in various ways right from the identification of new beneficiaries to monitoring and evaluation of the programme. Further, the beneficiaries when organised can prevent the field functionaries from indulging in possible corrupt practices. They can demand what is in their interest. Moreover the implementing agencies of the programme can make full use
of this forum to have direct feedback from the beneficiaries regarding their perception of the programme, their problems and their expectations from IRDP. This would go a long way in improving the quality and efficacy of the programme.

18. The study observed that the time gap between the preparation of loan application after selection and disbursement of loan for purchase of assets was unreasonably long. The delays in providing assistance can be counter-productive to the basic objectives of the programme. The following measures if adopted can minimise the delays to a large extent. These include i) Bank branch manager's discretionary level for sanction of loan should be flexible and in case of co-operative banks, the level of sanctioning of loan could be at the branch level, instead of being at the district level as at present ii) credit camps should be organised for speedy process of IRDP applications iii) procedural delay involved at the block and bank levels should be periodically reviewed with reference to the sanctioning and disbursement of loans and iv) Better co-ordination between block and bank officials should be ensured in order to reduce delays in scrutiny and sanction of loans.
19. The bank should pay special attention to the recovery of loans so that flow of credit under the IRDP can be maintained effectively. At present the implementing agencies help only the beneficiaries in securing loans from the bank but their contribution in the recovery of loans is not significant. As the recovery of loans is a serious problem for the banks, the district and block authorities should render all possible assistance to facilitate loan recovery. As far as possible, delivery of credit should be linked with its recovery. The stipulated period for repayment of the IRDP loan ranges from 3 to 5 years. But an improper recovery schedule would not only affect the viability of the scheme but also lead to the build-up of overdues. It is suggested that the banks should fix repayment schedules realistically after taking into account the income generating potential and the economic life of the assets. Wherever necessary banks should also provide initial moratorium. A team of block and bank officials should be formed to effectively supervise the recovery of loans from the IRDP beneficiaries.

20. An analysis of IRDP from growth and equity angles by taxanomic method indicates that coverage of the programme (both in physical and financial terms) has not been even among development blocks in the study area.
It indicates that there is no systematic approach on the part of the implementing agencies regarding allocation of IRDP funds among the various blocks. Moreover, there is no formal stipulation in IRDP which may be used as the basis for allocation of resources among development blocks or villages. By comparing the quantitative data of the various blocks in absolute terms it has not been possible to find where a particular blocks stands in relation to others in terms of performance under the programme. Therefore, it is suggested that a system of monitoring based on simple indicators would help to make out the rate at which the programme is progressing or the rate at which assisted families are making progress. The procedure involved in the computation of the indicators is simple and the data needed are available at the block level. The variables that can be used for developing the indicators are as follows:

P: Number of poor families in the block.
A: Number of families assisted under the programme.
I: Number of families whose income has exceeded the poverty line.
D: Number of families who are qualified to be treated as developed.
Using the above variables, three indicators can be developed for each block to assess the levels of coverage under the programme and the benefits the programme has generated for the assisted families. The indicators are discussed below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Computation</th>
<th>Remarks</th>
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</thead>
<tbody>
<tr>
<td>Penetration</td>
<td>$PI = \frac{A}{P} \times 100$</td>
<td>It reflects the level of coverage or the extent to which the programme has penetrated through the syndrome of poverty. It will show the progress of IRDP in terms of providing assistance to the poor families.</td>
</tr>
<tr>
<td>Eradication</td>
<td>$EI = \frac{I}{A} \times 100$</td>
<td>It reflects the extent to which the assisted families have crossed the poverty line.</td>
</tr>
<tr>
<td>Development</td>
<td>$DI = \frac{D}{I} \times 100$</td>
<td>The families whose income had increased are expected to use it for the betterment of their families. It reflects such a development, stated under the programme goal.</td>
</tr>
</tbody>
</table>

By comparing the penetration and eradication indicators of the various blocks, the administration would be able to identify the blocks in which progress in terms of coverage of
families and poverty eradication is slow. Further examination on why the progress on each of the dimensions (coverage, income generation and their productive use) of the programme was poor in specific blocks would help the administration in evolving suitable managerial decisions to improve the performance and also to achieve the goal of 'growth with equity' among the various blocks.

7.4 CONCLUSION

To sum up, while IRDP has been recognised as a good innovation for ameliorating the socio-economic conditions of the rural poor, yet the desired result could not be achieved in Tirunelveli Kattabomman District. The study indicated that though the programme provided incremental income to poor families, the number of families able to cross the poverty line was relatively small. The programme has not been implemented with the same spirit and vigour as it was conceived when it was formulated and launched. Thus, in spite of the profound ideals, the basic objectives of IRDP stand defeated. Much of the failure of the programme can be traced to the difficulties which hinder its effective implementation. Programme implementation is as important as programme formulation. Failure at the field level is likely to distort and some times even destroy the development thrust
of the programme. Therefore, the need is for improvement in the implementation of the programme which is possible if an attitudinal change is effected at various levels of programme implementation. The participation of the target group has to be ensured so that they may treat the programme as their own and share the benefits in the appropriate manner.