

CHAPTER – II

**REVIEW
OF
LITERATURE**

2.1 Introduction

Review of studies previously undertaken on the area of the present is very helpful in understanding the way they were conducted and to organize the research problem. The review of the previous studies show the extent of the research conducted. It helps the researcher to know the gaps in the previous studies. Moreover, the review of literature provides basis for analysis and interpretation of the findings and results.

After independence, a planned economic development process was initiated by the India. In order to eradicate poverty among the majority of its people, a good number of policies and strategies are evolved and formulated poverty eradication programmes. In all the programmes, the due share, as per the per cent of the population of SCs and STs, was given. From the time of implementing these poverty alleviation programmes, the academicians and scholars paid much attention to evaluate the performance of these programmes and how they are benefiting the targeted people. But they didn't pay any attention to evaluate how far the programmes are benefiting the SCs and STs. Moreover, the poverty among these people remained more or less the same. Noticing these flaws, Fifth Five Year Plan period, special programmes of poverty eradication exclusively meant for SCs and STs are formulated during Fifth Five Year Plan period to reach

these people through the specific state level agencies like Scheduled Castes Development and Finance Corporation (SCDFC). These agencies came into existence, particularly, in Andhra Pradesh in the year 1974 to overcome the problems and flaws.

2.2 Review of Literature

Hanumanthappa Rayappa P, and Muthu Rayappa R (1980) in the study of Back-wardness and Welfare of Scheduled Castes and Scheduled Tribes in India found that while formulating programmes of development and poverty eradication, the local conditions are not taken into consideration. Moreover, the agencies which are implementing the programmes assume that once the amount of loan is allocated to the beneficiaries, automatically the benefit accrue to them. But in reality, the situation is entirely different in most of the cases.

Mumtaz Ali Khan (1980), in his study of Scheduled Castes and Their Status in India observed that the lands provided to the SCs through the Scheduled Castes Development and Finance Corporation are found dry lands without irrigational and required facilities essential for cultivation. The beneficiaries are not provided any guidance to them. So that the land purchase scheme failed in generating additional income. More importantly, the study found that the economic conditions of the beneficiaries off the land purchase programmes are not better than those who are manual labour.

Bhakta Das (1986), in his study titled "A Glimpse of the Scheduled Castes and their Socio-Economic Development in Assam", found that in seed money programme, the enterprise was shared by the bank, Finance Corporation and the beneficiaries. The share of the finance corporation is 20 per cent and that of borrower is 5 per cent. But it was found that its most of borrowers were felt difficult and unable to bear 5 per cent of the cost of the scheme. Consequently, it leads to dropping of the schemes. In fact, the number of Scheduled Castes families benefited by the seed money programme is small.

Kulakarni G.N., Ramachandra Bhatta and Ganesh Kumar N. (1989) combinely conducted study on the working of Dairy Scheme and they found that the dairy scheme was not successful in increasing the additional income of the beneficiaries. It was reported that there was delay in grounding the units. Another reason was that the authorities failed in releasing the subsidy amount on time due to which it failed to generate the additional income to the beneficiaries.

Krishnaiah Chetty (1991) in the study of Scheduled Castes and Development Programmes in India found that after implementation of the agricultural development programmes, there was a significant improvement in the irrigational facilities. And the improved irrigational facilities helped in increasing area under cultivation, changing the cropping pattern, shifting to high yielding commercial

crops leading to the consequent increase in the productivity of land and so also increase in the incomes of the beneficiary household. And the family labour utilization was found to be increased. The beneficiaries of animal husbandry programmes and tertiary sectors also benefited in terms of additional gainful employment and income thereby lifting them above the poverty line. But there are some beneficiaries who are yet to break the poverty. The study also reported that there are some flaws regarding the identification of the beneficiaries and in the implementation of the programmes.

Hemalatha Rao and Devendra Babu (1994), in their study of Scheduled Castes and Tribes, Socio-Economic Upliftment Programmes found flaws in identification of beneficiaries in terms of age and income. It was found that 10 to 20 per cent of the beneficiaries are above age of 55 years and 2 per cent of the beneficiaries are government employees. Identification and selection of beneficiaries were found to be very difficult practical problems. Regarding the awareness of the programmes of the corporation it was reported that the beneficiaries came to know about the programmes middleman, local political leaders and so on especially in the urban areas. The involvement of middleman found right from the beginning. On behalf of applicants they collect the applications and gets them loan sanctioned. In this process they used to collect huge commission from the beneficiaries. Thus the targeted people are deprived of getting assistance or loans.

It was also reported that the preferences and choices of the beneficiaries are not taken into consideration and in practice, they are asked to take up schemes as per the suggestions of the officials of the corporation. This is one of the reasons why the large numbers of beneficiaries have liquidated their assets or diversified soon after the assistance is provided. It was found that 43 per cent of beneficiaries liquidated the assets. The actual need of the beneficiaries is not assessed properly and hence any loan given to them did not yield proper results. Wherever the schemes like leather work, basket making, and irrigation scheme are linked with the main occupation of the family, the schemes are succeeded in generating employment and income. But the dairy and animal husbandry schemes which are not the main occupation of the beneficiaries have failed miserably.

Aravinda Satyavado (1996) in the study of "Empowering Women through Institutional Credit" found that majority of the beneficiaries are not aware of the programmes and they came to know about the schemes of the Schedules Castes Development and Finance Corporation through their neighbors. And they approached the banks directly without taking help of middleman or someone to get the loans sanctioned. And they successfully got the loans sanctioned. But the majority of the beneficiaries alleged that the bank officials did not take their choice regarding the venture to be started. The bank and corporation officials never visited to check whether the beneficiaries

started the ventures. The main problem found through interacting with the beneficiaries is that in all most all the cases banks disbursed only the margin money and subsidy amount provided by the Scheduled Castes Finance Corporation and the bank loan component was not disbursed to the beneficiaries.

More than 80 percent of the beneficiaries found failed to repay installments due to insufficient income generated by the programme. So the programmes did not better the economic conditions of the beneficiary households. Moreover, the loan assistance sanctioned to the beneficiaries never matched the actual investment expenditure needed to start the programme. That is why the most of beneficiaries did not start the ventures.

Harsha R. Trivedi and Dr. Yogendra Mukwana (1996), in the study of "Scheduled Castes Quest for Land and Social Equality" conclude that the awareness regarding the special component plan channelising easy loan facilities through the Scheduled Castes Development and Finance Corporation is lacking among the Scheduled Castes. The study revealed that the using of new technology and inputs did not adopted by the Scheduled Castes. Because most of them having small extent of lands, and they are not able to invest more money on the land. The low fertile lands, difficulty in getting irrigational facilities, loans and subsidies on time are some of some of the reasons for not utilizing them properly. It was also

revealed that the households engaged in service and animal husbandry were able to earn more than those engaged in laborious occupations.

Hague T. (1997) in his study of “Relevance of Land Reform in the Wake of Economic Liberalisation” concludes that the beneficiaries of land with inputs benefited in improving their income. But the beneficiaries who did not receive any infrastructural facilities were not able to improve their income.

Asia Pacific Socio-economic Research Institute (2000) conducted Impact Assessment Study of Socio-Economic Development Programmes and found that the poverty alleviation programmes are intended and implemented to a large extent in true spirit to improve the socio-economic conditions of the targeted groups. The beneficiaries have graciously admitted that the land based activities like production of off-season vegetables, floriculture and mushrooms benefited most in increasing their the incomes. Moreover, inputs provided with subsidy, dissemination of scientific technology and training by the agriculture department also helped beneficiaries. Social conservation and horticulture departments that brought improvements in land resources and farming practices contributed greatly in improving the standard of living.

Peter Ronald Desouza (2000) in his Contemporary India Transitions found that majority of the beneficiaries were not provided with equipment like ploughs, bullocks and irrigation facilities necessary infrastructural facilities to make agriculture viable such as However, the beneficiaries who received land with inputs found with improved economic conditions.

Maurya R.D. (2001) in the study impact of Special Component Plan on Socio-Economic Development of Scheduled Castes found that forestry section programmes were formulated for the benefit of the Scheduled Castes to assist them cross the poverty line. But the forestry section programmes failed in generating sufficient income enough to cross the poverty line by the beneficiaries. Among the total beneficiaries, 93 percent were found below the poverty line and only 3 per cent could cross the poverty line.

Sudvarinder A.D. (2001) made an attempt to evaluate the working of Punjab Scheduled Castes Development and Finance Corporation (SCDFC) and found that there were serious flaws in the process of selecting the beneficiaries and also in the disbursement of the loan amount. In the total beneficiaries, 43 per cent of beneficiaries found with income above the officially prescribed limit. It was also found that over 30 per cent of the beneficiaries of programmes were already running some ventures and they used the loan assistance for the expansion of the existing ventures. Nearly, 20 per cent of the total

beneficiaries were found with their own shops or small business, while 13 per cent were salesmen who were ineligible for the scheme.

It also revealed that 35 per cent of the total beneficiaries were not repaying installments of the loan. But only 17.8 per cent of the total beneficiaries were regularly paying their installments. However, the programmes, to some extent, resulted in improving the economic conditions of the beneficiaries.

Hari Charan Bohra (2003) investigated on Marketing and Credit in a Tribal Village and found that banks did not disburse the total loan amount sanctioned to the beneficiaries. Of the total amount of assistance, banks kept 50 per cent with them as security and remaining 50 per cent subsidy amount was given to the beneficiaries. Moreover, the beneficiaries of the Swarna Jayanthi Gram Swaraj Yojana (SGSY) visited banks many times. But they could not get the loan. And finally they approached a middleman and each beneficiary agreed to pay Rs. 1000/-. Then middleman talked to the concerned officials of the bank and they agreed and sanctioned the loan and they paid Rs.1000/- as bribe to the middleman. Therefore it can be concluded that the beneficiaries who approached through middleman got the loans easily.

Kundal J.R. (2003) conducted study in the 'Government's Affirmative Action for Scheduled Castes and found that the identifying

the eligible beneficiaries was not undertaken in accordance norms and guidelines. Moreover, the resources meant for them were drained in the name of Scheduled Castes population. Consequently, the government's affirmative policy has not been delivering the benefits to the SCs.

Mahadeva M. (2003) in his study "A Critical Reflection on Development of Scheduled Castes" found that the special component plan exclusively meant for Scheduled Castes also emphasizes on the creation assets which could generate income. But they hardly helped the beneficiary families to cross the poverty line. Most importantly, the financial institutions are not having adequate infrastructure to improve the skills of Scheduled Castes. In fact, the training institutions are located in urban areas and accessible to the urban people only. In this regard the huge rural segment is totally neglected. Moreover, the animal husbandry programs, namely, milch animals, drought animals and sheep or goat being the major components of assistance failed to generate the income and employment to the beneficiaries.

Ramesh Singh M. (2003) conducted study on the Problems of Tribal Development and found that the development agencies provided only a few agriculture and allied development programmes in order to increase the agricultural product of the poor farmers. Unfortunately the programmes failed to increase the productivity of farms land of the

poor tribal farmers. There are some flaws found in the selection of the beneficiaries. Corruption, personal contacts with officials and good rapport with chairman are the factors influenced the selection process. The programmes benefited the tribal elites who are practicing settled agriculture. More importantly, the poor tribal farmers were unable to get these programmes. The programmes which meant for the upliftment of poor are not actually reaching them.

Tim Hanstand, Robin Neilson and Jennifer Brown (2004) combinely conducted study on Land and Livelihood-Making Land Right Real for Indian Real Poor. They found that there are many shortcomings in land purchase programme. According to their findings, the programmes did not reach targeted people among Scheduled Castes due to improper process of the selection. The important flaw is that the beneficiaries are not successful in deriving the income from the farm lands because the owner of the unproductive land initiated the process through the official of the corporation.

More importantly, beneficiaries are not provided any technical assistance essential for sustainable farming operation. It also revealed that the installment amounts are not paid by the beneficiaries due to lack of sufficient income from the programme and lack of awareness among the beneficiaries on the importance of repayment.

According to the Report of Scheduled Castes and Scheduled Tribes (2004) on prevention of Atrocities against Scheduled Castes and scheduled Tribes titled, "Quality of Life", the Long Road, the loan assistance provided to Scheduled Castes beneficiaries does not match the actual amount required to start the programme. And moreover the multiple requirements are not taken into account for improving the production and productivity of the lands. The assistance provided under these programmes catered to the segmented requirements confined to a single or a few inputs rather than an integrated package of the whole gamut that would make the project viable. Thus, the impact of these programmes in increasing the income of the Scheduled Castes beneficiaries is restricted.

It was also found that in most of the programmes, the actual loan amount received by the beneficiaries is less than amount shown on records due to the corrupt practices that was brought out in the public hearing at Lucknow. This kind of practice has been restricting the potential for improvement of the income of the beneficiaries.

A committee appointed to conduct study on the Welfare of Scheduled Castes and Scheduled Tribes- working of National Scheduled Castes Finance and Development Corporation (NSFDC) (2005) concludes that the Scheduled Castes and Scheduled Tribes Development and Finance Corporation is not providing or the

arranging the institutional finance to SCs for the self-employment activities at a lower rate of interest. They are not different from other commercial banks or institutions regarding the disbursement of loans to beneficiaries. The major problem found with NSFDC is that it rejected large number of loan applications without any scrutiny of applications and there is no acceptable reason for rejecting the applications.

National Institute of Financial Management conducted a study in 2006 on the Financial Performance and viability of State Channelising Agencies of National Scheduled Castes Finance and Development Corporation (NSFDC). It was found that the satisfactory level of the beneficiaries is high regarding the programmes. But it has been taking more time to process applications, sanctioning the loans and also to disburse the loans. The beneficiaries alleged that the channelising agencies offering those programmes formulated in the past and they are not preparing need based projects in relation with the skills and adaptable capacity of the individual beneficiaries.

National Commission for Scheduled castes and Scheduled Tribes (2003) conducted a study and found that land based programmes linked with irrigation scheme were found doing exceedingly well. It was noticed that beneficiaries were forced to visit the agencies for the grant of loans losing several working days and spending substantial amount of money on travel. It was also found

that in order to get programme sanctioned and loan disbursed, beneficiaries used to pay commissions through agents to please the officials including bankers.

Mohan Sundaram V. (1994) in his study of A Study on Institutional Credit to Small Borrowers in elected rural areas of Tamil Nadu found that the loan component and subsidy amount provided to the beneficiary farmers were inadequate except in case of new well scheme. The new well programme as well as the other programmes helped in increasing the area under irrigation. Eventually, there was change in the cropping pattern and the beneficiary farmers turned to commercial crops. Increase in cropping area and cultivation commercial crops caused an improvement in the incomes of the beneficiaries.

Surender Reddy and Dipayan Datta Chowdhury (2005) conducted an intensive study to assess the programmes of the Andhra Pradesh Scheduled Castes Development and Finance Corporation. They reported that the majority of beneficiaries were not aware of the development programmes being implemented by the APSCDFC and the got information about the programmes through the local politicians and dalit leaders and some of the beneficiaries got information through the village official, mandal development officer and District Scheduled Castes Finance Corporation. And it was reported that the most of the beneficiaries approached middleman and

paid them substantial amount of money to get the scheme sanctioned. There were a few instances where the beneficiaries changed their names and got multiple schemes. The official of the corporation supposed to verify beneficiaries before sanctioning the schemes found failed to do so.

It was also found that the banks did not release the loan component to the beneficiaries and the banks used to deposit the loan component in the account of the beneficiaries. If the beneficiaries fail to repay the loan amount to the banks, the amount deposited in the account of beneficiary is adjusted as shown as it recovered. In this way the banks show the disbursement of the loan component and its recovery. Thus the beneficiaries are getting only the subsidy and margin money provided by the finance corporation. . This misconduct by the banks has been hampering the development of the beneficiaries.

On the economic impact of the programmes, it was observed that 9.5 per cent of the total beneficiaries lifted above the poverty line. In case of self-employment schemes, 25 per cent of the beneficiaries did not experience any increase in their incomes. In case of retaining the assets, 20 per cent of the beneficiaries were found without assets.

Umesh Bhatt (2005) conducted a study on “Dalits from Marginalisation to Mainstream” reveals that the selected beneficiaries

were not provided the loan amount on time. So, the beneficiaries failed to get benefits in terms of generating additional income from the programmes. In most of cases, the loan assistance was not utilised for the said purposes due to delay in grounding of the loans. It was also found the recovery rate of the loan amount is low which is between 30 to 50 per cent.

2.3 Conclusion

The review of the above studies shows that the land provided under the lands purchase programmes without necessary inputs failed in generating additional income to the beneficiaries. In cases of other programmes, where the beneficiaries are provided assistance or schemes without taking their skills into consideration also failed yielded desirable results. In fact, for the success of any programme, the actual requirements of the beneficiaries must be assessed properly and the assistance must be given accordingly. Otherwise the programmes do not yield results as desired. The programmes which are based on the main occupation of beneficiary succeeded in generating the additional gainful employment and income to the beneficiaries. Especially, the agricultural activities like cultivation of off-season vegetables, floriculture and mushrooms etc., helped significantly in increasing the incomes of the beneficiaries.

In some of the studies, it was observed that the identification of deserving beneficiaries is not undertaken in accordance with the norms and guidelines formulated by concerned development agencies and consequently most of the assistance provided under various schemes drained away in the name of fake Scheduled Castes. More importantly, in the most of the studies, it was found the without the involvement of the middleman, local politicians one can get loans. According to one studies mentioned above, banks are not disbursing the loan amount sanctioned. The banks are found keeping the loan component disbursing the margin money and subsidy amount provided by the corporation. In most of the cases, due to delay in grounding the loans to the beneficiaries, the loan assistance is diverted for the other purposes. Consequently, the beneficiaries are not able to repay their installments. More importantly, the impact of the programmes depends on various factors like geographic, climatic condition, the occupation of the beneficiary, programme and the amount of assistance. But all these factors, though important, are not taken note of in the above studies reviewed. So, in this study an attempt is made to include all those influential factors.

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