

**CHAPTER – III**

**DESIGN OF THE  
STUDY AND  
METHODOLOGY**

### **3.1 Introduction**

Finance is a crucial instrument in any economic activity intended to produce goods and services and to generate income and employment. Expansion in the economic and business activities depends on the availability of finance and its volume. Increase in the income and employment are necessary conditions for economic development and growth that determine the levels of consumption and the pattern of the consumption. So the economic development and growth ultimately depend on the availability of the finance. Unfortunately, in India because of historical reasons, the volume of finance available does not match the investment requirements at least in order to create income and employment to the minimum extent.

Moreover, even after the six decades of independence, still nearly 30 per cent of the people are living with incomes below the poverty line and they are yet to consume the goods and services of the manufacturing and service sectors respectively. Expansion of industrial sector and service sectors is determined by the demand for their products and services. The demand is the ultimate result of increase in the incomes of the people in the economy. Majority among those who are below the poverty line are Scheduled Castes (SCs) people. SCs due to centuries old social, religious practices and deep rooted and rigid caste system are completely excluded from the society and they remained poor even now. Because of social stratifications

and resultant restriction, they are forbidden to own income generating assets like agricultural lands and also enter into the modern economic and employment opportunities of industrial and services sectors. For overall economic development and sustainability, an opportunity should without any restriction be given to all people those who want to participate in economic activities. In view of the barriers, impediments prevailing, the governments, local, state and central, have initiated special treatments, provisions and programmes for SCs. In this regard exclusive agencies and institutions are established. Scheduled Castes Development and Finance Corporations at both State and National are the ones among such institutions instituted to cater the credit needs of these people.

### **3.2 Andhra Pradesh Scheduled Castes Development and Co-operative Finance Corporation**

Andhra Pradesh scheduled castes Development and Finance Corporation was established by the government of Andhra Pradesh in the year 1974 with a purpose of generating institutional finance and channelizing it to the Scheduled Castes households those who are below the poverty line. It was registered under the Andhra Pradesh Co-operative Society Act with a share holding pattern of 51:49 between the State Government and Government of India. It was established with the purpose of generating the institutional finance.

The head office of APSCDCFC Ltd., at Hyderabad formulates policies and programmes regarding annual action plan. Its main function is to mobilise funds from Government of India, State Government and other financial institutions. In turn it releases funds to the district societies which are distributing to the beneficiaries accordingly. The societies at district level will also mobilise financial resources such as SGSY (Swarnajayanti Gram Swaraj Yojana) subsidy from DRDAs (District Rural Development Agency), loans from Banks and 15 per cent of the earmarked funds. The corporation is governed by a committee of persons appointed by the Government of Andhra Pradesh. The Managing Director is the chief executive of the APSCDCFC and the Executive Directors at district level who are responsible for implementing the programmes in consultation with the District Collector, the Chairman of the district societies.

Since the beginning, the APSCDCFC in 1974 to till 2008, it has disbursed the total assistance of Rs.2,612.37 crores benefiting of 38 lakh households of SCs in the state. From time to time, in view of the changing economic condition, socio-economic conditions and skills of SCs, various developmental and poverty eradication programmes are formulated and being implemented with a goal of eradicating poverty among SCs. During the financial year 1974-75, the average assistance provided to each beneficiary was estimated to be Rs. 730 only and gradually it has been increased to Rs. 16,000, on an average per

beneficiary. In the financial year 1982-83, the corporation had started land purchase programme under which land, a valuable and durable asset is provided to the beneficiaries. Arable land not only generates employment and income but also provides economic status and social security to the beneficiaries. Moreover, land provides basis for taking up income generating activities like dairy .By the end of the financial year of 2004-05, the total of 69,022.99 acres of land was provided to 57,758 households of SCs at a cost of Rs.161.46 crore. The corporation takes loans from NSFDC y to provide loan component for the programmes to which bankers are not coming forward to finance.

### **3.3. Guntur District Scheduled Caste Development and Finance Co-operative Society**

The corporation is governed by a committee appointed by the Government of Andhra Pradesh. The Managing Director is the chief executive of the APSCCFC and the Executive Directors at district level are responsible for implementation of the programmes in consultation with the District Collector who is the Chairman of the district societies.

The Guntur District Development and Finance Corporation was established in the year 1974. It has been spending a lot of money on various developmental programmes covering agriculture, industrial and services sectors to eradicate poverty and for the socio-economic

development of SCs in the district. In between 1974 and 2008 the GDSDFC has disbursed Rs. 20316.21 Lakhs and 1,88,067 SC households got benefited from the programmes of GDSDFC in the district. Moreover the GDSCDFC has been providing institutional finance to the poor among SCs to take up economic development programmes that includes agricultural, animal husbandry, manufacturing and tertiary sectors. It has been evolving and formulating programmes in accordance with the changing economic conditions that are suitable for the SCs. In addition to loan assistance, also it provides 20 per cent of the total loan assistance of the programme as margin money in behalf of the beneficiary.

#### **3.4 Development Programmes for Scheduled Castes in the District**

As per the Census of 2001, an overwhelming majority of SCs live in the rural areas. Approximately, three-fourth the population of SCs are agricultural labourers and the remaining one-fourth of them are small and marginal farmers and artisans etc.

Ever since the beginning of planned economic development process, exclusively for the socio-economic development of SCs, a significant number of poverty eradication programmes are implemented. In all the programmes aimed at eradication of poverty, due share, as per their proportion, is given for the benefit of SCs. In accordance with the changing economic conditions, the programmes

have been evolved particularly that suit these people. In the beginning, during the period of First Five year plan, Government of India had initiated land reforms and distributed to the marginalized and disadvantaged sections of the society. More importantly, an act was enacted abolishing bonded labour. The minimum wage act was also brought into force. From these two Acts SCs benefited much more than any other castes in India. A committee was appointed during the Fourth Five year plan to review the availability of credit facilities in the rural areas. Based on the findings and recommendation of the All India Rural Credit Review committee, two agencies, namely, Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labour Development Agency (MFAL) were founded for the improvement of the economic conditions of both marginal farmers and agricultural labour belonging to SCs and other deprived sections of the society.

In addition to that, there were also other programmes evolved in order to generate additional gainful wage employment and public assets. Important among them are the Drought Prone Area Programme (DPAP) and Crash Scheme for Rural Employment (CSRE). These programmes are intended to generate additional employment to the agricultural labour. In the Fifth Five Year Plan period, Food for Work programme (FWP) was implemented for the benefit of the poor.

But lack of coordination among the programme implementing agencies, these programmes failed in generating additional employment and eradicating poverty particularly among the rural poor. In order to overcome the shortfalls in the implementation of SFDA, MFAL and DPAP, these three programmes were merged into a single agency called Integrated Rural Development Programme (IRDP). Mainly it focused on the provision of self-employment and creation of productive assets.

Moreover, there are other important programmes, namely, Jawahar Rozgar Yojana (JRY), Training Rural Youth for Self-Employment (TRYSEM), Rural Landless Employment Guarantee Programme (RLEGP), Prime Minister Rozgar Yozana (PMRY), National Rural Employment Programme (NREP), and Development of Women Children in Rural Area (DWCRA). Presently, a single agency called District Rural Development Agency (DRDA) came into existence and has been implementing the programmes intended to eradicate poverty in the district. In all the programmes poverty alleviation priority is given to the poor among the SCs.

Although for a long time a good number of poverty alleviation programmes were implemented for the upliftment, the economic conditions of SCs remained more or less the same. Recognising the impediments in the implementation of development programmes.

the Government of Andhra Pradesh founded a finance corporation, namely Andhra Pradesh Scheduled Castes Development and Co-operative Finance Corporation (APSCDCFC), in the year 1974.

The APSCDCFC mobilises funds from the government agencies and other financial institutions and provides credit to the poor among SC. Probably, Andhra Pradesh is for the first State in India started such a finance corporation exclusively for the development of SCs. The APSCDCFC, with the help of district level societies in all districts headed by the District Collector, has been channelising loan assistances for various programmes of poverty eradication. Moreover, the Minimum Needs Programmes and National Rural Employment Programme are being implemented in the district from Sixth Five Year Plan onwards and in it a due share and importance are given to the people of SCs.

In addition to these efforts, for the economic development of SCs, the Guntur District Social Welfare Department (GDSWD) has been providing facilities necessary for the development of education among SCs. Moreover, the APSCDCFC has also been taking up construction of hostels for girls and boys belonging to SCs who are pursuing school and college education. In the era of globalisation and privatisation, priorities and sources of livelihood are fastly transforming. In the present knowledge based society in which one should have knowledge and skills in certain fields to get better employment opportunities.

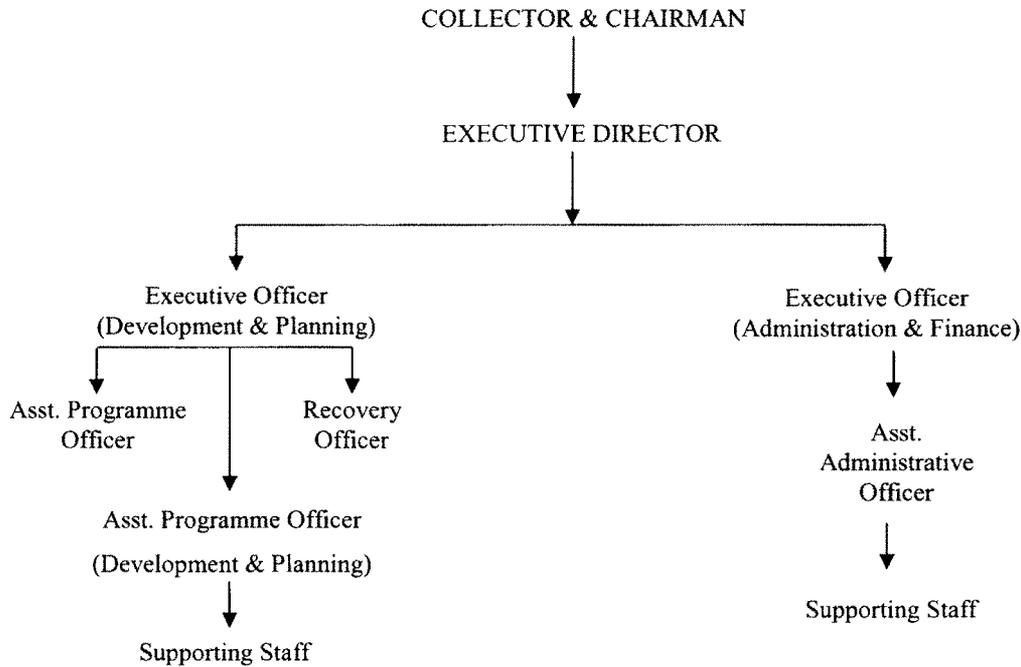
Taking the present changing conditions into consideration, the department of social welfare has been initiating policy measures to provide facilities to impart education in order to enhance upgrade the skills among SCs essential for better employment opportunities. The social welfare department has been managing the total of 91 hostels comprising of 54 for boys and 37 for girls in the district with intake of 9,793 students. In addition to that the hostlers are provided text books, note books, clothes and other necessities. There are also 28 special residential schools and colleges meant for the students of SCs.

Recently, the District Collector has initiated a laudable policy measure to admit SCs students, who have secured very good marks in the SSC examination conducted by the Board of Secondary School Education, into private corporate colleges imparting Intermediate Education. So, now they are enabled to access quality education required to compete with the children of the privileged in the market of employment. Moreover, provision of scholarships and tuition fees is also extended to the students belonging to poor SCs studying in the colleges, universities and institutions.

### **3.5 Organization of Guntur district Scheduled Castes Development and Finance Co-operative Society**

The Objective of the GDSCDFCS is economic development of the S.C. families living below the poverty line by implementing various schemes.

## ORGANIZATION CHART



### Responsibilities of Executive Director:

- Executive Director shall be overall in-charge of the affairs of District Society under whose guidance Credit Plan Draft, Annual Action Plan and Mandal-Village wise plans are prepared.
- Coordinates with the Heads of the Line Departments and Bankers while implementing the schemes.
- Mobilises funds at District Level including 15% earmarked funds. He shall be responsible to convene Person-in-charge meetings.

- Exercises his powers as per the instructions of the VC & MD., APSCCFC Ltd., under Chairmanship of District Collector issued from time to time.
- Pursues and coordinates with the Bankers for proper grounding of schemes.
- Conducts monthly random verification of units sanctioned under S.C. Action Plan and verification of grounded units and submit his inspection reports to the District Collector.

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**Responsibilities of Executive Officer (Administration. & Account)**

- Maintenance of funds, release of funds and maintenance of accounts and all other matters related to administration and finance.

**Responsibilities of Executive Officer (Development. & Planning)**

- E.O shall be over all in charge of grounding, inspection and recovery in the district.
- Supervises the performance of the field staff and ensure 100% grounding of the scheme and proper remittances of recovery amount in the bank account of the Society.
- Maintains liaison with the MPDOs, Bank Managers and MROs at the field level for the purpose of identification, documentation and grounding.

- Responsible for preparation of Mandal-wise, branch wise and bank wise, scheme wise action plan and communicate to all the concerned in the district.
- Responsible for the correspondence with the line Departments, MPDOs, Banks, MROs and other district offices in the district regarding programme implementation.
- Responsible for mobilisation of earmarked funds and funds from other Departments under Convergence.
- Responsible for conduct of awareness camps at mandal Levels.

**Responsibilities of Assistant Executive Officer (Administration & Accounts)**

- Maintenance of funds, release of funds and maintenance of accounts and all other matters related to administration and finance.

**Responsibilities of Asst. Executive Officer (Development & Planning)**

- The Asst. Executive Officer over all incharge of grounding, inspections and recovery in the District.
- Responsible for achievement of physical and financial targets under SC Action Plan,
- Assist bankers in grounding of the scheme and also help the Bankers in recovery of loans.
- Responsible for the correspondence with the Line Departments, MPDOs, Banks, MROs and other District Officers in the District regarding programme implementation.

- Responsible for mobilization of earmarked funds and funds from other Departments under Convergence.
- Responsible for conduct of awareness camps at Mandal levels.
- Responsible for organizing training programmes and also conduct of inspection to the training institutes.

### **3.6 Funding Pattern of the Programmes:**

In the present study the following four programmes related to agriculture development are selected. The corporation provides assistance in the pattern followed as under.

- 1. Bore Well:** Bore wells are being taken up in the lands of small and marginal SC farmers with electricity feasibility. The minimum area of land to be considered under each bore well is 5 acres and above. And the minimum number of beneficiaries for each unit of assistance may be 2-3. Of the total cost of the bore well programme, 20 per cent is provided as loan by the corporation, and it also provides 50 per cent as subsidy amount and the remaining 30 per cent is arranged from the banks. The subsidy amount is exempted from repayment.
- 2. Oil Engine:** Oil engines are provided to the small and marginal SC farmers who have of 2-3 acres of arable land. These units are provided where there is no feasibility of electricity. Of the total amount of assistance 50 per cent is provided as subsidy and the remaining 50 per cent of the loan amount is provided. The subsidy amount is exempted from repayment.

3. **Open Wells:** The objective of the scheme is to identify the small and marginal SC formers having unirrigated land in compact blocks. After survey by the ground water department, according to administrative sanctions, the execution of work is carried out by the beneficiary themselves. And the beneficiary will receive full payment for execution of the work. The corporation provides the total assistance as subsidy and the beneficiary needs not to repay the loan amount.
4. **SMP Set:** Submersible Pump set are provided to the lands of small and marginal SC formers having ensured power of electricity feasibility. The minimum area of land to be considered under each unit of the programme is 2 and more acres. And the minimum number of beneficiaries is 2. The corporation provides 50 per cent of the unit cost as subsidy and the 20 per cent as loan. The loan amount is repayable. And the remaining 30 per cent of the unit cost is provided by the bank.

### **3.7 Objectives of the Study**

The following objectives are set for the study:

1. To assess the impact of the programmes on the beneficiary households in terms of increase in income, employment, and asset formation.
2. To know the cost benefit relationship of these programmes.
3. To find out the responsiveness of the beneficiaries towards these programmes.

4. To assess whether these programmes are appropriate to serve the desired ends.
5. To suggest measures for better implementation of the ongoing programmes and suggest alternative programmes suitable to the present socio-economic conditions.

Thus the objectives of the present study cover mainly the economic aspects of the beneficiaries. The focus of the study is on the working and impact of the agricultural development programmes to which the livelihood of SCs is interconnected.

### **3.8 Hypothesis of the Study**

The hypothesis of the study is that the programmes result as following.

- H1. The programmes generate additional employment and income.
- H2. Asset formation takes place in all the programmes.
- H3. The improved irrigational facilities change the cropping pattern and increase the productivity of the agricultural activity.
- H4. The programmes yields considerable returns on the investment expenditure made on them.

### **3.9. Research Method**

The study is based on the empirical analysis explanatory in nature. The analysis of the study is based on the behaviour data.

### **3.10 Sampling Techniques**

Taking note of the time and resources constraints into account, besides methodological and theoretical strategies, stratified proportionate random sampling is employed to select the total sample of 245 were selected from among the beneficiaries. First of all, detailed information of all the beneficiaries of different programmes of agricultural development was collected from the records of the Guntur district Scheduled Castes Development and Finance Corporation. And the beneficiaries of different programmes were divided into different groups. All the programmes or scheme being implemented by the finance corporation were broadly divided into agricultural programmes and non-agricultural programmes. The non-agricultural programmes were excluded from the study. The programmes being implemented in the urban areas were exempted from the study. The agricultural programmes were selected to evaluate its impact on the beneficiary households. Among the several programmes of agricultural programmes, only four were chosen.

The present area of study is confined to the Guntur district which is broadly divided into three revenue divisions with varied levels of development. They are namely, Guntur, Tenali and Narasaraopet divisions. Tenali division compared with others is economically forward. And the Narasaraopet division is backward. The Guntur division is in between the Tenali and Narasaraopet divisions in terms of development.

While selecting the samples of the present study, the three divisions are given equal priority. So that from each division, eight villages are chosen. The selection of the villages is based on the two things i.e., 1. a village should have at least 150 Scheduled Castes households and 2. there should be sufficient number of beneficiary households of those chosen programmes of the present among the total households of the village. Thus the total samples of 245 are drawn from the 24 villages, spread all over the district. Among the agricultural development programmes, namely, 1) Bore Well 2) Oil Engine 3) Open Well and 4) SMP Set are chosen. Employing the stratified random sampling, 245 sample beneficiaries are drawn. From beneficiaries of the SMP set programme, 65 samples are drawn. And from the beneficiaries of remaining three programmes, 60 samples are drawn from the each programme.

### **3.11 Scope of the Present Study**

The present study is confined to the rural areas of the Guntur district. The district is best represents of the state of Andhra Pradesh divided into three prominent regions with varied levels of economic development. In this study agricultural development programmes are selected because majority of population live in rural areas. Moreover, 80 per cent of them depend on agriculture for their livelihood. So, the majority of the sample beneficiaries are illiterates and spread all over the district. Yet they are accessible to collect the data.

### **3.11 Source and Method of Data Collection.**

The present study is carried on the basis of both primary data and secondary data. The reference period of the study is between 2006-09. So, the data were collected between the periods of 2008-09. The secondary data or the baseline data were collected from the records of Guntur District Scheduled Castes Development and Finance Corporation, reports and publications of both State and Central government. And some of data and literature were collected from books, journals and research articles. And regarding the primary data it was collected from the sample beneficiary households pertaining to their socio-economic conditions before the implementation of the programs.

Between the reference periods of 2008-09, the field survey was conducted to collect the data from the beneficiaries to evaluate impact of the programmes on the employment and income of the beneficiary households. Before visiting the sample of 245 beneficiaries, for the purpose of collection of the data, spread all over 24 villages were contacted and informed about the purpose, the type of questions they are supposed to answer and the time of visiting. This initial contact with the sample beneficiaries had greatly helped in obtaining detailed information from the beneficiary households. In collecting the primary data from the beneficiary households, the interviews both individual and group and the structured questionnaire were canvassed.

The primary data were collected through the structured questionnaire and group and individual interviews. In accordance with the objectives of the present study the questionnaire was formulated.

### **3.13. Measurement of Impact of the Programmes**

The impact of the programmes is evaluated in terms of changes in employment and income of the beneficiary households. The data pertaining to income, employment, asset holding position, cost of cultivation, cropping pattern and changes in the cropping pattern, irrigated area, family labour utilisation, and household consumption expenditure were collected from the field study. The dates were collected in two phases i.e. difference between the pre-loan and post-loan periods, 1, the pre-loan period or before implementation of the programmes and 2, the post-loan period or a year after implementation of the programmes. Moreover, the impact of the programmes is analysed in terms of asset formation cost of cultivation, changes in the cropping pattern, increase in irrigational facilities, family labour utilization, income mobility and consumption, expenditure of the sample beneficiary households.

**Statistical Tools:** Simple statistical tools such as averages, percentages, correlations and variances were employed to analyse the quantitative data and to interpret and to draw the inferences. Moreover the data were also presented in the help of appropriate graphic presentation.

**T Test:** 'T' test was used for understanding the significance of the difference of the annual mean net income of the sample beneficiaries in the pre-loan period i.e., in the period before implementation of the programme and in the post-loan period i.e., after implementation of the programmes.

### **3.14 Analysis of Data**

The primary data collected from the selected 245 sample beneficiaries were processed by using software package for social sciences (SPSS) 7.5 person and tabulated in accordance with the purpose of the study.

The analysis of data was carried in accordance with the objectives of the study. With a special conceptual framework, the economic impact of the programmes on the sample households was analysed using standard procedures.

While estimating employment and income of the sample beneficiary households the standard procedures were followed. The important parameters like net income, gross income, farm income and other related concepts are defined. Increase or decrease in the employment and income of the beneficiary household is the deference between the employment and income in post-loan and pre-loan periods. Simple statistical tools such as averages, percentages, correlations and variances are employed to analyse the quantitative data.

The 't' test is also employed to measure the significance of programmes in generating employment and income to the beneficiary households.

### **3.15 Importance of the Study**

1. Since the beginning of the planned economic development strategy a good number of programmes of poverty eradication have been evolved. And after the implementation of programmes, from time to time, they were evaluated by various researchers and scholars. But the programmes, exclusively meant for SCs were not evaluated. So that an attempt is made to evaluate the impact of the agricultural development programmes.
2. There were some studies conducted on the working of the programmes of self-employment by the APSCDFC. But no reasonable research work is done on the working of the agricultural related development programme exclusively.
3. The findings and suggestions may be useful to the policy makers in the designing and implementing the programmes not only in the other district of the state but also in the parts of the country.
4. The study establishes the relationship between incremental income and its impact of the consumption expenditure of the beneficiary households.

### **3.16 Limitations of the Study**

1. The primary data collected from the sample beneficiary households is subject to certain limitations and so the findings and conclusions based on the opinions and information given by the sample beneficiaries.
2. Since, the size of the sample is small and are drawn from the rural areas. The finding and inference drawn from the study may not equally be applied to the rest of the areas in the district as well as in other parts of the State.
3. Since the majority of the respondents are illiterates and only a small number of them have received basic education. The possibility of giving inappropriate information can not be ruled out.
4. While collecting information from the respondents utmost care was taken as the majority of beneficiary respondents are illiterates and living in rural areas. Otherwise the findings may not yield reliable results.

### **3.17 Organisation of the Thesis**

The thesis of the present study, for the sake of convenience, is divided into six chapters.

In Chapter 1 introduction contains scheduled castes, socio-economic conditions, development programmes, Andhra Pradesh Scheduled Castes Development and Cooperation Finance Corporations, Statement of the problem and rationale of the study.

Chapter 2 presents review of literature. The previous studies attempted to evaluate the programme of Finance Corporation are reviewed in accordance with the present study.

Chapter 3 presents the conceptual and methodological details of the study, APSCDFC, GDSCDFC, development programmes in the district, sampling techniques, source and method of collection of data, analysis of data, statistical tools used for analysis of data, importance and limitations of study.

Chapter 4 furnishes the profile of the district, SCs and the profile of the sample beneficiary households.

Chapter 5 focuses on the impact of the agricultural development programmes in terms of pattern of cropping, cost of cultivation, generation of employment and income, asset formation, income mobility, consumption pattern of the sample beneficiary household.

Chapter 6 Summaries the findings, conclusion suggestions for effective implementation programmes.

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