CHAPTER - II

INTEGRATED RURAL DEVELOPMENT: AN OVERVIEW
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INTRODUCTION

Since the starting of planning era in India in 1951, a number of development schemes have been formulated and implemented from time to time by the States and the Central Government on an experimental basis for the benefit of weaker sections of the rural community. As a result, Community Development Programme (CDP) was first introduced in October 2, 1952 in 165 blocks of the country and it was followed by National Extension Service in 1953 (NES). This marked the division of the country into community development blocks. This movement did not succeed to a certain extent in extending development work to the rural areas but a network of schools, dispensaries, roads came up. However, due to financial constraints and food crisis in 1966, it was considered necessary to go in for a programme directed mainly at agriculture and secondly to attempt the process of development in selected areas considered amenable to absorption of inputs. This thinking resulted in the Rural Industries Projects (RIP) in 1962-63, Intensive Agricultural Development Programme (IADP) in 1966-67 (package programme). This marked the emergence of sectoral and area approach to development.
The later programmes of area approach like Intensive Agricultural Areas Programme (IAAP) 1969-70, Drought Prone Area Programme (DPAP) 1971-72, Differential Rate of Interest Scheme (DRI) 1972, Hill Area Development Programme (HADP) 1973-74, Command Area Development Programme (CADP) 1974-75, Whole Village Development Programme 1975-76, Integrated Rural Development Programme (ITDP) 1976-77, Food for Work Programme (FFWP) 1977, High Yielding Variety Programme (HYVP), Community Development Programme (CDP), Deserts Development Programme (DDP), Backward Area Development Programmes, Land Reforms, Agricultural Marketing Schemes, Special Livestock Production Programme and also Village and Small Industries Development Programmes - were all the logical outcome of the area approach to development. But the fruits of these development programmes have been reaped only by the well-to-do section of the rural society.

**Measures to attack rural poverty**

in other words, Sectoral or Programme Approach has not really made any impact on the rural people. Such a situation forced Indian Planners to have a second look at the entire philosophy of development effort. It was also realised that the available scarce resources must first be fed to the poorest among the rural people. Accordingly, Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labourers (MFAL), Anhyodaya Approach (AP), Minimum Needs Programme (MNP),
National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), National Scheme for Training of Rural Youth for Self-Employment (TRYSEM), Cottage and Village Industries Programme (CVIP) of the Khadi and Village Industries Commission and Development of Women and Children and Applied Nutrition Programmes were constituted to help target group beneficiaries.¹

INCENTIVE APPROACH

The programmes oriented above were designed in different years by the Government as a measure to attack rural poverty at the very root, and have been directed towards one particular segment of facet of rural development. These programmes could not benefit the economically weaker sections of the society for the reason that they were inadequately financed and implemented by different departments without any co-ordination. They suffered from several defects and did not succeed to an appreciable extent either in removing poverty and unemployment or in creating productive assets.² None of these programmes covered all the rural areas of the country. Further, most of the programmes started were ad-hoc in nature. They were time bound and were viewed as something of an extra work by the officials who had to operate at the block and village level. This had reduced the effectiveness of schemes, and the need for

² Jain S.C., Rural Development Institution and Strategies : Rawat Publication, Jaipur, 1985, page 139.
the introduction of a new comprehensive scheme which can remedy the defects and gaps in the removal of rural poverty was felt. As such, there was an urgent need for an integrated approach to rural development which can bring about substantial improvement in the living standards of the poor masses in rural areas. Sectoral allocation in planning does not provide the entire answer to the implementation of specific programmes at the grass-root level. Sectoral planning at the Macro-level only established national priorities by indicating through budgetary allocations. The pragmatic question on the utilization of these funds for the maximum multiplier effect needs a different approach, an approach which starts at the village but remains within the overall framework of national priority and budgetary allocations. In some cases, this approach may even help in modifying national priorities by reflecting the correct state of affairs at the grass-root levels.

The Government of India, being fully aware of the situation, introduced a new approach called "Integrated Rural Development Programme" (IRDP) in a few selected blocks in 1978-79. This programme has come to stay as one of the major plans of our development process and effort. The programme in its present form initiated in 1978-79 in 2,300 development blocks, has been extended from 2nd October, 1980 to all the 5,011 blocks in the country.
IRDP CONCEPT AND FEATURES

Eversince the introduction of economic planning in India various programmes and approaches have been adopted for rural development. By and large, all the programmes and their approaches - were selective, sporadic, piecemeal or sectoral in nature. They just covered one or two aspects of rural people in the selected areas. Thus, they provided only marginal impact on the rural life and could lead to the balanced and overall development of rural areas. They have caused spatial and sectoral imbalances in the growth of the economy.

With a view to remove these drawbacks, the IRDP was introduced. The concept of IRDP in its full-fledged form, is more comprehensive. It is an all pervasive, multi-dimensional, multi-disciplinary and comprehensive programme for development. It means achieving the goal of enrichment of the overall quality of life covering all its aspects - economic, social, cultural through planning for the integrated development of human resources, development of infrastructural facilities.

development of agriculture and rural industries, provision of minimum social needs. It is based on micro-level planning with focus on the target groups.

The underlying idea of integrated development is that the package of development process should contain co-ordinated programmes in different sectors which are appropriately linked and spaced out. It involves several categories of integration, namely:

(a) Special Integration (integration between areas).
(b) Sectoral Integration (integrated between agriculture, off-farm activities, industries with "forward and backward linkages". (basic infrastructural facilities).
(c) Integration of economic with social development.
(d) Integration of total area and target group approach.
(e) Integration of human resources development with manpower needs by dovetailing education and training programmes to the anticipated manpower needs.
(f) Integration of income generating schemes with the minimum needs programme of education, rural, health, water supply and nutrition.
(g) Integration of credit with technical services. The IRDP, thus, involves integration both in its ends and means. It is an attempt to achieve integrated total development through integrated means.

During the Sixth Plan period, IRDP aimed at helping, 15 million rural families to move above the poverty line on a lasting basis by enabling them to acquire income generating assets on the basis of bankable programmes. IRDP covers both agricultural as well as non-agricultural sectors including industry and tertiary sectors. On an average, 600 poor families have to be provided assistance per year in each block. At least 200 beneficiaries in each block should belong to industry and tertiary sectors. As such, the range of activities for which bankable programmes have to be prepared is very wide. Out of 3000 families to be identified and assigned in each block in the five year period, 30 percent should belong to scheduled castes and tribes. Family is the unit of assistance under IRDP. It gives priority to the poorest among the poor families subject to their ability to manage viable production programmes which are bankable.

The amount of assistance provided to the identified families for acquiring assets should be such as to increase their incomes so that they can move above the poverty line.

The training of Rural Youth for Self-Employment (TRYSEM) under which two lakh rural youths coming from the identified families are to be trained in a year in institutes, private establishments and workshops to acquire skills, as part
of IRDP. A provision of Rs. 5.00 crores has been made in the plan for the purpose of meeting training expenses (stipend, cost of tool kits).

IRDP is essentially a credit-based programme combined with subsidy assistance from the Government. The financial arrangement for the purpose of implementation of the programme, include allocation by the Governments (central and states on a 50:50 basis) of Rs. 35.00 lakhs for each block in the five year period. (Rs. 5.00 lakhs in the first year, Rs. 6.00 lakhs in the second year and Rs. 8.00 lakhs in each of the remaining three years). In an aggregate, the Government's involvement is estimated at about Rs. 1,500 crores over the five year period (Rs. 600 crores per year). ^6

IRDP - Aim

As a scheme IRDP is a sub-system of the main system of national development, its objective must necessarily conform to the national objective of growth with equity. IRDP has been receiving attention at the national level. Specific objectives of such programme are : ^7

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1. Drawing the entire labour force into mainstream of economic activity;
2. Realising the creative energies of the rural people;
3. Bringing the town into the countryside and thereby checking the process of migration to urban areas from the villages;
4. Improving the living conditions of the rural population and their quality of life, particularly through integration of development with environment;
5. All-round development of the human resources, their social and economic productivity and work satisfaction;
6. Narrow down the inequalities of wealth and income in the rural community;
7. The removal of unemployment and under-employment; and
8. Provision of basic needs such as drinking water, educating, training, housing by the state to the rural people of low income groups.

**TARGET GROUP UNDER IRDP**

The accent in IRDP is on the weaker sections of the society, consisting of small and marginal farmers, agricultural and non-agricultural labourers, sharecroppers (tenant cultivators), rural artisans and the persons belonging to the scheduled caste and tribes. This is, therefore, necessary to
have a precise but workable definition for the various categories of beneficiaries.\(^8\)

1. **Small Farmer**
   A cultivator with a land holding of 5 acres or less is a small farmer. Where a farmer has Class-I irrigated land, defined in the State Land Ceiling Legislation and Regulation (Act of 1976 for notified areas of industry and corporation) with 2.5 acres or less will also be considered as small farmer. Where the land is irrigated but not of the Class-I variety a suitable conversion ratio may be adopted by the State Government with a ceiling of 5 acres.

2. **Marginal Farmer**
   A person with a land holding of 2.5 acres or less is a marginal farmer. In the Class-I irrigated land, the ceiling will be 2.5 acres.

3. **Agricultural Labourer**
   A person without any land, but having a homestead (courtyard or garden attached to house) and deriving more than 50 percent of his income from agricultural wages is an agricultural labourer.

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\(^8\) Padhy, Chandra Kishore, "Rural Development in Modern India" B.R.F. Corp. New Delhi, 1986 - p.471.
4. **Non-Agricultural Labourer**

A person whose total income from wage-earning does not exceed, Rs.200 per month. Persons who derive their income partly from agriculture and partly from other sources can also be brought under this category, provided at least 30 percent of their income is from non-agricultural sources. They need not have a homestead but must be a resident of the village, in which they are identified.

5. **Rural Artisans and Persons engaged in village and Cottage Industries**

Persons engaged in such activities as black smithy, carpentry, cane and bamboo work, shoe-making, tailoring are come under this category.

Small farmers and marginal farmers and agricultural labourers should themselves be cultivators. Ownership for this purpose means having transferable and heritage rights over land.

For the identification of beneficiaries, the family should be taken as a unit (consisting of five members). Persons connected by blood and marriage and normally living together should constitute a household.
Where members of the family are living separately and as independent units, they should be identified as units.

The income of wife and minor children should also be taken into account and added to that of head of the family in determining the status of the head of the family as a small and marginal farmer.

In respect of share croppers (tenant cultivators) and tenants, only such of them as have recorded rights should be identified as small and marginal farmers.

Some of the farmers, who are likely to become eligible for identification according to the prescribed land holding limits may have income from off-farm activities/sources. Therefore, those with substantial off-farm income of Rs.200 per month or more for the family may not be included.

**Selection of Beneficiaries**

Selection of IRDP beneficiaries is expected to be made by the Village Level Workers (VLWs) by following the "Antyodaya Approach (1977)", namely, selecting the poorest of the poor. In actual practice, this principle is not followed strictly. This
is due partly to some genuine difficulties (reluctance/inability of the poor to purchase with bank loan and subsidy and to manage the assets) and partly due to the deliberate defaulters on the part of VLWs. This means that there is need for identifying and formulating bankable projects that would suit the managerial and risk-bearing ability of the poorest of the poor. Block Development Officers (BDOs) are also advised to associate banks right from the stage of identification of beneficiaries. It is advisable that credit camps are organised for purpose of identification of beneficiaries and selection of activities and schemes for financing credit camps should be organised after due preparation.

**Income for Selection**

Since the approach under IRDP is to assist the poorest of the poor first, the assistance is given to the rural families of a targeted group having annual income brackets of ₹4001/- to ₹6000/- in Assam. Families with an annual income up to ₹8500/- are assisted on priority basis. Though the poverty line is drawn at an annual income level of ₹11,000/-. After all such families have been assisted in a gram panchayats, the block level officers would report to the DRDA that all families with an annual income up to ₹4000/- have been assisted. DRDA would than verify the position by issuing public notices. After verification DRDA would give sanction to the block to assist the
families under the bracket of ₹6000/- in the area of the respective Gram Panchayats. The objective of the programmes is achieved by providing productive assets and inputs to the target groups. The assets which could be in primary, secondary or tertiary sectors, are provided through financial assistance in the form of subsidy by the State, Central and term credit institutions.9

In the selection of IRDP beneficiaries, a few other exercises such as selection of Gram Sabha, preparation and formulation of household, village and block plans are necessary which we discuss in the following few pages:

1. **Gram Sabha (Village Assembly) for Selection**

   The adult voters of the village are the members of the Gram Sabha as per the definition of North East Region Village Panchayat and Taluk Board Act (1959 Act, Section 83). It consists of members of the village, all IRDP beneficiaries, implementing officials like BDOs and his staff, DRDAs representatives, revenue officers, representatives of financial institutions, technical experts of various departments (diary, piggery, poultry and animal husbandry), MLA (Member of Legislative Assembly) or MLC (Member of Legislative Council) and local leaders of the village. Thus, Gram Sabha specially

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convened for IRD programmes is an exercise to ensure that the beneficiaries selected are from the poorest of the poor.

2. Formulation of Household Plans

As per the Government of India institution a detailed household plan is to be formulated for each selected beneficiary. A format for the plan is also prescribed by the Government of India. The plan is supposed to be prepared by the V.L.W. on the basis of the household survey of the beneficiary. The plan format provides for inclusion of such details of each of the schemes proposed to be executed by the beneficiary as estimated cost, subsidy and loan instalment and estimated additional net income over a period of time. The plan is intended to be comprehensive enough to include all feasible economic activities necessary to enable the beneficiary to cross the poverty line.

3. Preparation of Village and Block Plans

As per Government of India manual on IRDP (1980), the village and block plans under IRDP are to be based on the detailed household plans of the beneficiaries. But in actual practices, village and block plans are not prepared as per the instructions. This is due to non-availability of requisite expertise for the purpose. What is done in both the cases (village and block plans) is merely the aggregation of
requirements of various inputs, services, credit and subsidy based on the household plans. No serious attempts are made to identify the infrastructural gaps to integrate the IRDP plans with other sectors and to establish forward and backward linkages with other agencies. A serious management gap in this area of activity is the lack of an appropriate organisational structure. The existing organisational structure is in congruent (conformity or mutual agreement) with the strategy of IRDP.

4. **Preparation of a District Plan**

At the district level also, the picture is not different, from the block level. Although the planning commissions guidelines for block level planning provide for the constitution of a three member planning team at the district level consisting of an economic/statistitian, a credit planning officer, there is only one APO (Assistant Project Officer) responsible for formulating the District Level IRD Plan. A draft district IRD plan is prepared every year as per the guidelines issued by the Rural Development/Planning Department of the State Government concerned. The Draft IRD plan contains the schemewise physical and financial targets broken down by blocks. The IRD plan is not integrated with the comprehensive district plan and hence the complementaries between the two are not taken advantage of. The harmonization targets communicated from the State level and those worked on the basis of block level plans
is supposed to take place at the district level but rarely happens. Block targets are sent to the BDOs for their comments and the draft district credit plan is revised, if necessary, in the light of comments received from the Block Development Officers (BDOs). The annual district IRD plans of all the districts in a State are reviewed and approved by a State Level Co-ordination Committee (SLCC) which is chaired by the Agricultural Production Commissioner or the Principle Secretary, Department of Agriculture and Rural Development and includes as members all the heads of technical departments, Chairman of DRADs, representatives of banks and the Government of India, Ministry of Agriculture and Rural Development. Once the eligible beneficiary and project is finalised, the financial agency will guide the beneficiary regarding the requirement for sanctioning loan, and appointed date will be faxed for sanctioning loan. The requirements for loan records should be given in the Gram Sabha by the concerned officers present. For example, revenue records by the Village accountant, encumbrance certificate by Sub-Registrar, no due certificate from the financial institutions. The financing agency may obtain loan records there itself. The purpose of doing this work is to reduce the burden on beneficiary and to avoid delay and for quick disbursement of loan.
5. **Preparation of Annual Plan**

Similarly Annual Plan is nothing but an actively which succeed the perspective plan and the identification of beneficiaries because this plan has to match the resources profile and the needs of the beneficiaries to provide them income generating activities.

The Annual Plan contains the following ingredients.

(i) The economic profile of the Block/District.

(ii) The profile of the beneficiary families categorizing them according to their aptitudes and choices for the remunerative project.

(iii) Special distribution and the time schedule of beneficiaries over the assigning reasons for such distribution.

(iv) The areas of co-ordination with other departments like Char Area Development Authority (Political Home) and border districts.

(v) Sources and mechanism for procurement of raw materials and disposal of finished goods.

(vi) An overall import of the proposed activities over the income.

(vii) Model projects as per the environment of the area.

(viii) Preparation of an abstract of the beneficiaries for the annual plan period.
In Assam the annual plan must be ready for implementation by February of the preceding year.

For the purpose of providing assets, family should be treated as unit of ceilings with Rs.3000/-, Rs.4000/-, Rs.5000/- as case may be between Rs.4800/- P.A. The size and the number of activities shared be determined in relation to the income group required to be covered to bring the family above poverty line.

An economically viable project having favourable incremental capital output ratio (ICOR) can be taken up under programme in primary, secondary and tertiary schemes. Depending upon to situation this is diversify in to industries services and business (ISB) in harmony with the local situation.

While selecting activities the nature of infrastructural support backward and forward linkage available in the area should be kept in views as projects launched in disregard of these have less chances of success. It should be realised that the funds available for providing infrastructural support under the programme are primarily to bridge small gaps in infrastructure which can make programme implementation more effective.

Pilot projects for various activities under IRDP

With a view to facilitating the process of appraisal of loan application of IRDP beneficiaries, project profiles should be prepared for some major activities in the district, moratorium period etc. For this purpose, a small group consisting of representatives of NABARD, Lead Bank other major banks operating in the district. DRDA and DIC may be formed. The project profiles so compiled may be adopted by all the financial banks in each district. As most of the activities would be location specific this exercise would have to be done separately for each district. However, it may be useful for the State Governments in consultation with NABARD and the Banks to prepare some model schemes which can be adopted for use in a district/region. There should be built-in-flexibility in the project profiles to take care of local various. Some States have already made a beginning by preparing a compendium of the project profiles. Similar compendiums may be brought out by other States also.

Consultative Arrangements for Credit

(i) High Level Committee at Central Level (HLCC)

A high level committee on credit (HLCC) for IRDP, headed by the Secretary, Department of Rural Development, Govt. of India and including senior representatives from the Govt. of India, State Governments, Commercial Banks, NABARD and RBI has
been constituted to consider the various problems arising from time to time in the course of implementation of the programme and review the credit arrangements to recommend changes and improvements as and when necessary. This committee meet regularly.

(ii) **State Level Banker's Committee (SLBC)**

SLBC have been setup as inter-institutional fora for co-ordination and joint implementation of development programmes. The meetings of this committee are convened by the designated convenor bank (which is usually the bank with substantial lead responsibility in the State). The agenda items discussed by SLBC relate mainly to branch expansion, implementation of Annual Action Plan/District Credit Plans, support from Government agencies, inter-bank differences, problems raised at District Consultative Committee which require attention at State level etc.

(iii) **District Level Consultative Committee (DLCC)**

At the District Level a District Level Consultative Committee (DLCC) has been provided under the Chairmanship of the District Collector. All the banks and the District Level Officer of the Government, NABARD, DRDA & DIC are represented on this Committee. This forum should be utilised for allocating share of credit disbursement to various banks, monitoring and reviewing
the overall progress in physical and financial terms, ironing out inter-agency differences and to prepare items for consideration of State Level Committee.

(iv) **Block Level Consultative Committee (BLCC)**

Block Level Consultative Committee (BLCC) should be constituted in every block.

The main functions of BLCC are:

(a) Acceptance of brand wise, scheme wise targets.

(b) Selection of clusters of villages and allocation of villages to various banks.

(c) Fixing date for credit camps.

(d) Monitoring of progress of sanction - number of applications sponsored by BDO to each branch, number rejected, reasons for rejection etc.

(e) Fix up date for meetings of purchase committee for assets procurement.

(f) Monitor progress of IRDP recoveries and fix dates for recovery camps etc.; and

(g) Review of implementation of schemes, conduct sample checks or verification of assets.

The BLCC should meet once in every month.
(v) **Block Level Banker's Committee (BLBC)**

Under service area approach, a Block Level Banker's Committee (BLBC) is to be constituted in each block. All the banks operating in the block including the District Central Co-operative Bank and RRB will be members of the committee. The BDO and other technical officers in the block such as Extension Officers for agriculture industries and co-operatives will also be its members. The Chairman of the Committee will be the Lead Bank Officer. If for any reason, he is unable to attend the meeting of the committee, the senior most Branch Manager of the Lead Bank may preside over meetings. Lead Bank Officer will also be the convenor. The Lead District Officer of the Reserve Bank of India and the concerned officer from NABARD would also attend some of the meetings of the BLBC.

The main functions of BLBC will be:

(a) To discuss the action plans of different bank branches and their aggregation into Block Credit Plans.

(b) To consider operational problems in implementation of credit programmes of banks, particularly in regard to ensuring availability of inputs and linkages.

(c) To review the progress in implementation of Government sponsored schemes i.e. IRDP, SEEUY & SEPUF.

(d) To review the implementation of the Block Credit Plan and the provision of other inputs required so that bank credit becomes more productive.
(e) Allocation of service area of a new branch to be opened in the block as and when licenses for new branches are issued by the Reserve Bank of India.

The BLBC will hold meetings once in a quarter. The meetings of BLCC are held once in a month. To avoid duplication, the meetings of BLCC may not be held in those months in which BLBC meetings take place.

Credit Linkages in North-Eastern Region

In the Sixth Plan, the States and UTs in North Eastern Region were exempted from credit linkage. This however, resulted in very low investment taking place which was found to be inadequate to take the family above the poverty line. This exemption has since been revoked. However, since there is a lack of adequate number of bank branches in some areas of North Eastern Region, the State Government/UTs have been advised to consider authorizing the DRDAs to draw the amounts from the banks on the strength of State Government guarantees in those blocks where there are no bank branches and then lend to the IRD families. The responsibility for recovery of loan in such cases would be that of the State/UT Government.
6. **Target Group Assistance**

The identified beneficiaries are assisted by way of loans from banks and subsidy from DRDAs to take up productive activities capable of generating income on a lasting basis, such as:

(a) activities in the primary sector like agriculture, horticulture, animal husbandry, fisheries, bee-keeping, sericulture and farm-forestry;

(b) activities in the secondary sector (industries service and business) like handicrafts, handlooms, coir, khadi and village industries, cottage industries, and

(c) activities in the tertiary sector like transport, small business and other service activities (industries service and business).

Activities should not thrust on the beneficiaries, instead activities should be suggested based on the experience of the beneficiary and the infrastructural facilities available. Sanctioning large number of loans disproportionately to a particular kind of activity should be avoided.

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Subsidy Assistance

Every beneficiary under IRD programme is eligible for subsidy from the DRDAs through the commercial banks. The general pattern of subsidy given by the DRDAs to the different categories is given in Table-II.I

"The maximum subsidy that can be given to an individual non-tribal beneficiary is ₹.4000/- in DPAP areas and ₹.3000/- in non-DPAP areas. For tribal participants, the ceiling is ₹.5000/-".

"The subsidy is not available for working capital loans except to rural artisans and craftsman where total amount required for working capital does not exceed ₹.1000/-".

7. Administration of Subsidy

The basic principles of subsidy are six-fold:

(a) Subsidy should not be passed on the participants in cash, but should be paid in kind.

(b) Subsidy should be paid on behalf of participants:

(i) to the loaning institutions, co-operatives, or commercial banks if the programme is tied up with loans, or

(ii) to the approved supplier or body or organisation supplying goods and services directly,
### Table - II.1

**PATTERN OF SUBSIDY UNDER IRD PROGRAMME**

<table>
<thead>
<tr>
<th>SL. NO.</th>
<th>BENEFICIARY</th>
<th>RATE OF SUBSIDY AS PERCENTAGE TO COST OF THE PROJECT</th>
<th>CEILING ON SUBSIDY FOR INDIVIDUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Individual Beneficiary Scheme</td>
<td>25 percent</td>
<td>₹3000/- and ₹4000/- in DPAP areas.</td>
</tr>
<tr>
<td>(a)</td>
<td>Small Farmer</td>
<td>33 (\frac{1}{3}) percent</td>
<td>₹3000/- (₹4000/- and in DPAP areas)</td>
</tr>
<tr>
<td>(b)</td>
<td>Marginal farmers, Agricultural labourers, Rural artisans, persons engaged in village and cottage industries.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Scheduled Castes and Tribes</td>
<td>50 percent</td>
<td>₹5000/-</td>
</tr>
<tr>
<td>3.</td>
<td>Community Minor Irrigation Works</td>
<td>50 percent of the cost apportionable to small and marginal farmers</td>
<td>Full cost to be met out of IRD funds subject to the pattern prescribed for stipends.</td>
</tr>
<tr>
<td>4.</td>
<td>Training Schemes under IRDP</td>
<td></td>
<td>Full cost to be met out of IRD funds subject to the pattern prescribed for stipends.</td>
</tr>
<tr>
<td>5.</td>
<td>Follow-up assistance for setting up of units under Rural Industries Projects/Rural Artisans Programme.</td>
<td>33 (\frac{1}{3}) percent of the capital cost.</td>
<td>₹3000/- (subject to ceiling)</td>
</tr>
<tr>
<td>6.</td>
<td>Infrastructure Scheme</td>
<td>100 percent to State unit/unit trust institutions/50 percent to co-operative/societies/ institutions.</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCES:** "Area Planning and Rural Development"- Planning Commission, Govt. of India Year Book - 1994.
(iii) to an approved agency or institution which has been authorised by the sanctioning authority to execute the work on behalf of and for the benefit of the loanees.

(c) The limits of subsidy should be strictly in accordance with the approved percentage of pattern of assistance indicated for each scheme.

(d) The final adjustment of subsidy may be made on completion of the work and there is no need to wait till the last instalment of loans is repaid.

(e) The maintenance of accounts in this respect should be done in accordance with the system in vogue (in accordance with State Rules and Practices unless or otherwise provided).

(f) In those cases where subsidy is tied up with loans, the financing institutions should make the appraisal for the net amount of loan to be sanctioned by them after taking into account the subsidy to be released and may sanction loans for the balance amount only, namely, the total amount needed by the beneficiary for the programme minus the subsidy payable from the agencies funds. The total amount of investment should be taken into consideration for purposes of calculating the value of security for the loan, while the repaying capacity is to be calculated with reference to the
amount of loan actually provided to the farmer. For such loans where an element of subsidy involved, the financing institutions should not insist upon separate down payment from the individual beneficiary or institutions. They should also place greater emphasis on the viability of the scheme and its productive purposes rather than the value of the security in monetary terms while sanctioning schemes.

The DRDAs are entrusted with the task of administering the IRD programmes and handling of subsidy component of the assistance.

The DRDA will release subsidy in advance to the banks participating in the programme. The subsidy will be released in proportion to and with specific reference to the loans sanctioned by the bank, as per the allocations made in the action plan.

In order to avoid delay in the remittance of subsidy and looking up of funds with the banks, the DRDA will open a savings bank account in the principal district branch of each of the participating banks or in any other bank branch or branches depending upon need. With an authorisation to the effect that subsidy to the beneficiaries may be debted against this account
under intimation to the agency. The DRDA will take care to see that the amount in its account does not fall short of the requirements to meet subsidy claims. This will be ensured by frequent periodical reconciliation of accounts. Though there will be an authorisation to debit the savings bank account, in order to enable the DRDA to verify the subsidy claims and to ensure that the subsidy goes only to the beneficiaries identified by it, the bank may give a notice of 15 days to the Agency after sanction of the loan and before carrying out the actual adjustment. If within this period no reply is received from the DRDA, subsidy may be adjusted as mentioned in the notice on actual disbursement of loan. Branches should sanction the loan for the net amount only (capital outlay of the project minus subsidy). The subsidy and loan amounts may be released simultaneously.

Monthly report on the adjustment of subsidy disposed by the DRDA should be furnished by the bank to the Agency regularly in the prescribed format. In certain cases of investments which involve a number of stages for completion, the subsidy should also be claimed in stages in the progress of work in proportion to instalments of loan amounts disbursed. To cite an example in the purchase of two milch/dairy animals, subsidy may be obtained in two stages. As per the instructions of Reserve Bank of India,
wherever subsidy amount is available with the principal branch, the adjustment of subsidy amount to the borrowers account should be carried out on the borrowers same day on which loan is disbursed and no interest should be charged for the period of non-adjustment on the subsidy portion of assistance of there is delay on the part of the bank.

Instruction have been issued to cluster supervisors to co-operate with the branches in the preparation of final subsidy claims. Financial institutions are requested to follow the above procedure strictly without any deviation.

As the IRDP is one of the major poverty alleviation programme taken up by the Government of India to directly attack poverty in rural areas by providing income generation to the families below poverty line - it is hoped that IRDP will prove to be useful for the poor people of the country - in widen dissemination in the field and for better implementation of IRDP.