CHAPTER I

INTRODUCTION

The scheduled castes, who constitute a substantial segment of the Indian society, presents a different and complex case from that of other deprived groups. They, with respect to access to resources of income such as agricultural land, capital assets, employment, education and social services, are far behind of other constituents of the Indian society. The scheduled castes in the country are socially depressed, economically dependent, politically marginalized and culturally deprived and starved\(^1\). As a result, in their effort for upward mobility they are faced with more hostile and antagonistic atmosphere. The scheduled castes continue to remain relatively backward even after five decades of targeted efforts at their development\(^2\). More notable is the historical reality that this kind of institutionalized inequality and deprivation have existed for centuries. So widespread and deep-rooted have these been that the social structure has produced generation after generation of the deprived given to abysmal inertia & stoicism.

The Scheduled Caste population is the most backward section in the Hindu caste-ridden society of India\(^3\). Scheduled castes are those ill-treated, humiliated and discarded people who mainly belong to lowest rung. They have been discriminated in all walks of life for centuries and were compelled to lead an animal life. They were assigned menial works like shoe-making, scavenging & all dirty jobs etc\(^4\). The term scheduled caste was first used by Simon Commission, in 1928, and was later adopted by the British government in the Government of India (Scheduled Castes) order,
1936, which specified from social, educational and economic deprivation. Scheduled castes remained a neglected segment of society for long, poverty ridden & oppressed, their condition worsened instead of improving\(^5\).

Scheduled castes constitute 16.2 per cent i.e. 16.65 crores at the national level in comparison to national population of 102.64 crores according to 2001 census\(^6\). However, in Punjab total population of scheduled castes was 28.90 per cent i.e. 70.28 lacs of the total population of Punjab 2.43 crores. Rural scheduled castes population was 53.18 lacs i.e. 75.66 per cent of the total Scheduled Castes population of Punjab i.e. 70.28 lacs. Out of the total scheduled castes population of Punjab scheduled castes urban population was 17.10 lacs i.e. 24.34 per cent \(^7\). Thus a major portion of Scheduled Castes resides in rural areas. According to 1981 census the percentages were 26.90 per cent & 15.73 per cent in the Punjab state and at the national level respectively. During the period 1981-1991, the percentage of Scheduled Castes population in Punjab state and at the national level has increased but this increase was higher 1.41 per cent in Punjab state than .59 per cent at national level. The Punjab state has the highest proportion of scheduled castes population than other states\(^8\). In absolute numbers, Punjab holds 10\(^{th}\) rank & accounts for 4.2 per cent of the total population of the country. The growth rate of the SC’s population during the decade of 1991-2001 at 22.4 per cent is higher by 2.3 per cent when compared to the overall growth rate of the total population\(^9\). Scheduled castes today not only constitute numerically an important section of Indian society but also
represent a community still struggling to break out of the centuries bondage of oppressiveness and inhuman existence.

Scheduled caste people have been suffering from the cancer of poverty for centuries. They live a life of extreme deprivation since they fall much below the line of poverty. According to Sukhadeo Thorat, with the high incidence of wage labour associated with high rate of underemployment and low wage earning SC household suffer from low income and high incidence of poverty\textsuperscript{10}. In 1999-2000, about 35.43 per cent of SC persons were below the poverty line in rural areas as compared to 21 per cent among others. In urban areas, gap was slightly larger at 39 per cent of SC’s & 15 per cent among others. K. K. Gaur, states that the number of SC groups identified as living below the poverty line is proportionately larger than their number in the total population\textsuperscript{11}. The extent of poverty among the SC’s range from 75 per cent to 100 per cent of their population in various states & union territories. According to “Special Component Plan, Govt. of Punjab” SC’s in the Punjab state constitute more than 50 per cent of the total poor & show a negligible decline of 0.64 per cent between 1981 and 1991 in spite of various development schemes that the government had adopted so far. Over the centuries, the SC’s on account of extreme poverty, have not experienced the light of any development process. The living conditions of a large proportion of these people remains highly depressed, rendering them unable to meet even their subsistence needs due to the nature of agricultural economy\textsuperscript{12}. Scheduled castes constitutes roughly $1/7$th of India’s population and they are majority group in poverty & below poverty line\textsuperscript{13}. K. Padmanabhan in his article states that the scheduled caste
contribute significantly to the sustenance and growth of the production systems of the country as well as nation’s agricultural economy where they are the largest single group of agricultural laborers in the country. Scheduled castes are also the single largest group forming the base of leather products as well as make significant contribution to the handloom and handicraft products. These people who give so much to the society get so little in return. In spite of various theories & different views on scheduled castes, it is an agreed point that this neglected lot in society deserves genuine attention. Poverty is more pronounced among SC’s. They are backward & marginalized in terms of socio-economic development. Failure of land reform is an important reason for high degree of landlessness among SC’s & there by for high level of poverty.

The scheduled castes population of India stands on a different socio-economic footing when compared with other weaker sections on the rural scene. Among the scheduled castes because of very low level of literacy rates, low levels of income and lack of social security; labour power is the only asset they possess. Despite high economic growth & agricultural performance the SC’s could not get the fruits of high economic growth and benefit of globalization. In the process of globalization rich are becoming rich and poor becoming poor. The poverty ratios have been significantly higher than for the rest of population and the proportion of the poor in the country belonging to SC’s has increased. Several changes have taken place on the socio-economic frontiers of rural India since independence but they did not substantially improve the position of SC’s, particularly in respect of land ownership,
Sukhadeo Thorat observes that Socio-economic sketch of SC's show adverse consequence of past and present economic exclusion on the SC's. There is high degree of inequality between them and other sections with respect to ownership of capital assets, employment & wage earning, education, health situation and other indicators of development. In 2000, about two third of SC households were landless & near landless, compared to one third among others. About 60 per cent of SC's household have to depend on wage labour which is much higher than one fourth of others. Jagan (2008) states that backwardness of SC's will be evident from their unemployment, high dependency on agriculture, illiteracy and social segregation.

Social progress of SC's remained highly restricted and they were assigned unclean and menial jobs which yielded marginal income. The deprived and disadvantaged groups are still exposed to the experience of "cumulative inequality". The situation of SC's has not substantially changed during the five decades of development planning. They are still relegated at the bottom of the socio-economic structure. Lack of economic support is the main cause of extremely slow pace of development of SC's. The process of globalization demands better specialization, professionalization, skill & training formation among all sections of population. The majority of SC's do not complete even their primary education. Even the students who are enrolled in the school do not attend their classes. As they are engaged either as child labour, wage earners or non-wage domestic workers. The paradox of equality of opportunity and equality of results remains unsolved. The package
of protective discrimination have been failed to improve the human
development of SC’s even after sixty years of independence. Punjab
has one of the largest SC’s populations in the country. But they
don’t have their proportionate share in the power structure as
hardly any educational institutions run by SC’s. Their share in
trade, industry, financial institutions, health and religious
establishments is almost negligible. A vast majority of the SC’s in
Punjab are very poor. They may be the worst victims of
liberalization and privatization20.

Economic factor of human life is as important as that of
the political, religious or even social sphere. It acts as the regulator
of different aspects of our life and this to why it is commonly
mentioned that to be dependent economically amounts to being
dependent in all other respects. The scheduled castes suffer from
the oppression of economic exploitation but also they are victims of
social discriminations. They have negligible assets and are
generally dependent on agriculture labour as the main occupation
and other low income occupations. The scheduled caste people are
mostly landless agricultural laborers21. Agriculture sector which
accommodates most of the rural weak & disadvantaged and which
has been described by many as having become “a parking lot for
the poor over the planning decades”22. Most of the SC’s in the rural
areas are landless and without any income generating assets or
sources of regular income. Many of them have traditionally carried
out degrading occupations23. More than 85 per cent of the
population of SC’s in India is engaged in primary sector,
particularly in agriculture. Their proportion as agricultural
labourers is considerably higher than the general population24.
Most of the SC's seek employment through agriculture sector, where literacy & education are not pre requisites therefore their entry into the labour force at an early age is possible. The SC people are predominantly agricultural workers and most of them are landless. Nearly 76 per cent of the SC's population is estimated to be engaged in agriculture & who form the bulk of the unorganized work force. Ramotara (2008) states that SC's are mostly landless or marginal or small landholders. The land, which they have, is also in most of the cases uneconomical. Therefore, they have to work as agricultural labourers on the land, which belongs to others. Being their mass illiteracy, rurality, poverty and low status, the bulk of their working population is mainly engaged in the primary sector particularly as agricultural labourers. Due to the introduction of new technology and development process, most of the scheduled castes have lost their traditional occupation and now they are either unemployed or work as agricultural labour and most of them are landless agricultural labourers. At all India level the percentage distribution of agricultural labourers to total main workers in 1991 was 49.06 per cent for SC's whereas in the total population they constitute 26.09 per cent only. Even after 60 years of independence, the people belonging to the SC's primarily engaged to their traditional occupations viz agriculture labourers despite several welfare measures extended to them. According to M. Mahadev, large scale landlessness and lack of skills have impeded their economic advancement. Nayak & Parasad analysed the occupational pattern of SC's of Karnataka. Where SC's were over represented in agriculture labour i.e. 64 per cent as compared with upper caste 29 per cent. Occupational position of SC's in urban
areas is equally iniquitous 30. Singh has focused on scheduled castes of Jaunpur district, uttar Pradesh. He observes that most of them were still engaged in traditional occupations with an average income around Rs.100 a month31. Nirupama observes that in daily wage category, the non scheduled caste workers are concentrated in the higher wage ranges in both the rural and urban areas. The scheduled castes workers are concentrated towards the bottom of wage rate hierarchy. The percentage of bonded laborers among SC’s is also higher than the non SC’s32. Patel asserts that India’s bonded labourers are almost exclusively drawn from SC’s 33. Majority of these people work as agricultural labourers. Over the last couple of decades they have been marginalized by the cheaper migrant labour from Bihar & U.P.34. The author states that SC’s essentially & mainly the agricultural labourers, as the greatest contributors of agricultural & other labour including safai “scavenging” labour, are the worst victims in a different form35.

Land plays an important role in the rural economy. The importance of land holdings in rural societies as “Land is the most important possession, the only recognized asset, and is also closely associated with power over man”. Economic conditions in a rural society is determined by land holding and income derived from land. Size of the land holdings is one of the deciding factors in actual cultivation of land and substantial income there from. Uneconomical size of land holdings would in no way benefit the owner. Due to shortage of funds SC’s are not in the position to have large land holdings. Dr. Prakash Louis in his paper presented at the workshop on “Empowerment of Dalits in the North West India” states that the condition of the scheduled castes is all the more
deplorable. For instance, the scheduled castes who constitute 16 per cent of the population of India own only 1 per cent of cultivable land. In contrast the upper castes that constitute about 15 per cent of the Indian population own and control more than 65 per cent of agricultural land. If we take the scheduled castes as a social group, more than 75 per cent of them are engaged as landless agriculture labourers. As for the economic assets, scheduled caste people, were either landless labourers or had only small & marginal operational holdings and in the late 19th century and many efforts were made to exclude these persons from ownership of land & property rights. This is irrespective of the fact that zimidari abolition and land reform policies have been enacted over fifty years in India. This exposes the rhetoric and reality of the planned and programmed development for the marginalized communities like the scheduled castes. Most of the SC’s are homeless & landless, besides they earn less than Rs.50 a day. The pre independence slogan “land to the tiller” could have led to provision of land to every rural SC’s, but the various land reforms act enacted half-heartedly & slow in different states left SC’s in largely the same plight of overall landlessness, agricultural labourhood & social and physical vulnerability.

Substantial segment of the Scheduled Castes population being residents of rural areas, remain dependent/engaged in agriculture either as marginal farmers, tenant cultivators, farm labourers or daily wage earners etc. Cultivators constitute 4.80 per cent, agricultural labour 60.13 per cent, lives stock rearing .82 per cent, mining 0.01 per cent and in view of the fact that non-farm employment opportunities are manufacturing 9.62 per cent,
Construction 3.01 per cent, Trade & Commerce 4.86 per cent, Transport and Communication 3.60 per cent and Others services 13.15 per cent. Very few of them were in the first two categories as 95.81 per cent of Scheduled Castes were landless and having up to 1 acre of land and 56.84 per cent had less than ½ acre of land in the Punjab state. On the basis of 1990-91 census of Punjab, there were 54000 Scheduled Castes households having 95000 hectares of operational holdings that was .72 per cent of the operated area with an average size per holding 1.76 hectares corresponding figures for the general population were 11170000 households having 403000 hectares of operational holdings with an average size per holding 3.61 hectares. The proportion of landless household among scheduled castes was astonishingly high at 93.78 per cent in Punjab. The ratio of land owning scheduled castes labour HH’s was very low 02.72 per cent (97.28 per cent landless) in comparison to land owning non scheduled castes labour HH’s 90.87 per cent (9.13 per cent landless) in the Punjab. As per Agriculture Census, 2000-2001 the average size of a holdings operated by the scheduled castes was 1.71hec. for other and institutional holdings these averages were 4.11hec. and 4.03hec. respectively. B.B. Mohanthy in his article “Economic Development of Scheduled Caste” states that scheduled castes in the Punjab have not experienced economic improvement in any respect. Rather their position has deteriorated further. The incidence of landlessness is more with the decline of cultivators and steady growth of agriculture labours. Sukhadeo observes high incidence of landless and near landless HH’s among scheduled castes HH’s obviously has created an enormously high level of wage
labour among them. G. Nancharaia states scheduled castes remained as agriculture labourers without land and heavily depend on agriculture for their livelihood even after 50 years of independence.

It shows, this large part of Scheduled Castes population of Punjab, resides at an overwhelmingly in rural areas and is with poor or no land asset holdings and can be characterised as economically a disadvantaged group. This group remains caught in vicious circle of their low quality human capital, higher birth rate due to poverty and illiteracy and negligible physical and/or financial assets. These unfavorable conditions, thus, lead to their low incomes barely sufficient for subsistence levels of consumption resulting in no or little savings, which in turn results in low capital assets formation. This disadvantaged group, of its own unable to break through the poverty barrier, generation after generation, remains engulfed in this vicious circle & have to bear its bitter and paralyzing consequences.

During the last five decades (1951-2001) of plan period, the fruits of development were not percolated uniformly for whom they were intended. The scheduled castes specially the down trodden part of society is deprived of the benefits as this section of society could not get its due share out of the development made under various plan programs launched by government. The Centre/State Govt. launched various plans/programme in different fields for the social, economic & political empowerment of this section of the society. For instance, certain provisions were made in the constitution of India, following which the provision of job
reservation at the Centre/State levels was made. It was, however, realized at the very outset, that such measures would benefit only "a few" of them because of their general low literacy and education levels. The solution, therefore, would lay in creating self employment opportunities for them both in rural (where 75.66% of them lived) as well as in urban areas.

With the latter in view “Punjab Scheduled Castes Land Development and Finance Corporation” was envisaged by the Govt. of Punjab in 1970-71 (Under Punjab Act No. 9 of 1970), as a nodal agency for economic development of Scheduled Castes. It was mandated to provide loans either directly or indirectly through Central Govt. agencies, financial institutions etc., for the upliftment of the Scheduled Castes. The corporation has been engaged in promoting and undertaking the programs of agricultural development, marketing, processing, supply and storage, of agricultural produce, small scale industries, transport, small business and trade for providing gainful self employment opportunities to the beneficiaries of Scheduled Castes community. There are many schemes adopted by “Punjab Scheduled Castes Land Development & Finance Corporation”, one such and first ever to start was “Direct Lending Scheme”. The scheme came into operation during the year 1971-72 with the objective of providing financial assistance to Scheduled Castes, so that they acquire necessary means of production/assets to start self employment ventures. There are 54 such ventures/sub schemes under the “Direct Lending Scheme” e.g. Dairy farming, Karyana business, Cloth business, Shoe-making, Hosiery, Truck/bus, Poultry farming, Goat rearing and Purchase of land etc. Under the terms and
conditions of the “Direct Lending Scheme” any Scheduled Caste person residing in Punjab is eligible for financial assistance for different productive purposes.

The development of this group and their assimilation with larger society has therefore been a matter of great concern for the government & other public bodies, both at the centre and in the states.

1.1 SIGNIFICANCE OF THE STUDY

A vast literature is available on various aspects of life of scheduled castes like discrimination, untouchability, atrocities and castism. But it is somewhat surprising that there has been little academic interest in exploring the actual operation of the schemes for the upliftment particularly of scheduled castes and finding out how the targeted beneficiaries viewed these schemes.

Centre/ State government introduced many welfare schemes for the upliftment of the weaker section of the society. Resultantly various studies have been conducted to work out the impact of these programs such as IRDP (Integrated Rural Development Programs). But no study has been conducted to evaluate the performance of PSCLDFC (Punjab Scheduled Castes Land Development & Finance Corporation) especially with reference to its DLS (Direct Lending Scheme). A need is, therefore, felt to study the functioning of the DLS of PSCLDFC and access its success and/or failure in the economic upliftment/empowerment of the Scheduled Castes in the Punjab State. The very purpose of the study is to see the relation and difference between the objectives of the DLS of PSCLDFC and actual impact of its implementation. This
study, it is believed, will contribute to the existing literature on the subject. This study is expected to find out the short comings of PSCLDFC, if any, and yield information about the new ways and means to improve the working of the PSCLDFC for economic empowerment of scheduled castes. The government, planners, policy makers, advisers at the national and state levels and at the district officials at the operational level may be benefited from the findings and suggestions of this study so as to introduce necessary changes in the existing approach to strengthen the effective implementation of PSCLDFC. The findings of this study may further help the researchers in having adequate information about the various aspects of the functioning of PSCLDFC, in order to do further research in the area. This micro level study will also highlight the problems and lacunae in the functioning of DLS of PSCLDFC which would enlighten the administration and planners about the reasons for the ineffectiveness of PSCLDFC in uplifting scheduled castes since it is not possible to know from the top what is actually going on at the inner base of the mountain of the problem. This may provide clues to why did a commensurate benefit did not reach a majority of scheduled castes persons. It is considered pertinent to conduct a field study to examine the whole process of decision-making in specific cases related to schemes; their actual implementation and impact. It is also to be appropriate to know about the subjective perception and reactions of those scheduled caste beneficiaries, who were benefited by the schemes and those who remained excluded from the benefits. Interviews with them as also with the government officials who were involved
in the implementation of these schemes do provide to some extent a closer insight into the process.

1.2 SCOPE OF THE STUDY

For the purpose of present study, the universe consists of all districts in which “PSCLDFC” operates. The area of the sub schemes covered under the PSCLDFC is very vast. Due to time and financial constraints, it is not possible to do micro level analysis of all the sub schemes. Hence for the in-depth analysis the scope of the study is limited to Direct Lending Scheme, the four sub schemes, namely, Dairy farming, Karayana business, Cloth business and Shoe making. Since the scheduled castes constitute more than the fifty per cent of the total poor/ persons below poverty line of the state, it may be pertinent to see how these schemes have contributed to their upliftment if any. The study covers five year period commencing from 1995-2000 has been selected for the evaluation of the functioning of the DLS of PSCLDFC in relation to the study area.

1.3 OBJECTIVES OF THE STUDY

Basic objective of the study is to assess whether and to what extent the beneficiaries, post loan:-

(a) Annual incomes have increased.

(b) Occupation and status in terms of unemployed/wage earners to self-employed; self-employed to employer etc. has changed.

(c) Residence has gone spatial change in relation to earning livelihood and whether they view it as positive change.
(d) Quantity/quality and composition of their asset holdings has improved.

(e) Consumption profile in terms of durable and non-durable goods has changed-improved.

(f) Savings and investment particularly w.r.t. human capital profile has increased.

(g) Apart from studying the above mentioned socio-economic impact of the scheme, its appraisal also requires to have a look at the targets set, loans granted, loans actually disbursed & time taken etc. to grant/ disburse loans. The regularity and adequacy of recovery of loans granted/ advanced and policy towards the defaulters also affects its success because the seriousness with which the repayments are pursued would directly affect the quality of utilization of loan in creating assets and hence affect the income generation stream and other effects.

(h) We therefore propose to also study, albeit only to a limited extent, the administrative functioning of this scheme to have a more comprehensive and holistic view of the scheme's contribution towards promoting welfare of Scheduled Castes.

While comparison of the (pre and post loan disbursal) economic profile of the beneficiaries, as also a comparison with their counterfactuals who either applied for loan but their applications were rejected or whose loans were cancelled not disbursed etc. would help us appraise the direct lending scheme of PSCLDFC, it is also proposed to list out the inadequacies of the
scheme as perceived by the beneficiary/beneficiaries and their suggestions for the improvement in the scheme. The scheme transformed/ reformulated as per suggestions of the beneficiaries & our own suggestions could possibly help modify public policy for empowering Scheduled Castes: an issue which can no longer be postponed.

1.4 CHAPTER SCHEME

In all, the study is divided into five chapters to present the findings in a systematic manner. The chapter scheme is as follows:-

Chapter 1 comprise of an introduction, importance and objectives of the study.

Chapter 2 a review of literature on the subject would constitute the subject matter of the chapter second.

Chapter 3 contains the discussion of the sources of data, the period to be covered for selecting beneficiaries and follow up and the methodology.

Chapter 4 (in part 4.1 pre loan position)-examines the pre loan position of the beneficiaries in terms of socio-economic profile of the selected beneficiaries.

(in part 4.2 post loan position)- examines the functioning of the scheme in terms of loan granted, patterns of utilization of funds in creation of proposed and other assets. This part is also focusing on study the trends in creation of self employment opportunities for the scheduled castes. A comparison of pre & post disbursal of loan, socio-economic profile of the
beneficiaries is done to assess the impact of the schemes in terms of occupational and economic mobility of the beneficiaries.

*(in part 4.3 post loan position)*-studies the repayment/recovery of the granted loan.

*(in part 4.4)* depicts views of the beneficiaries regarding the scheme.

**Chapter 5** throws light on summary of the findings, conclusion and suggestions.
References


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