CHAPTER 2

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Review of relevant literature was necessary while handling a research problem. Books, periodicals, journals etc. were consulted to know what others feel about a particular topic. This helped researcher to get more knowledge about the subject. In fact, some spadework was essential to get well-acquainted with the earlier works done on such related topics. It showed what and how much
work had already been done in the area under investigation. It also provided basis for interpretation of the findings and discussion of results of research problem under study. Thus, a brief resume of the relevant literature which was available to the researcher and conclusions drawn had been organized as follows:

2.1. M.C. Bhandari\(^1\) observed that there was no involvement of financing agencies in the process of identification and selection of IRDP beneficiaries. The number of applications rejected by the cooperative banks was comparatively lower than the commercial banks. The DRDA did not prefer to sponsor loan applications to District Co-Operative Banks due to cumbersome loaning procedure, unfavorable terms and conditions, stipulation regarding share capital distribution, security, and wide network of rural branches of commercial bank. The quality

\(^{1}\) Bhandari, M. C. Credit Support for Integrated Rural Development Programme: A Case Study of Surat and Panch Mahal Districts (Bombay, Oxford University Press, 1984)
of lending was much below the standard in as much as that in financing milk animals, no proper care was taken regarding their milk yield, availability of fodder, etc. Loans were given for single purpose which in turn did not help the small farmers to meet their consumption needs. There was biased selection of IRDP beneficiaries. Pressure was brought upon the official’s right from the process of identification of beneficiaries. Majority of the beneficiaries approached some officials or other after the household survey was done for becoming a beneficiary under IRDP. In more than 50 percent of the beneficiaries, village Sarpanch was instrumental in getting them selected.

2.2. Jasbir Kanwar Singh\(^2\) identified that big farmers derived more benefit from the banks than medium and small farmers and agricultural labourers. The family income of the big farmers was about 3 times more than that of the small farmers and about 6 times more than that of

the agricultural labourers. IRDP helped the small and marginal farmers to raise their income and employment but it was not up to the target. The annual income of 23 percent beneficiaries of the Minor Irrigation Scheme was more than Rs. 3500 and 33 percent beneficiaries under the Minor Irrigation had more than five acres of cultivable land, which was against the existing norms. The proportion of applications rejected by banks was as low as 4.75 percent and banks took one month for scrutinizing the applications and sanctioning loans. There was bias in the identification and selection of the IRDP beneficiaries, which resulted in wrong selection of the beneficiaries to a great extent. The selection was through the approach of some influential people, rich farmers, middlemen etc. Proper survey was not conducted and many persons who were Above Poverty Line (APL) were chosen as beneficiaries.
2.3. K.M. George\textsuperscript{3} found a significant increase in income and employment of the beneficiaries under IRDP. The contribution of diary to total family income increased from 5.12 percent in pre-implementation to 36.58 percent in post-implementation period. 70% of the total beneficiaries crossed the poverty line. There were some of the limitations of programme. Majority of the beneficiaries (55%) argued about inadequate veterinary facilities, demand for illegal gratification by the veterinarians, poor milk procurement and marketing arrangements, non-availability of feed and fodder, inadequate loans and subsidies, procedural difficulties in insurance coverage and missing component of training to the beneficiaries as the major drawbacks of the programme.

\footnote{George, K M "Rural Development Programme - Its Strengths and Weaknesses in U.P". \textit{Indian Journal of Agricultural Economics} (New Delhi), 39(3), 1984}
2.4. **Govt. of India**

Govt. of India, Planning Evaluation Organization revealed that 26% of the beneficiaries were already above the poverty line in terms of the norms of annual income of Rs. 3500 of a family of five and, strictly speaking, did not qualify for provision of benefit under the programme. The study indicated that only 29% of the families were selected in the meeting of *Gram Sabha* and the remaining 71% by the BDO. Problem of coordination at district level was being experienced in spite of the Governing Body and the District Development Committees set-up by the state governments. About 88% of beneficiaries increased their income; 12% reported no material change. Again 77% revealed an increase in their consumption level and 23% in the family assets. Further 65% of beneficiaries felt that their overall status in the village society has been elevated and 35% said that their overall status has not been elevated. 49.4% of the selected beneficiaries crossed the poverty line by rising up to the annual income level of Rs. 3500. The majority of the

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beneficiaries (62%) were not able to cross the poverty line due to inadequate assistance provided under the programme. There was delay in granting loans because the banks demanded guarantee. This delay created many other types of problems for the beneficiaries.

2.5. Department of Rural Development⁵ Conducted concurrent evaluation on IRDP and reported that 56% beneficiaries were selected in the meetings of Gram Saha, 39% by officials and 5% by others (MP / MLA / Landlord / Employer and fellow villager). It was observed that the assets generated incremental income of more than Rs.2000/- in 27% cases, between Rs.1001 to Rs.2000/- in 24% cases, between Rs.501 to Rs.1000 in 17% cases and up to Rs. 500 in 10% cases. 48% of old beneficiaries belonging to destitute and very poor group crossed the poverty line of Rs. 3500 and 5 percent families of the same group crossed the revised poverty line of Rs. 6400. The

⁵ Department of Rural Development, Ministry of Agriculture, Govt. of India, Integrated Rural Development Programme and Allied Programmes, A Manual (New Delhi), 1987
concurrent evaluation of IRDP showed that the national average of block delay, bank delay and the delay in grounding the asset was 331, 77 and 38 days respectively. The study revealed that working capital was required in 60% cases but was not provided in 32% cases to the beneficiaries. The repayment period was less than 3 years in 26% cases and just 3 years in 36% cases.

2.6. A.C. Kutty Krishnan\(^6\) reported that the selection of beneficiary families was not proper, as only 16 out of 80 sample households were really eligible for assistance under IRDP. Out of these, only 3 crossed the poverty line. There was no significant impact of IRDP on income generation. Largely, the better off section got the benefits. Many schemes sanctioned were not capable of generating sufficient income because of large financing needed and also of limited market potential. There was no planned procedure to inform the beneficiaries about the sanction of

\(^6\) Krishnan, A.C. Kutty, A Case Study of Integrated Rural Development Programme and Allied Programme in a Kerala Village, Indian Journal of Agricultural Economics, (New Delhi), 39(3), 1984
loan. Quite a long time was taken by the bankers to sanction the loan and beneficiaries had to waste their time, money and energy in getting the necessary certificates.

2.7. M. Thaha, et. al., observed that due to faulty identification, half of the identified families were already above the poverty line and were ineligible for getting assistance under the programme. The amount of credit sanctioned under different schemes by banks in many cases was lower than the amount recommended by the DRDA. The loan amount sanctioned to different beneficiaries also varied from person to person. There was acute coordination problem between the financing institutions, DRDA, Block Authorities, Lead Bank and Sectoral Offices that provided infrastructure and technical support for implementation of IRDP. The majority of the beneficiaries expressed that they were not allowed to choose the dealer and were supplied with substandard assets. The author further reported that majority of the beneficiaries indicated that the procedure

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used for sanctioning the loan was cumbersome, time consuming and they had to waste time, money and energy in getting necessary certificates and completing other formalities.

2.8. Kanwar Prakash Chand revealed that a majority (90%) of the beneficiaries indicated that their identification was done through village survey. Only 20 percent of the beneficiaries crossed the poverty line of Rs. 3500 per annum and the remaining showed improvement in their income but the incremental income was very much short of the poverty line. The block office forwarded 80% of the applications to the concerned banks within a month, but it could clear only 43% of those in a month's time, another 40% were cleared between 2-6 months. Due to pressure from the banks to repay the loan, 57% of the beneficiaries sold their assets to repay the loan. Higher maintenance cost of the assets as compared to the returns

Chand, Kanwar Prakash, Impact of Integrated Rural Development Programme in Mandi District of Himachal Pradesh (Shimla, Agro Economic Research Center, Himachal Pradesh University, 1986)
also forced some of the beneficiaries to sell their assets. There was lack of coordination between the DRDA and the block level officials and the various government/quasi-government organizations like Department of Agriculture, Animal Husbandry and Electricity Boards, etc.

2.9. D.S. Dhillion⁹ revealed that more than 80% of the beneficiaries were below 51 years of age, 60.33% beneficiaries illiterate, 76.33% were landless. In majority of the cases, the household survey was not carried out to identify the poorest of the poor beneficiaries. They were selected by the officials and the list of selected beneficiaries was not display at a common place in the village. The milk animals provided under IRDP added to the income and social status of the beneficiaries but only 53.00% (out of eligible beneficiaries) could cross the poverty line of Rs. 3500. In 63.00% cases, the assets were found to be intact while in the remaining 37% cases, they were missing. Also, in 97.00% cases, the assets were

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insured but in none of these cases, a copy of the insurance policy was given to the beneficiary with the result that they had to face hardships in getting the insurance claim. Dhillon concluded that, in 50% of the cases, the assistance provided to the beneficiaries was inadequate and in none of the cases working capital was provided and in 92.00 percent cases, the loan for the second milk animal was not advanced even after six months of the first animal although the beneficiary was not a defaulter. They were not informed about the sanction of loan and their repayment capacity was not taken into consideration while fixing the repayment installments. Again in almost all cases, branch managers, insisted on guarantee/security cover from the beneficiaries contrary to government instructions. The beneficiaries had to pay bribe to the bank officials (reported in 27% cases) to get the loan sanctioned and also to the veterinary doctor (in 83% cases) to get the health certificate of the animal to be purchased.
2.10. J. Krishnamurthy highlighted the fact that child dependency, as well as adult dependency was high in both villages of Velan and Kural of Tamil Nadu and as the family size increased, there was a corresponding increase in dependency. By virtue of these facts, as well as in the light of the household structure found in the two villages it could be concluded that there was a trend towards work force decline in the two villages. 55% of the households had an income under Rs. 3000 per annum in Velan village and 42% in village Kural had an annual family income under Rs. 3000. The author found inadequacies in respect of infrastructure facilities like roads, safe drinking water supplies, health care, educational facilities and so forth. The training facilities were inadequate and there was lack of veterinary services. There was also huge time gap between applying for loan after final selection and the procurement of asset.

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2.11. Punjab State Institution of Public Administration\textsuperscript{11} in its report on "Concurrent Evaluation of Integrated Rural Development Programme in Punjab, Chandigarh revealed that 25.83 % of beneficiaries were ineligible for assistance under the programme as per the definition of poverty line. This percentage was maximum in Jalandhar (55\%) followed by Amritsar (47.50\%) and Gurdaspur and Ferozepur districts (5.00\%) each. The Gram Sabhas was involved in the selection of beneficiaries in 41\% cases only and in the remaining cases, the selection was done by the officials. There was no income from assets in 29.31\% cases and in 14 \% cases; there was no increase in the family income. The average annual income from the asset was Rs. 2911 and 85\% of the beneficiaries assisted under the programme crossed the poverty line. This percentage was 100 \% in Ropar and Gurdaspur, Faridkot and sangrur districts. The study further revealed that the there was delay in providing the assets and procedure for procuring

\textsuperscript{11} State Institute of Public Administration, Report on Concurrent Evaluation of Integrated Rural Development Programme in Punjab (Chandigarh, 1987)
the loan was cumbersome and time consuming. The repayment period was also no satisfaction.

2.12. U.K. Bhanot\textsuperscript{12} revealed that the major cause of the rejection (in 73\% cases) in Haryana (Bhiwani district) was wrong identification of IRDP beneficiaries. The rejection was high as 37\% in the case of applications sponsored by the DRDA in Haryana. He mentioned that willful default, natural calamities, deficiency in loaning policies, untimely disbursement of loans, lack of effective supervision, denial of credit to genuine borrowers, political factor and the lack of institutional arrangement to write off irrecoverable overdue were the various reasons for the poor recovery. There was some lack of coordination between the government and the banks; various agencies at the district and block level in the implementation of the programme. He observed that majority of the beneficiaries were not imparted

\textsuperscript{12} Bhanot, U.K. Bank Loan Recovery Disappointing : Haryana, Bhiwani District (Bombay, Asia Publishing House, 1980)
any sort of guidance or training support for the activities financed.

2.13. D. P. Rao and R. Natrajan \(^{13}\) reported wrong identification of IRDP beneficiaries whose annual income was more than the prescribed limit of Rs 3500 per anum and land holding size was more than prescribed limit of 5 acres. An insignificant impact of IRDP in terms of employment generation and increase in income of the beneficiaries was found. The authors stated untimely credit, or marketing facilities, creation of inappropriate assets, low employment potential of the Unit and increasing cost of the inputs as the major difficulties expressed by majority of the beneficiaries. 37 percent of the beneficiaries indicated that they had to pay Rs. 200 and above to get the scheme sanctioned under IRDP.

2.14. Mohana Sundaram, V.\textsuperscript{14} argued that in Pongalur block of Tamil Nadu, there was improvement in income, employment levels and asset position. He held that income from dairying significantly contributed to the total income of beneficiaries. Due to adoption of dairy occupation, the assets of beneficiaries improved significantly in terms of increase in number of animals, purchase of few acres of land, construction of their own houses and purchase of agricultural implements. The average asset improvement was highest among big farmers and least among the landless labourers. This followed that the beneficiaries had benefited from the IRDP and crossed the BPL status.

2.15. P. Thippaiah and M. Davendra Babu\textsuperscript{15} concluded that teachers and village level workers were assigned the responsibility of the household survey that was not

\textsuperscript{14} V. Mohana Sundaram, How IRDP Schemes can be Better Implemented, \textit{Kurukshetra}, 36(12), 1988

properly trained. The selection of ineligible families who got assistance under the programme was as high as 9 percent. Majority of the beneficiaries expressed their dissatisfaction with the present system of purchasing the assets because inferior quality assets were purchased by playing more than the market prices. The authors further indicated that large number of beneficiaries mentioned lack of infrastructure facilities and forward and backward linkages, inadequate fodder supply and veterinary services as the main drawbacks in the programme.

2.16. Tripathi Satyendra\textsuperscript{16} reported that in the Varanasi District of U.P, IRDP had its limitations. This programme was basically designed to benefit the poorest of the poor in the rural areas. But, as the study showed, there were malpractices on the part of unscrupulous officials and self-seeking village middlemen. The beneficiaries had to share the benefits with these elements. Professor Tripathi revealed that the subsidy part of the loans had been

\textsuperscript{16} Satyandra, Tripati, Development For Rural Poor, (Jaipur, Rawat Publications, 1997)
misused by the beneficiaries for obtaining the loans and by the officials. The benefits had not reached to the really needy groups nor were they suited to the requirements of the needy persons. Moreover, the delay in awarding of the benefits not only complicated the problems of the poor but also made them easy prey for haggling and extortion by the project officials. The very serious mal-practices noted in the study were uncertainty in rates of interest, non-issuance of pass books, improper entries in pass books, delay in adjustment of subsidies, and the consequent financial losses to the beneficiaries entailed in paying interest on the total loan amounts.

2.17. B. N. Thakur\textsuperscript{17} stated that in ‘Bhagalpur district of Bihar’ conflict arose because of the changes brought out by IRDP in situation where the similar and dissimilar interests existed side by side. Among the factors that resisted change was fear of the new things, ignorance,

\textsuperscript{17} Thakur, B. N., Sociology of Rural Development, (New Delhi, Classical Publishing Company, 1998).
traditions, ethnocentrism, vested interests. The study revealed that the villages were internally too much faction ridden and its old corporate unity was now marked by mounting jealousy, tensions and conflict prevailing among the different castes. Rivalry and conflict between the rich and poor classes became apparent every-time during election to the office of the ‘Mukhiya’ and ‘Sarpanch’ for the village panchayats.

2.18. Sharda, Nand Singh\textsuperscript{18} observed that in the Samistipur District of Bihar a number of individuals had left caste occupations and taken up jobs of their own choice and were earning their livelihood through the occupations suited to their capability and worth. The findings revealed that in certain case the individuals and the families were engaged not only in one type of occupation but also in two or more occupations and the importance of literacy and education was realized by the villagers. The number of illiterate persons was lower than

those who knew reading and writing, though the number of educated or highly educated individuals was very low.

2.19. R.K. Khatkar\textsuperscript{19} reported that majority of the IRDP beneficiaries were wrongly identified because their annual income was already above the poverty line. The VLWs were assigned the responsibility of the household survey that was not properly trained to calculate annual income of the households. He argued that in many cases of IRDP beneficiaries, the time gap between sanction and disbursement of loans and delay in grounding of assets by the banks was the main cause which eluded the beneficiaries in getting proper benefit from IRDP schemes. However the study showed that IRDP assistance made some positive impact on generating gainful employment and significantly increased the earnings and family expenses.

2.20. V.Kulandaiswamy and Ubendhiran\textsuperscript{20} held that the annual income of the 58.00% of the selected beneficiaries was already above the poverty line of Rs. 3500/ per annum. Majority of the IRDP beneficiaries were benefited either under animal husbandry scheme or the milk cattle scheme. They concluded that the incremental income generated was greatest among the beneficiaries of Industries, Services and Business (ISB) sector schemes while the animal husbandry scheme created the largest additional employment. The difficulties expressed by majority of the beneficiaries were untimely credit; poor marketing facilities; creation of inappropriate assets; low employment potential of the unit; increasing cost of the inputs. The beneficiaries had to incur expenditure of Rs. 200 and above to get the scheme sanctioned under IRDP.

The cumulative appraisal of the above literature showed that in most of the cases, the selection of the beneficiaries of IRDP as pointed out in the books reviewed

\textsuperscript{20} Kulandaiswamy, V. and Ubendhiran, D. Impact of IRDP: A Spotlight, Kurukshetra, 36 (12), 1988
was wrong and biased. In identification, the involvement of
the financing institutions was negligible. In most of the
cases, the household survey was not carried out for
identification of the beneficiaries. There was no meeting of
the Gram Sabha to confirm identification of the
beneficiaries. Again some of the studies reported that there
was no increase in the income from the assets provided
under IRDP. In many cases, the beneficiaries were not able
to cross the poverty line due to low incremental income,
inadequate assistance provided and some other factors.
However IRDP had also resulted in enhanced income,
employment generation, increase in consumption levels,
elevation in the overall social status in the village
community and improved total asset position of the
beneficiaries.

The studies showed that the procedure for
procuring loan was cumbersome and time consuming.
There was no provision to inform the beneficiaries
regarding the sanction of loan. In most of the cases, the
amount of loan and subsidy was inadequate and the subsidy
was not adjusted while fixing the installments for repayment. In some of the cases, where the dairy loans were advanced, the loan was sanctioned to purchase only a milk animal against the provision of 2, which was necessary to ensure continuous income during the dry period. There was an excessive time lag between the sanction of the loan and its actual disbursement and grounding of schemes. The banks insisted upon taking guarantee of beneficiaries.

The review of books further highlighted that there was problem of coordination among DRDA, Banks, Departments of Agriculture, Animal Husbandry, Industries was located. The problem was not only in the infrastructure support and technical information but also in the implementation and follow-up work. Multiplicity of sponsoring agencies led to an overlapping and duplication for want of coordination. On the whole, the co-ordination was not effective due to the absence of adequate power and control. The review of studies indicated that the beneficiaries perceived the loan and subsidy as inadequate, marketing facilities as poor and a delay in settling
insurance claims. They also pointed out that the assets provided to them were of substandard quality and the good quality schemes were not available with approved dealers. They had to pay bribes to various officers to get the benefits under the scheme. In some cases, the schemes were imposed upon the beneficiaries regardless of their motivation and necessary training and guidance was not imparted to them.