

CHAPTER – VI
SUMMARY OF THE FINDINGS

CHAPTER - VI
SUMMARY OF THE FINDINGS

India lives in her villages. The progress of India depends upon the prosperity of the Indian villages. It is estimated that 76.7 percent of the total population of our country live in rural areas. Poverty and unemployment are the two crucial problems facing India. Nearly 40 percent of our country's population live below the poverty line inspite of Government's Five Year plans in which the alleviation of poverty and unemployment are the prime objectives.

With a view to eradicating poverty and unemployment, Government of India launched a number of poverty alleviation programmes in the past and spent huge amounts for the purpose. IRDP is one of the major programmes implemented for the alleviation of poverty among the rural masses. After the nationalisation, commercial banks and cooperative banks played a significant role in financing weaker sections to improve their standard of living.

Integrated Rural Development Programme (IRDP) is the most comprehensive programme in operation since 1978-79 and it covers all the blocks in the country. Under the programme, financial assistance in the form of bank credit and capital subsidy are provided to the identified weaker sections to acquire income generating capital assets. The income and employment generated through the assets enable them to improve their standard of living.

Studies made so far on working of IRDP have given mixed results. The studies carried out by the government agencies show positive results. Whereas, the studies of private individuals narrate different facts and explain that the very basic purpose of such programme is defeated. The reality is to be understood for the successful implementation of the programme to achieve the original objectives. This situation calls for an inquiry into the functioning of the financing system under the programme. Keeping this broad objective in mind, the present study was taken up to examine the impact of bank finance on weaker sections under IRDP.

The specific objectives of the study are:

1. To study the role of banks in financing weaker sections.
2. To examine the impact of bank finance on generation of income to the weaker sections.
3. To assess the role of bank finance on the employment generated to the weaker sections.
4. To study the importance of bank finance on strengthening the asset base of the weaker sections.
5. To identify the problems of beneficiary households and the bankers in financing weaker sections.
6. To suggest measures for better results.

Pullambadi block of Lalgudi Taluk in Tiruchirapalli District in the State of Tamil Nadu, which is ranked first in financial achievement of IRDP during the year 1988-89 in the district was purposively selected for the present micro level empirical research study.

679 beneficiary households of 36 villages were assisted under the programme in the block in the year 1988-89. Out of 36 villages of the block covered under the programme, based on the number of beneficiary families assisted during the year top 18 villages were selected. 255 beneficiary households covering seven from Agriculture, 177 from Animal Husbandry and 71 from I.S.B. sector were randomly selected from 503 beneficiaries of 18 villages financed by eight branches of five commercial banks and eleven primary cooperative banks during the year 1988-89. It works out to be 37.56 percent of the population.

Two sets of interview schedules, one for the beneficiaries and the other for the bankers were used to collect the data. Primary data were collected from the beneficiaries and the banks. The secondary data were collected from the records maintained by the institutions concerned.

Appropriate statistical tools have been used to analyse, classify and tabulate the collected data and information so as to draw valid inferences based on the objectives of the study. Descriptive tables, Multiple linear regression, Cobb-Dougless type model of correlation, Analysis of variance (One way classification), t-test, Z-tests, F-tests were used in the analysis. All the tests were carried out at 5% level of significance. Return on investment and Return to labour were also ascertained. The collected data were analysed and interpreted. The following is the summary of findings.

1. 56.87 percent of beneficiaries were in the age group of 24-44 years.
2. 58.82 percent of the respondents were females. 94.67 percent of the female beneficiaries availed the loan for Animal Husbandry schemes. It was learnt that these schemes were considered more profitable and maintenance of assets was comparatively easier than other schemes to female respondents.
3. 59.61 percent of the respondents were illiterates and they availed loans for Animal husbandry and Agricultural activities. The literate respondents obtained the loans for I.S.B sector activities.
4. 89.02 Percent of the respondents were found married. 68.72 percent of the married respondents availed the loan for Animal Husbandry sector activities.
5. 64.31 percent of the beneficiaries belonged to scheduled caste. The schemes under Animal Husbandry sector were found popular among them.
6. It was found that more small farmers were in Agricultural sector and more marginal farmers were in Animal Husbandry sector. There were more non-agricultural labourers in the I.S.B sector.
7. It was estimated that 67.41 percent of the respondents depend on agriculture and agricultural labour activities for their primary income.
8. The IRDP physical target for Pullambadi Block was not uniform and it is in a declining trend from the year 1989-90.

9. Among the banks achieved target, the Bank of India branch of Pullambadi had sanctioned more loans. It is ranked first in both physical and financial achievements among the commercial banks of the block.
10. 55.31 percent of the IRDP loans of commercial banks were sanctioned to schedule caste beneficiaries.
11. The primary co-operative banks sanctioned 54.37 percent of IRDP credit to the beneficiaries from scheduled caste.
12. 75.88 percent of the total loan amount was sanctioned by the banks for Animal Husbandry sector activities in the block.
13. Out of total credit distributed to the beneficiaries under Agricultural sector, 23.64 percent was provided for plough bullocks scheme.
14. Out of total loan distributed to the respondents under Animal Husbandry sector, 53.11 percent was issued for sheep and goat rearing purpose.
15. Out of total loan distributed under ISB sector 27.04 percent was given to the beneficiaries for running petty shops.
16. 47.58 percent of the IRDP loan was recovered by the banks in Pullambadi Block.
17. The percentage of the loan amount recovered by primary co-operative banks was 7.45 percent more than the commercial banks.
18. It was learnt that the recovery rate was comparatively higher in Animal Husbandry sector than the other sectors.

Impact on Income:

19. The percentage of additional income generated by the beneficiaries was 42.12 percent more in the case of ISB sector than the other sectors.
20. The IRDP loans had a significant impact on the annual income of the beneficiaries in general. In particular it had more significant impact on the annual income of the I.S.B sector beneficiaries.
21. Among the Agricultural sector activities the country cart with bullocks had generated more additional income to the beneficiaries. It is followed by plough bullocks, tyre cart with bullock, country cart and tyre cart.
22. In the case of Animal Husbandry sector activities, the sheep and goat rearing activities generated more additional income to the beneficiaries. It is the reason for the popularity of the scheme among the weaker sections in the block.
23. Among the I.S.B sector activities the cut-piece cloth centre had generated highest additional income of Rs.7,985 per beneficiaries during the post loan period. It is followed by flower stalls. The least amount of income was generated from the ready-made garments trade.
24. Among the Agricultural sector activities the plough bullocks scheme resulted in a highest rate of 133.85 percent return on investment per annum.
25. Among the Animal Husbandry sector activities, the sheep rearing scheme resulted in the highest return of 556.14 percent as return on investment.

26. The goat rearing scheme resulted in the lowest return on investment among the Animal Husbandry sector activities. The reason attributed to the lowest return is the high mortality rate in goats due to unsuitable climatic condition.
27. Among the I.S.B sector activities, the cut-piece cloth centres resulted in the highest annual rate of return.
28. The average rate of return in I.S.B sector activities was Rs.85.50 per month per hundred rupees investment.
29. It was found that the incremental income of the beneficiaries was influenced by the efficient management of the credit and the nature of the activity pursued by them.
30. The multiple regression analysis revealed that the income of the beneficiaries was influenced by the variables like the net operational land holding, farm expenses, total loan effectively utilised for productive purposes and the amount of subsidy availed.
31. The income of the Agriculture and Animal Husbandry sector beneficiaries was influenced by the variables viz., the farm expenses, total loan utilised and the amount of subsidy availed.
32. The I.S.B. sector beneficiaries' income was determined mainly by the variables like the value of non-farm asset holdings and the amount of subsidy received by them.
33. The Analysis of Variance (ANOVA) showed that there was a significant difference in the average income generated by the beneficiaries from the Agriculture and Animal Husbandry sector activities.

34. The analysis of variance for the I.S.B. sector beneficiaries revealed that the difference in average income generated from the activities of this sector was significant.
35. The analysis of variance for the overall total respondents showed that there was a significant difference in additional income generated by them between the Agriculture, Animal Husbandry and I.S.B. sector activities.

Impact on Employment:

36. It was found that the IRDP loans provided for Agriculture and Animal Husbandry sector activities enabled the beneficiaries to generate more additional employment to the family members and the hired labourers.
37. It was found that the financial assistance provided for Agriculture and Animal Husbandry sector activities generated more employment opportunities to the males than the females during the post loan period.
38. The return to the labour in the case of Agriculture and Animal Husbandry sector was comparatively less in the post loan period than the pre loan period. It is due to the disproportionate increase of incremental net income and incremental total employment during the post loan period.
39. Among the Agriculture and Animal Husbandry sector schemes, the sheep and goat rearing generated more additional employment during the post loan period.
40. The additional employment generated per beneficiary during the post loan period was found highest in the plough bullocks scheme.

41. It was seen that the percentage increase in man days of employment generated during the post loan period was highest in the country cart scheme.
42. The financial assistance provided under the programme to the beneficiaries for I.S.B. sector activities enabled them to generate more additional employment to the hired labourers.
43. The IRDP loan provided to the I.S.B. sector activities generated additional employment opportunities to both males and females during the post loan period in general. In particular, tiffin centres and petty shops created more additional employment to the males and the females respectively.
44. The rate of return to labour in I.S.B. sector activities had decreased during the post loan period. The incremental employment generated was 31 percent more than the incremental net income in the post loan period.
45. The net incremental return to labour was found in flower stalls, ready-made garments shop, tea stalls and cut piece cloth centre schemes. Flower stall units created the highest net incremental return to labour. The return to labour had decreased to a great extent in the case of petty shops during the post loan period.
46. Among the I.S.B. sector activities, tiffin centres and ready-made garment unit created more employment opportunities to the males than the females. The other schemes generated more additional employment to the females than the males.

47. The percentage increase in man-days of employment generated during the post loan period was the highest in the vegetable stalls scheme. It was the lowest in the tea stalls scheme.
48. The multiple regression analysis showed that the level of employment of Agriculture and Animal Husbandry sector beneficiaries was influenced by the number of persons employed from the respondents family and the loan amount effectively utilised for productive purpose.
49. The employment status of the I.S.B. sector beneficiaries was mainly influenced by the effective utilisation of the loan for the productive purpose.
50. The analysis of variance (ANOVA) showed that the IRDP loan provided to the male beneficiaries had resulted in more or less the same level of positive impact on generation of additional employment.
51. The analysis of variance used for the female beneficiaries showed that the loans given to them for various activities under three sectors resulted in different levels of positive impact on generating additional employment.
52. The analysis of variance revealed that there was no significant difference in additional employment generated to the family members of the beneficiaries in all the three sectors.
53. The analysis of variance revealed that the IRDP credit given to the beneficiaries resulted in more or less the same level of positive impact on generating additional employment to the hired labourers in all the three sectors.

Impact on Asset:

54. It was found that there was not much difference in farm asset holdings of Agriculture and Animal Husbandry sector beneficiaries between the pre loan and the post loan period.
55. There was no significant difference in the farm assets holding of I.S.B. sector beneficiaries between the pre and the post loan period.
56. It was found that there was a significant difference in holding non-farm assets of Agriculture and Animal Husbandry sector beneficiaries between the pre and the post loan period. The average value of the non-farm assets possessed by the respondents has significantly increased after availing the IRDP loan.
57. It was found that the non-farm asset holdings of the I.S.B. sector beneficiaries had increased significantly after availing the IRDP loan assistance.
58. As far as the total assets holding of the sample beneficiaries is concerned the IRDP loan had no impact in general. But, it had significant impact on non-farm asset holding of the beneficiaries.
59. The scheme-wise analysis showed that the IRDP loan assistance enabled the beneficiaries of country cart scheme to generate more additional farm assets than others in Agricultural sector.
60. It was found that, the beneficiaries of plough bullocks scheme generated more additional non-farm assets in Agricultural sector after availing the loan.

61. Among the Animal Husbandry sector activities, the beneficiaries of goat rearing scheme had generated more additional farm assets than others during the post loan period.
62. It was found that the beneficiaries of Milch Animal scheme generated more additional non-farm assets during the post loan period than the beneficiaries of other schemes under the Animal Husbandry sector.
63. It was found that the average value of total asset holdings of the Agriculture and Animal Husbandry sector beneficiaries had increased to the extent of 11.14 percent during the post loan period over the pre loan period. The percentage increase in total assets of the beneficiaries during the post loan period was found to be the highest in plough bullocks scheme.
64. Among the I.S.B. sector activities, the loan assistance provided for cut piece cloth centre enabled the beneficiaries to generate more additional farm assets than other activities. The beneficiaries of petty shops generated additional farm assets very less than other activities of the sector.
65. The percentage of additional non-farm assets generated by the beneficiaries during the post loan period was found highest in vegetable stall scheme among the I.S.B. sector activities. This percentage was found very less in flower stall scheme.
66. It was found that the average asset holding of each beneficiary of I.S.B. sector had increased to the extent of 74.55 percent during the post loan period.

67. It was found that the percentage increase in average value of assets per beneficiary during the post loan period was found highest in the I.S.B. sector. It is followed by Agriculture and Animal Husbandry sectors.
68. Irrespective of the sectors, the IRDP loan provided to the respondents enabled each beneficiary to generate an additional assets worth Rs.11,236 during the post loan period.
69. The regression analysis showed that the increase in asset holding of the beneficiaries was influenced by the size of the loan, the amount of loan effectively utilised for productive purpose and the proportion of subsidy on loan availed.
70. The coefficient of variation analysis revealed that the non-farm assets holding of the beneficiaries was more consistent than the farm assets holding during the post loan period.