CHAPTER - II

REVIEW OF LITERATURE

The present chapter attempts to review some of the studies concerned with the evaluation and role of rural development schemes in promoting the weaker sections in the country. The first section reviews few studies on the Integrated Rural Development Programme. The impact of the various rural development programmes of the poverty eradication, especially, the Industries, Services and Business Scheme of IRDP are presented in the second section.

2.1 INTEGRATED RURAL DEVELOPMENT PROGRAMME (IRDP)

An evaluation study\(^1\) carried out by the Bureau of Economic and Statistics of the State of Maharashtra in 1982, to find out the performance of Integrated Rural Development Programme in Delhi district and found that 87 percent of the beneficiaries had registered a rise upto 50 percent in their income, while about 10 percent received an additional income of 50 percent to 80 percent.
Angadi and Renukarya\textsuperscript{2} conducted a sample survey in Najangud Taluk on the effective implementation of Integrated Rural Development Programme. The study found that the average annual income of the beneficiaries was of the order of Rs.3,000 before getting the benefits from various schemes under Integrated Rural Development Programme. After getting the benefits, the average annual income was of the order of Rs.3,600. A majority of the respondents were quite happy with the scheme as it had enabled them to improve their economic conditions.

Ruttan has\textsuperscript{3} stated that some studies carried out in Gujarat and revealed that Integrated Rural Development Programme had intended impact of lifting the beneficiaries above the poverty line in a large number of cases accounting for 88.24 percent of the total families assisted.

Naida has\textsuperscript{4} undertaken a case study of Integrated Rural Development Programme in Kalyanadurg block of Ananthapur district in Andrapradesh State. The quantitative analysis of the study about the impact of the Integrated Rural Development programme on the income of the beneficiaries
families could not be collected because of the quick nature of the study. However, the beneficiaries were asked to express their opinion regarding the change in their effective family income. Of the 238 beneficiaries, 27 reported substantial increase, 112 reported moderated increase, 61 reported negligible increase and 38 did not express any opinion.

An official study\(^5\) conducted in Maharastra stated that under Integrated Rural Development Programme 82,417 families belonging to the scheduled caste were assisted and nearly 43 percent of them had crossed the poverty line. Because of the implementation of Integrated Rural Development Programme, the employment level of the people had increased.

Another case study was conducted on the implementation of Integrated Rural Development Programme in Paiamu district of Bihar by the team of Agro-Economic Research Centre of Himachal Pradesh University, Simala\(^6\). It is estimated that 90 percent of Integrated Rural Development Programme beneficiaries continued to remain below the poverty line. Rigidity of the programme further
confirmed by the fact that about 58 percent of the beneficiaries in the sample and 73 percent of marginal farmer beneficiaries indicated preference for additional activities to increase their family income with the existing skill. The programme could not bring any significant change in the socioeconomic conditions of the weaker section.

The studies on the impact of Integrated Rural Development Programme carried out in some states like Tamil Nadu, Rajasthan and Gujarat have revealed that in eight district of Tamil Nadu, 40 percent of the beneficiaries assisted during 1980-81 have crossed the poverty line by August 1982. Similarly 29 percent of the beneficiaries assisted in 1981-82 have crossed the poverty line by August 1983. In Gujarat, the study indicated that more than 50 percent of families have improved their income to the extent of Rs.2,000 to Rs.3,000 and 33.17 percent of the families have increased their income between Rs.1,000 and Rs.2,000.

Adhikari conducted an evaluation study of Integrated Rural Development Programme is Salt Block of Almore district which is a remote and backward block of Kumaon
region in Uttar Pradesh. The study found that the number of families which received assistance under the programme during 1981 was 153. Of these 29 belonged to the scheduled caste. The Integrated Rural Development Programme enable them to expand their net work and finally helped them in enhancing their income.

Dhanasekaran conducted a case study on the impact of Integrated Rural Development Programme on rural poverty at Kolappallur Panchayat in Gobichettipalayam block of Periyar District of Tamil Nadu. The study has revealed that in the case of rural artisans, the percentage of people living below the poverty line has decreased by 7.85 percent, for agriculture laborers, the percentage has fallen by 4.06, 12.87 percent for marginal farmers, and by 8.4 for small farmers. On an average, the percentage has decreased by 8 percent. In general, the study concludes that the impact of Integrated Rural Development Programme on rural poverty is positive but it has only a marginal effect upon the weaker sections of the society.
The Programme Evaluation Organisation of the Planning Commission, Government of India at the instance of the Ministry of Agriculture and Rural Development care taken up evaluation study of IRDP in 16 states in the year 1983-84. The study reveals that in respect of employment position about 90.7 percent of the total sample household expressed the view that as a result of the IRDP, their family employment had increased. Another, about 8.9 percent of the household reported that there had been a change in their employment position due to IRDP. Only a very insignificant percentage of the household (0.34 percent) reported that there had been a decrease in their family employment.

Balishter and Roshan have studied the impact of finance made by State Bank of India in Bichpuri block of Agra district, of Uttar Pradesh on the income of the beneficiary families and the number of beneficiaries families crossing the poverty line. As a result of the survey it is found that out of 44 beneficiary families 33 families crossed the poverty line. Thus about 75 percent families crossed the poverty line due to the bank's finance under the programme.
The extent of families crossing the poverty line was more in case of scheduled caste being about 84 percent, compared to non-scheduled caste being about 63 percent.

In another study conducted by Kutty Krishnan in a Kerala Village\textsuperscript{12} it is revealed that on the adoption of the programme, employment has increased by 3,410 man days which is equivalent to 11 man years, taking an average of 300 man days working days in a year. Among the sample households an amount of Rs. 1,00,931 has been channeled and as per the target, the employment generation should have been 31 man-years as against only 11, meaning there by that the targets are unrealistic.

Dhulasi Briundha in her study of the rural development programmes on the economic status of women conducted in Nagamalai Village of Madurai District of Tamil Nadu,\textsuperscript{13} has stated that four fifths of the beneficiaries show positive improvements in their respective household income. Further out of the remaining five, the position of three beneficiaries remains the same while the shares of the other two beneficiaries have declined.
Another evaluation study in Shenkottai Block of Tirunelveli district of Tamil Nadu\textsuperscript{14} reveals that the impact of the loan cum subsidy on the beneficiaries among the sample of 161 sample households, judged by the changes in annual income of households before and after the issue of loans, 106 have become better off, 38 households have remained static and 17 households have become worse off.

The Institute for Financial Management and Research, Chennai\textsuperscript{15} has conducted an economic assessment of the Poverty Eradication programmes - IRDP and NREP. As per the study, the performance of Integrated Rural Development Programme so far are diverted by the magnitude of the poverty problem, which affects nearly 50 percent of the population according to the officially accepted definition of the poverty line.

In another study conducted during March 1984 by the G.P. Porwel College at Sindhi in Bijapur district of Karnataka to evaluate the impact of the Integrated Rural Development Programme on rural poverty and living conditions of beneficiaries in 13 villages of Sindhi taluks of Bijapur district in Karnataka
The results of the study show that the programme had hardly made a major dent into the poverty and living conditions of the beneficiaries. Out of the total of 300 families studied, only 12 percent of them were able to cross the poverty line. 36 percent have been marginally benefited as their family income between pre-benefit and post-benefit period slightly increased. They were moving up from the lower decile group to higher decile group even below the poverty line. The programme has not made any positive impact on the income of the remaining 52 percent of the families.

The evaluation report of the National Bank of Agriculture and Rural Development on the performance of Integrated Rural Development Programme and its impact conducted in 15 scattered in the year 1984 revealed that the proportion of sample beneficiaries helped to cross the poverty line as a result of Integrated Rural Development Programme assistance worked out, on the basis of sample data, to 47 percent.
percent for all the states taken together. If the poverty line limit of Rs.3,500 at 1979-80 prices were to be redefined at 1982-83 prices, the production of sample beneficiaries crossing the poverty line would have been reduced to 22 percent.

The Programme Evaluation Organisation of the Planning Commission, Government of India at the instance of the Ministry of Agriculture and Rural Development have taken up evaluation study of Integrated Rural Development Programme in 16 states in the year 1983-84. The study reveals that in respect of employment position about 90.7 percent of the total sample households expressed the view that as a result of the Integrated Rural Development Programme, their family employment and increased. Another, 8.9 percent of the households reported that there had been no change in their employment position due to Integrated Rural Development Programme. Only a very insignificant percentage of the households (0.34 per cent) reported that there had been a decrease in their family employment.
In an evaluation study on Agricultural (Dairy) Financing and Rural Development sponsored by the National Bank for Agriculture and Rural Development, K. Ramachandran has estimated that the average total income of a respondent has increased from Rs.5,576.53 per annum to Rs.6,880.61 per annum as a result of the dairy loan given to the beneficiaries in the southern districts of Tamil Nadu.

K.K. Mohanty in his paper, "Poverty Alleviation from FFW to 1RDP" has stated that after seven years of existence with a huge investment of Rs.450 crores Integrated Rural Development Programme has helped only 3 percent of the rural poor to cross the poverty line. This is a clear indication of the failure to lift the rural poor above the poverty line during the sixth plan.

V. Kulandaisamy and D. Ubendhiran assessed the benefit of the Integrated Rural Development Programme in terms of income and employment generation, a micro-level investigation was carried out among the selected beneficiaries of the programme in Karamadai Block, Coimbatore District of
Tamil Nadu. The impact of Integrated Rural Development Programme on income was more pronounced in the case of SB sector schemes, an incremental income of Rs.3,406 per beneficiary followed by agriculture being Rs.2,130. The small and marginal farmers were the notable beneficiaries under agricultural scheme. The Agricultural labourers had received significant incremental income under the animal husbandry and milch animal schemes. The man days of additional employment generated were the largest in respect of Animal Husbandry Scheme (118) followed by agriculture and ISB Schemes. Among the different categories of beneficiaries, the man days of additional employment generated was larger among the agricultural labourers. On the other hand, the additional employment generated was the lowest among the small farmers, as this category had greater employment opportunity even prior to the implementation of the Integrated Rural Development Programme.

G. Ramachandran has carried out a study in Robertsgani block of Mirzapur district of Uttar Pradesh on the impact of Integrated Rural Development Programme and NREP.
assistance during the two year period of 1981-82 and 1982-83 on 1,320 beneficiaries. The result of the study shows that the total wage employment, schemes of NERP provided only 12.6 percent for the IRDP + NERP category, nil for Integrated Rural Development Programme category and 15.0 percent for NREP category while at the overall level the share was only 9.6 percent. Since only Integrated Rural Development Programme schemes could provide self-employment their share was estimated and ranged between 16.4 percent and 32.0 percent of the total self-employment of the Integrated Rural Development Programme beneficiaries.

At the overall level the proportion of self-employment with the schemes were only 14.3 percent of the total self-employment. The Integrated Rural Development Programme category accounts for 41.0 percent of their total average income.

The Concurrent Evaluation of Integrated Rural Development Programme carried out by the Department of Rural Development, the Ministry of Agriculture, New Delhi for
October 1985 to March 1986 reveals that in about 25 per cent cases, the assets generated incremental income of more than 2,000. In about 22 percent cases, such increase was between Rs. 1,001 and Rs. 2,000. The incremental income was less than Rs. 1,000 in about 29 percent cases. However, in the remaining 23 percent cases, no incremental variation in the incremental income across the states. The cases of incremental income across the states. The cases of incremental income of more than Rs. 2,000 are significantly higher in Andhra Pradesh, Bihar, Jammu and Kashmir, Madhya Pradesh, Punjab, Uttar Pradesh and West Bengal. In West Bengal, the incremental income was more than Rs. 2,000 in about 62 percent cases.


1. The assets have generated incremental income of more than Rs. 2,000 in about 26 percent cases, the incremental income was between Rs. 1,001 to Rs. 2,000 in 24 percent cases and between Rs. 501 and Rs. 1,000 in 15 percent cases. It was upto Rs. 500 in another 11 percent cases.
2. At the national level, about 52 percent old beneficiaries have crossed the poverty line of Rs.3,500 and 12 percent old beneficiaries the revised poverty line of Rs.6,400.

3. The increase in the post assistant income as a percentage of pre-assistance income, indicates that, at the national level, 38 percent families experienced more than 50 percent increase in family income of whom 15 percent experienced even more than 100 percent increase.

P. Rangaswamy in his evaluation study of the Integrated Rural Development Programme in Haryana State for the period 1984-85 and 1985-86 has estimated that 45 percent of the households of beneficiaries and 8.3 percent of non-beneficiaries have crossed the new cut-off line of poverty of Rs.6,400.25

The RBI has conducted a study in 16 districts covering 16 states.26 It has revealed that the assistance provided under the programme has resulted in a programme shift in real income in respect of 51 percent of the beneficiaries. Among the beneficiaries whose incomes have registered an increases, 17 percent have been able to cross the poverty line, after the incomes have been suitably discounted on the basis of the
consumer price index for agricultural labour as on February 1984. The study has also revealed an increase of 30 percent in the value of the assets of the beneficiaries at current prices.

The review could be brought to a close after making its implication from the angle of the survey design of the study to be drawn up. The above studies on the rural development show varied technique for developing the rural areas, the reason being the varied economic conditions in which studies were made. Nevertheless, the results are capable of generating useful discussion on them. In the studies on poverty, the very norms of measurement.

2.2 **INDUSTRIES SERVICE AH B BUSINESS**

A study was conducted in Pollachi Taluk of Coimbatore District. It reveals that the labour share to the total cost accounted for 10.36 percent in coir industry. Further from the gross income and net income, it can be seen that the curling units enjoy more profit than the fiber units, which implies that the vertical integration is more profitable than with, single operation units. The results indicates the potential for increasing the turnover by using more and more of raw materials.
namely, coconut husks, similarly there exists potentially for increasing the labour and wage rate. The units also provide employment, for both men and women.$^{27}$

The output can be increased by increasing labour inputs indicating a positive relationship between value added per worker and output, of the units. There is a larger scope for providing more effective employment in terms of income to those engaged in village industries.$^{29,a}$

Papalo$^{20}$ derived that in pottery, mat making, bed making lamp shade making, wire meshing, handloom and food products making an increase in capital is associated with an increase in output as well as in employment. In carpentry, blacksmith, and leather products making an increasing capital lead to an increase in output.

A study conducted by Papalo in the Giri Institute of Development studies, Lucknow on village industries showed that the adequate arrangements should be made up for quality checks of raw materials and products. The Government should also ensure the sale of certain times through competitive sales agencies in the urban areas.$^{30}$
A study on Bee keeping found that bee keeping augments rural income through honey production and enriched agro horticultural crops by pollination services. Bee keeping as a rural non-traditional industry had been taken up by the KVIC since 1954. The new bee keeping industry has generated employment and subsidiary income to beekeepers and protected the beneficiary insects from destruction by honey hurlers. It is an ideal activity for development as subsidiary occupation. Agriculture is providing supplementary income to a large number of rural, hilly and tribal population.\textsuperscript{31}

Jaiswal \textsuperscript{32} in a study analysed that the cost of employment in small industries is very low as compared to the cost of employment in large industries. While Rs.11 lakhs to Rs. 15 lakhs is required for employing one person under large scale industry and about Rs. 15,000/- to 50,000/- to small scale industry only Rs.500 to Rs.5,000 is required under village industries.
Choudhary\textsuperscript{33} conducted a study in Madhya Pradesh to find out the role of dairy enterprises in income generation and sustainable rural employment and labour utilisation. The study found that dairy enterprises situation of agriculture combined with dairy enterprises specially with large dairy herd size due to minimum cost of milk production, using surplus farm family further indicates that male labour power is mainly responsible for the viability of the dairy enterprise. The percentage of female labour engaged in both the categories is more than that of male labour.

Rajldshor Meher,\textsuperscript{34} observed that due to lack of proper organisational efforts, this traditional cottage industry of Orisa is losing its attractive occupational status not with standing the high demand potential of tie and dye handloom fabrics among a large sections of affluent consumer in the country and abroad. Owing to unorganised nature of the industry the weavers in general earn a very precarious living. This requires the involvement of all the adult members and children of
household irrespective of age and sex and one loom in general provide full time employment to 2.01 persons an average the amount of average income earned by a weaver household is sometimes lower than an unskilled, daily wage earner.

A case study of employment potential in brick kilns reveals that about 90 percent are employed for a period of 120 to 150 man-days during a year. The study demonstrates that the rural industry has a great promise in alleviating the rural unemployment problem.\textsuperscript{35}

In Madhya Pradesh, the employment growth in rural industries has increased and there has been a marginal shift of working force from agriculture to rural industries and other occupation.\textsuperscript{36}

In the case of household industries conflict between industries and employment technology did not arise as much as it did in the case of non-household industries. In fact that the practice of adopting increasingly capital intensive production
function either consciously for prestige reasons or unconsciously as a consequence of direct Government controls, provide detrimental to the growth process under condition of an unlimited supply of labour.  

Employment generation in India by Khadi and Village Industries (KVI) is significant and majority of the labour force is employed in this sector. The employment in Khadi village industries rose from 9.65 lakhs persons in 1956 to 37.89 lakhs persons in 1985. The employment composition of Khadi Village Industries and changed significantly in favour of village industries. The share of khadi sector in the total khadi village industry employment has declined from 68 percent in 1956 to 34 percent by 1985.  

Chikara found that a considerable level employment was generated and the highest increase was observed in processing of cereals and pulses followed by furniture, lime stone, khadi industry, carpentry, black smithy and cottage match box. This reflects that the Khadi and Village Industries Board (KVIB) has great potential for generating through financing rural cottage industries.
A study conducted by Subbiah concluded that Tamil Nadu is the pioneering state in the introducing the cooperatives for the economic welfare and well being of the people in the state. The various types of co-operatives functioning in the state are assisting the people. Co-operative movement has become an inseparable one with the people in the state and instrumental in several achievements.

Another study has been made in Western Orissa and found that car-member weavers do not gain anything so far as exposure to mass media is concerned. But they are able liberal towards status of women and their official association in the co-operative organisation does not help in participation in different organisational matters except the cultural one. Member weaver are more aspirant for higher education of their children and spend more money for the same purpose. But they are less interested to put their children in the traditional profession, because of some psychological dissatisfaction among them.
Soundarapandian\textsuperscript{42} in a study revealed that as in the case of this study under reference financial assistance under IRDP will be more purposeful if concentrated on village industries rather than on small business of service sectors. The village industries comparatively provide more amount of income and employment for the beneficiaries household on an average to cross the poverty line. It is concluded that the loans provided for ISB sectors under IRDP may concentrate more for village industries than on the business and service sectors.

Based on the findings of the past studies related to IRDP and ISB scheme of IRDP, the present study is conducted and evaluated the performance of ISB scheme of IRDP in Ramanathapuram District of Tamil Nadu.
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