

## Chapter VIII

### INCOME, INDEBTEDNESS AND EMPLOYMENT UNDER ANTI-POVERTY PROGRAMMES

The severest handicap which tribals face in matter of their economic upliftment and progress is not just their ignorance and poverty; it is rather the absence of substantial economic base in terms of productive resources and assets whereupon they can build up and develop their means of livelihood. In view of this that the government decided to have separate development plans, in the form of tribal sub-plans. Under these sub-plans an alround effort was envisaged and mounted to accelerate the pace of the economic development of the tribals. A special focus of these efforts was strengthening and widening the economic base of the tribal communities.<sup>1</sup>

8.02 Accordingly an attempt has been made to assess the results and impact of these efforts on the sample tribal households with reference to such indicators as the number of earners per household, their sources and levels of income, indebtedness and employment positions.

#### **The Number of Earner and Idle Members Per Households :**

8.03 The following table shows the average number of earner and idle (without any income generating work) members per beneficiary and non-beneficiary tribal households in all the selected 10 ITDP mouzas taken together.

**Table 8.1 : Distribution of Households according to number of Earning and Idle members.**

No. of House Hold members	Beneficiary		Non-Benef.		Altogether	
	Earners	Idle	Earners	Idle	Earners	Idle
ONE	24 (18.46)	42 (32.31)	05 (16.67)	13 (43.33)	29 (18.13)	55 (34.37)
TWO	74 (56.92)	26 (20.00)	21 (70.00)	06 (20.00)	95 (59.37)	32 (20.00)
THREE	29 (22.31)	08 (06.15)	04 (13.33)	03 (10.00)	33 (20.62)	11 (06.87)
FOUR	03 (02.31)	04 (03.08)	--	01 (03.33)	03 (01.88)	05 (03.13)
FIVE or MORE	--	01 (00.77)	--	--	--	01 (00.63)
TOTAL	130 (100.00)	81 (62.31)	30 (100.00)	23 (76.67)	160 (100.00)	104 (65.00)

It would be observed from the table in all cases of 'altogether' category of tribal households, there was predominance of households with two earners(59.37%), followed by three(20.62%). The households having only one earning member in the family was 18.13 per cent which was also not insignificant. It may also be mentioned here that the earning members of the households included the members who were employed seasonally in the nearby tea-gardens during the green tea-leaf plucking(locally known as *bigha*) season for about 4 to 5 months a year particularly during the monsoon. The female members of the family usually availed such earning on weekly wage payment basis. The earning members further included the casual labourers in other construction works, collection of boulders, stones, sands etc. from small rivers and rivulets flowing down from the hills, for which they had to go mostly outside their villages. But such earning form the construction works etc. were very irregular and uncertain. This implies that the tribal households had much less settled means of earning.

8.04 From the table it may further be observed that a total of 62.31 per cent among the 'beneficiary' and 76.67 per cent among the 'non-beneficiary' or 65 per cent in 'altogether' categories of tribal households had also idle members in their family in the working age group but without any work and thus not earning. The percentage of such non-earners among the 'non-beneficiary' category was greater(76.67 per cent) than the those of 'beneficiary' households(62.31 per cent).

8.05 From the analysis attempted here it may be pointed out that for improving the economic conditions of the tribals it is of utmost importance that special efforts need to be organised and mounted to provide gainful employment for sufficient duration of the years. Considering the socio-economic background, the levels of education and skill endowment etc. of the tribal communities, such efforts also need to be innovated and tailored according to their needs and the prevailing condition of the areas. For all those earners like non-agricultural labourers and construction workers who generally go far outside from their own villages, some type of regular and settled wage or income earning activities need to be organised. Moreover, the opportunities for such income earning activities should be created in the vicinity of their villages so that they do not have to go far in search of works. Similarly, a large number of idle(non-earning) members in tribal households also require suitable training and skill formation so as to enable them to increasingly take up different types of secondary and tertiary occupations of their own on permanent basis in the nature of small scale, home industries, animal husbandry, business etc. to strengthen the economic base

and supplement their family income.

**Indebtedness :**

8.06 Indebtedness is a symptom of economic malaise. At the household level it is indicative of poverty, of an imbalance between income and minimum consumption requirements as well as lack of resources for carrying out gainful economic activity, enforced unemployment, living beyond the means available and so on. The foregoing analysis indicated that the tribal households did not have sufficient regular means of income to maintain themselves and were prone to indebtedness. It is generally believed that indebtedness is endemic among them due to the precarious nature of their very means of livelihood.<sup>2</sup>

8.07 As part of the field work for the present study data were collected from the sample households in respect of the nature of their indebtedness, sources of borrowing as well as the purposes for which debts were incurred. The table below shows the distribution of the sample households under debt according to the sources of incurring debts.

**Table 8.2 : Distribution of Sources of Debts incurred**

Sl. No.	Sources from which debts incurred	Beneficiary	Non-benef.	Altogether
1.	Friends/Relatives	09(06.92)	13(43.33)	22(13.75)
2.	Money Lenders/Mahajans Shop Keepers etc.	06(04.62)	05(16.67)	11(06.87)
3.	Friends/Relatives-cum-money-lenders etc	07(05.38)	09(30.00)	16(10.00)
4.	Financial Institutions	12(09.23)	-	12(07.50)
5.	Money-Lenders cum-Fin. Institutions.	09(06.92)	-	09(05.63)
6.	Friends/Relatives cum-Financial Institutions	56(43.08)	-	56(35.00)
7.	Friends/Relatives cum-Money-Lenders-Fin.Inst.	18(13.85)	-	18(11.25)
8.	Others	13(10.00)	-	13(08.13)
9.	Not borrowers	-	03(10.00)	03(01.87)
TOTAL		130(100.00)	30(100.00)	160(100.00)

It may be observed from the above table that the main sources from which the respondent households borrowed money and therefore incurred debts were from :- (i) friends and relatives, (ii) money lenders and mahajans, (iii) Financial Institutions including Commercial Banks, Regional Rural Banks, Co-operative Credit Societies, etc., and other sources included employers, contractors etc. It may also be observed that the tribals, both beneficiaries and non-beneficiaries taken together, had mostly borrowed credit from two or more than two sources simultaneously. Of these, only institutional source independently or combined with other sources like money-lenders, friends or both accounted for 95(59.38 per cent) of total respondents. However, 90 per cent of the non-beneficiary households since could not avail assistance from the financial institutions, they mostly depended upon their friends and relatives or money-lenders for the credit purposes. 10 per cent of them had not borrowed from any of the sources on the date of collection of these informations. In respect of beneficiary tribal households the institutions

independently or combined with others had been the major source of credit which comprised 108(83.08 per cent) tribal households. This was primarily because they availed financial assistance under the poverty alleviation programmes of the government.

8.08 From the table it may also be implied that the money-lenders, as a source of credit borrowing, were relegated towards backward in respect of both beneficiary and non-beneficiary tribals. They were, however, found operating their lending business only in the ITDP mouzas of Putimari and Nunujot. It was reported by the respondent borrowers that few persons from Madrasi community were involved in money-lending at a very high rate of interest. As informed by such borrowers, for every Rs. 200 borrowed, Rs. 250 was required to be repaid with an equal weekly instalment of Rs. 25 only plus an extra of Rs. 5 for documentational expenses. This means that the money-lenders lent @130% per annum interest and other documentational charges. This shows the extent of exploitation of tribal borrowers by the money lenders. It was also experienced from the field that poor tribals often needed immediate financial assistance for meeting their consumption needs for purposes such as sickness of family members, marriages, birth, death or other religious ceremonies etc. In the absence of an easy institutional means of credit to meet immediate needs for these occasions the poor tribals had often to go to money-lenders, shop-keepers etc. who charged exorbitant rate of interest and exploited them in various ways.

8.09 It is also interesting to note that most of those who took credits for consumption or ceremonial purposes did so from friends, relatives, shop-keepers and money-lenders, that is, from individuals and not from financial institutions.

### Purposes of Credit borrowing :

8.10 Information was also collected from the sample respondents in respect of purposes for which debts were incurred. The following table presents the distribution of indebted sample households according to the purposes of the debts incurred.

**Table 8.3 : Distribution of Purposes of Debts incurred**

Sl. No.	Purposes of credits	Beneficiaries	Non-benef.	Altogether
1.	Productive	15(11.54)	02(06.67)	17(10.63)
2.	Consumption	01(00.77)	12(40.00)	13(08.13)
3.	Ceremonial (e.g.birth marriage, death etc.)	05(03.85)	-	05(03.12)
4.	Repayment of old debts	12(09.23)	04(13.33)	16(10.00)
5.	Production cum consumption	63(48.46)	02(06.67)	65(40.63)
6.	Consumption cum ceremonial	02(01.54)	02(06.67)	04(02.50)
7.	Production and repayment of old debts	02(01.54)	-	02(01.25)
8.	Consumption and repayment of old debts	-	01(03.33)	01(00.62)
9.	Production, consumption & ceremonial	06(04.61)	-	06(03.75)
10.	Production, consumption and others	11(08.46)	-	11(06.87)
11.	Others	13(10.00)	04(13.33)	17(10.63)
12.	Credit not borrowed	-	03(10.00)	03(01.87)
Total		130(100.00)	30(100.00)	160(100.00)

This may be observed from the table that the sample households under debt had borrowed money mainly for the purposes of production, consumption, ceremonies, repayment of old debts and others. The debts were also incurred in order to meet the expenditures on combination of two or more purposes taken together.

8.11 It may further be observed that while 11.54 per cent of respondent beneficiaries took debt for the production purpose nearly half of them (48.46 per cent) incurred it for both

production and consumption purposes. The number of those incurred debts for the purposes of consumption, ceremonial and repayment of old debts or the combination of two or all the three were, however, meager.

8.12 In respect of non-beneficiary respondents while 40 per cent incurred debt for their consumptional needs, 13.33 per cent each for repayment of old debts and other purposes, like meeting medical expenses and others. Only 6.67 per cent took primarily for production and rest for a combination of purposes.

8.13 In regard to beneficiary and non-beneficiary households taken together, credits incurred were primarily for the production (10.63 per cent) and for production-combined with other purposes was 84 (52.50 per cent). These were followed by debts taken for repayment of old debts (10 per cent), consumption (8.13 per cent) and others.

8.14 The above analysis brings out the facts that (i) the credit borrowing among the tribals were limited not only to the purpose of production but also for consumption, occasions, and even for repayment of old debts. This shows the importance of non-productive credits in tribal society. (ii) Further, beside institutional source, other individual sources like friends, relatives, money-lenders, shop-keepers, contractors, employers etc. were very popular. However, there is a marked shift of borrowing in favour of institutional sources from non-institutional ones, (iii) the money lenders still operate, though to a limited extent, in tribal areas and charge exorbitant rate of interests. Their exploitative activities have not been effectively regulated in spite of enactment of legislations like

the Bengal money-lender Act, 1940, the Bengal Agricultural Debtors Act, 1936 etc.<sup>3</sup>, which prevented the business of money lending in tribal areas. At the same time there is a clear indication of increasing socio-economic awareness among the tribals about the exploitative nature of such sources, (iv) the instances of 'credit for paying credits' are to be found in the tribal areas. This is very disheartening fact of tribal life. They are found within the 'vicious circle of debts'. This arises simply because of difficulty in getting institutional finances for meeting their urgent needs on consumption, ceremonies, medical purposes etc., (v) the sizable number of institutional finances taken for production oriented purposes indicate the wide-spread network of government sponsored subsidised bank loans to carry out different Poverty alleviation programmes and schemes to raise the family income of poor tribals.

8.15 An Evaluation Report on ITDP(1987) conducted by the PEO of the Planning Commission mentioned that in Gujarat, increased indebtedness was traceable to such factors as (i) economic imbalances, (ii) rise in the prices of agricultural inputs and consumer goods, (iii) heavy expenditure on social functions, and (iv) limitations of institutional infrastructure to take care of the various credit needs of the tribal population. The same Report identified the reasons for increased indebtedness in Orissa as (i) abject poverty, (ii) misery and ignorance amongst tribals, (iii) callous and indifferent attitude of government and bank officials, (iv) steep increase in the prices of essential commodities etc.<sup>4</sup>

8.16 The foregoing analyses about the incidence of low income

and increasing indebtedness among the tribals showed that they had very weak economic base. There were large number of households which comprised of many non-working members who could be gainfully employed in income generating activities to supplement the income of their families. Similarly, their increasing indebtedness not only because of the production needs, but also for meeting the consumption and other urgent requirements, necessitated more works for additional income. Under these circumstances, family oriented income generating schemes become very relevant.

#### **Family Oriented Anti-Poverty Programmes :**

8.17 One of the fundamentals of the Tribal Sub-Plan is the provision made for the family oriented anti-poverty programmes. Under this programme, the care for the development of tribal families through various government subsidised loan schemes for income generation and asset formation etc. are generally taken by the different sectoral departments of the government and also under the Integrated Rural Development Programme (IRDP) and other allied programmes e.g., TRYSEM, NREP, RLEGP or JRY etc.

#### **The IRDP :**

8.18 The IRDP was launched in 1978 - 79 and later extended all over the country with effect from 2<sup>nd</sup>. October, 1980. This is a self employment programme to raise the income generation capacity of the target groups below poverty line. Credit form the financial institutions and government subsidy are given to the concerned families to enable them to take up productive self-employment opportunities through asset ownership.<sup>5</sup> The IRDP is a centrally sponsored scheme funded by the Centre and the States on 50:50 basis.<sup>6</sup> The Programme is implemented through District Rural

Development Agency(DRDA). At the grassroot level the block staff is responsible for implementation of the programme. In West Bengal, the Panchayati Raj Institutions have started assuming a key role in the rural development programme and specially the development of rural poor. These Institutions have now become the main forum of initiating family-benefiting programmes meant for this population.<sup>7</sup>

8.19 The objective of the Programme is to assist selected families of the target groups in rural areas to cross the poverty line by taking up self-employment ventures. The Programme aims to achieve the stated objective by providing income generating assets including working capital, where necessary, to the target group families through a package of assistance including subsidy and institutional credits.<sup>8</sup>

8.20 Since its inception in 1980 till the end of the Seventh Five Year Plan(1989-90), 347.39 lakhs families (including 52 lakhs families who were assisted with a second dose) have been assisted under the IRDP in the country. During this period, the expenditure on this programme has been of the order of Rs. 13,451.12 crores including banks credit of Rs. 8,474.14 crores.<sup>9</sup> The following table shows the number of families assisted under this programme during the period of Sixth and Seventh Five Year Plans in the country.

**Table 8.04 : Plan-wise Distribution of Target and Achievements of Numbers of Families Assisted under IRDP**

Plan Period & Years	Target(No.of families)	Achievements (No.of families)	Percentage
VI Plan	28,23,032	39,66,609	140.51
VII Plan	40,00,000	NA	NA
1985-86	8,34,537	8,72,557	104.59
1986-87	8,34,537	10,29,622	123.38
1987-88	8,05,791	11,99,659	148.88
1988-89	8,32,736	10,79,078	129.58
1989-90	NA	NA	NA
1985-86 to 1988-89	33,07,601	41,81,216	126.41

Source : Report of the Working Group on Development and Welfare of the Scheduled Tribes during the Eighth Five Year Plan(1990-95), Ministry of Welfare, Govt. of India, New Delhi, 1989. p. 29.

It will be seen from the table that there was remarkable over achievement of the target families assisted during the two plans. Despite these achievements in terms of physical and financial targets and disbursement of targeted allocations, the actual impact on the socio-economic life of the rural poor, specially of the Scheduled Tribes, has not been very satisfactory. Also, evaluation studies conducted by organisations like NABARD, PEO of the Planning Commission, and the RBI etc. have revealed that the benefits proposed under the programme have reached barely to 38 per cent of the rural poor and that a large percentage of those assisted still continue to live below the poverty.<sup>10</sup>

8.21 The share of IRDP assistance to Scheduled Tribe Families over the years during the Seventh Plan in the 19 TSP States and UTs was 41.95 per cent. The year-wise break up may be seen in the following table :

**Table 8.05: Year-wise Distribution of Target and Achievement of Tribal Families Assisted under IRDP in TSP States & UTs**

Years	ST families to be assisted (Target)	Total ST families assisted	ST families assisted under IRDP	Percentage of IRDP to total ST families
1985-86	8,34,537	8,72,857	3,18,209	36.46
1986-87	8,34,537	10,29,622	4,40,614	42.79
1987-88	8,05,791	11,99,659	5,31,220	44.28
1988-89	8,32,736	10,79,078	4,64,121	43.01
1989-90	NA	NA	NA	NA
Total (1985-89)	33,07,601	41,81,216	17,54,164	41.95

Source : Report of the Working Group on Development and Welfare of STs during the Eighth Five Year Plan(1990-95), Ministry of Welfare, Govt. of India, New Delhi, 1989. p. 29.

**Poverty Line :**

8.22 Poverty is a relative concept. The definition of poor in any setting will depend on a number of factors like the stage of development of the national income, the level of expectation of the people, the physical and climatic conditions of the area and the societal value system.<sup>11</sup> While accepting the relative concept about poverty, Sen<sup>12</sup> points out different approaches for their specification of which 'consumption norms' or 'poverty line' may do part of the job. The poor are those people whose consumption standards fall short of the norms or whose income lie below that line. This specification has been followed for the purpose of IRDP and other assistance in India.

8.23 Poverty line has thus been defined in terms of annual income of a family. A family having an annual income of Rs. 6,400 or less is considered to be a family below poverty line. Under this programme the poor family is assisted to reach an annual income level of Rs. 6.400.

8.24 The 'cut off' line for the identification of the families

for assistance was Rs. 4,800 annual income per family. However, in order to ensure that the poorest of the poor get the assistance first, it was ensured that families with an annual income level up to Rs. 3,500 were to be assisted first. After all such families have been assisted in a block, the block level officer was to report to the DRDA that all such families have been assisted. The DRDA would then verify the situation by issuing public notices and give sanction to the block to assist families in the income bracket of Rs. 3,501 to Rs. 4,800.<sup>13</sup> Under no circumstances were families with an income above Rs. 4,800 to be assisted.<sup>14</sup>

8.25 It may, however, be relevant here to note that with the beginning of the Eighth Plan a revised ceiling of annual income for determining poor families have been adopted and accordingly a new survey conducted. The families to be categorised as destitute, very very poor, very poor, and poor shall have annual income ranging between Re. 1 to Rs. 4,000; Rs. 4,001 to Rs. 6,000; Rs. 6,001 to Rs. 8,500; and Rs. 8,501 to Rs. 11,000 respectively.<sup>15</sup> Accordingly IRDP cases with effect from 1992-93 came to be sponsored from the new survey list.<sup>16</sup>

8.26 An assessment by the Planning Commission of percentage of population below the poverty line, as in 1983-84, based on consumption expenditure gathered by the National Sample Survey Organisation show:

**Table 8.6: Percentage of Persons below the Poverty Line (1983-84)**

All India	Scheduled Tribes	All Population
Rural	58.40	40.40
Urban	39.90	28.10

Source : Report of the Working Group on Development and Welfare of Scheduled Tribes during Eighth Five Year

**Target Group :**

8.27 The target group of the programme consists of small farmers, marginal farmers, agricultural labourers, rural artisans and others whose annual family income is below the cut off line. Special safeguards are provided to certain sections of the target group. These include the families belonging to Scheduled Castes and Scheduled Tribes. These communities constitute the bulk of the poverty group. In order to ensure that these families are not denied their due share, it is provided that at least 30 per cent of the assisted families should be drawn from Scheduled Castes and Scheduled Tribes. The minimum percentage of 30 is to operate in macro terms at the district and state levels.<sup>17</sup>

8.28 The plan perspective at the beginning of the programme was to bring the percentage of the families below poverty line in rural areas to less than 10 by 1995. Consistent with the global figures of the families below the poverty line, a uniform target of assisting 3,000 families per block at the rate of 600 families per year was set for the Sixth Plan. In view of the inter-state variations and disparities in the incidence of poverty the fixation of target for assisting the families in Seventh Plan was in relation to the incidence of poverty in the states.

8.29 The guiding principle in the fixation of targets in the Seventh Plan was the objective of raising the assisted families above the poverty line. However, 'the state should ensure that the quality is not sacrificed for numbers'.<sup>18</sup> Further, families which received inadequate assistance in the Sixth Plan and were not able to cross the poverty line were also to be given

supplementary assistance in the Seventh Plan. The supplementary assistance to these families was subject to the subsidy calculated for this purpose was to include the amount already given in the Sixth Plan.

8.30 For the purpose of the present study, informations were collected from the tribal as well as the official respondents regarding the implementation of family oriented anti-poverty programmes under IRDP and other sectoral departments. It was found out that out of 160 respondents, 159(99.38 per cent) were aware of availability of such government subsidised institutional loans. The following table gives the distribution of tribal households according to receipt or non receipt of such loans :

**Table 8.7: Distribution of Recipient and Non-recipient Tribal Respondent Households of subsidised Institutional Loans**

Nature of receipt or Non-receipt of loans assistance	No. & percentage of respondents
Applied and received	130(81.25)
Applied but did not receive	18(11.25)
Did not apply	12(07.50)
<b>Total</b>	<b>160(100.00)</b>

It is evident from the table that while 130(81.25 per cent) were recipients of benefits of subsidised institutional loans for undertaking income generating schemes, 30(18.75 per cent) were non-recipient of such benefits. 18 of them could not receive in spite of the applications made for the same and other simply did not apply.

**The Non-Beneficiaries :**

8.31 The non-beneficiaries informed of their loan applications being pending in the government offices or financial institutions waiting their sanction and disbursement. It may be seen in the

table below that as many as 11(36.67 per cent) of non-beneficiaries' applications were awaiting for official or institutional sanction for more than one year while other 7(23.33 per cent) less than one year.

**Table 8.8: Distribution of Non-Beneficiary Households with the Time waiting for sanction of Loan Assistance**

Pending time (in months)	No. of applications
1 - 3	01(03.33)
4 - 6	01(03.33)
7 - 9	01(03.33)
10 - 12	04(13.34)
13 - 24	03(10.00)
25 & above	08(26.67)
Not applied for	12(40.00)
<b>Total</b>	<b>30(100.00)</b>

8.32 It may be relevant here to state that the bank managers have the responsibility of processing the loan applications sponsored by the B.D.Os without delay. The RBI has enjoined upon all the banks that these applications must be disposed off within a fortnight. It should be done even if it entails a modification of Annual Action Plans of banks.<sup>19</sup>

8.33 The non-beneficiaries themselves expressed the possible reasons for delay in the sanction of applications which can be summarised as :- (i) non-co-operation of officials, (ii) possibility of complex official procedure. About 40 per cent of non-beneficiaries felt complexity of official procedures possibly caused much delay. Reasons were also sought from the respondents who could not or did not make application for the assistance. Important of them being : (i) Gram Panchayat informed about exhaustion of loan quota for the year, (ii) 'money' demanded by the Panchayat officials for getting loan sanctioned, (iii) Panchayats not sponsoring their applications possibly because of

political constraints(bias), for example, applicants not belonging to the political party dominant in the Gram Panchayat, (iv) fear 'loan taking is risky' because simple tribals apprehended taking loans from govt. or bank may pose future problems, (v) outstanding loans of other members of family, etc.

**Beneficiaries of Assistance :**

8.34 As stated, of the total 160 tribal households, 130(81.25 per cent) were beneficiary tribals. Of these beneficiary households, 10(7.69 per cent) were provided with Short Term Agricultural Loans, while mostly, i.e., 105(80.77 per cent) were assisted with Medium Term Loans. 5(3.85 per cent) took both Short Term as well as Medium Term Loans under the Programme.

8.35 The following table shows the distribution of tribal beneficiaries according to the Plan periods in which they availed the assistance :

**Table 8.09 : Plan-wise Distribution of Respondent Beneficiaries**

Plan period	No. of beneficiaries
Sixth Plan	32(24.61)
Seventh Plan	84(64.62)
Both Sixth and Seventh Plans	14(10.77)
<b>Total</b>	<b>130(100.00)</b>

It may be observed from the table that most of the beneficiaries (64.62 per cent) had received the loan assistance during the Seventh Plan while 24.61 per cent received during earlier Sixth Plan. 10.77 per cent were provided during both the plan periods. Because the families which received inadequate assistance in the Sixth Plan and were not able to cross the poverty line for no fault of their own were to be given the supplementary assistance in the Seventh Plan. For the selection

of deserving and eligible beneficiaries under the supplementary assistance scheme during the Seventh Plan, detailed guidelines were issued in consultation with RBI and NABARD. The following points were expected to be kept in mind while processing the cases of supplementary dose of assistance :

(i) The second assets need not be repetitive of the first one. The second asset may be selected keeping in view the objective of helping the family to cross the poverty line.

(ii) The family will be the unit. Any member of the family may be selected for the assistance. While selecting the members, the need for covering as many women beneficiaries as possible may be kept in view.

(iii) It should be ensured that with the supplementary dose of assistance, the family is able to cross the poverty line.

(iv) It would be subject to the subsidy ceiling applicable to the respective categories. The amount of subsidy calculated for the purpose would include the amount already given in the Sixth Plan.

(v) The second loan may be granted by the same bank which gave the initial loan or a nearby branch of the bank or any other bank".<sup>20</sup>

8.36 In view of the above guidelines, the beneficiaries who received loan assistance, during both Sixth and Seventh Plan, 14(10.77 per cent) in the above table, were entitled for supplementary assistance. The supplementary assistance thus provided definitely helped in procuring additional assets by beneficiary families. But of those who received supplementary assistance, only 7 were eligible and other 7 were not; because they were already above poverty line as officially fixed. They should not have been provided with supplementary assistance. Moreover, the amount of subsidy received at the first and second doses taken together amounted to more than the ceiling of subsidy admissible. This implies that the supplementary assistance was given to the beneficiaries without proper assessment of their

annual income, previous subsidy amount and other eligibility criteria.

**Family as a Unit :**

8.37 Under the Programme, there has been a provision for the family to be treated as a unit. This means that more than one member of a family can be given assistance taking into consideration the income gap of the family required to be bridged and the absorption capacity of its members. However, the limit of overall subsidy ceiling shall be the same as applicable in case of an individual beneficiary.

8.38 The table below shows the distribution of the respondent tribal beneficiaries in accordance with the number of loan assistance received by each household :

**Table 8.10: Number of Assistance-wise Distribution of Beneficiary Households**

No. of loan assistance received	No. of Households
One	105(80.77)
Two	19(14.61)
Three or more	06(04.62)
Total	130(100.00)

It may be observed from the table that 25(19.23 per cent) of respondents' families had been provided with two or more numbers of assistance by treating family as a unit. It was found out that the provision definitely facilitated 18 families out of 25 mentioned in the table procuring two or more assistance, in generating extra income from their assets. But 7 of them were found above the poverty line. As such, these families availed more loans at the cost of other needy non-beneficiaries. Moreover, here also the limit of subsidy ceiling fixed for family as a unit was not adhered to, as 6 of the

households received more than the limits determined. This once again implies that the sponsoring or financing organisation cared least regarding the application of subsidy limits set in the guidelines.

### **Tribal Awareness regarding different Components of Loan Assistance**

8.39 The assistance in case of tribal beneficiaries under the IRDP comprises of three components, viz., subsidy, Margin Money Loan and Bank Loan. The tribal beneficiaries are entitled to get subsidy at the rate of 50% of the total project cost or Rs. 5,000 whichever is less, given by the government. The Margin Money loan component is provided by the West Bengal SC and ST Development and Finance Corpn., at the rate of 20% of the project cost or Rs. 2,000 whichever is less. The interest charged on this is at the Differential Rate of Interest(D.R.I.) at nominal 4% per annum. The rest amount of the project is provided by the participating financial institutions - Commercial Banks, Regional Rural Banks or others.

8.40 The beneficiary tribals were sought to indicate about their knowledge or awareness of these components. The responses received are classified in the table :

**Table 8.11: Distribution of Beneficiaries Knowledge of Details about Loan Assistance**

Details of Loan assistance	Yes/Known	No/Not known
The purpose for which loan was sanctioned	130(100.00)	-
The subsidy Component	114(87.69)	16(12.31)
Rate of Interest on loan Components	5(03.85)	125(96.15)
Mode and period of Repayment	73(56.15)	57(43.85)

With the figures presented in the table it may be said that

all the beneficiaries had the knowledge of purposes for which the loan assistance were sanctioned. 87.69 per cent also knew that half of the schematic amount was subsidised and that they had to repay only the loan components. However, almost all (96.15 per cent) did not know the rate of interest chargeable by the financial institutions on the loan components. Regarding the mode and period of repayment, 43.85 per cent of beneficiaries did not have complete knowledge while 56.15 per cent only knew about repayment of the loan on monthly instalment basis.

#### **Annual Income of the Beneficiary tribal Households :**

8.41 It may be seen from the previous table No.4.6 that 16.92 per cent of beneficiary households constituted destitutes, 24.62 per cent very very poor, 26.92 per cent very poor and 13.85 per cent poor families. The other 23(17.69 per cent) of beneficiaries were wrongly identified as they did not fall within the target group for their families' annual income being more than the poverty line mark determined for the purpose. This could also be supported by the fact that at the time of field investigation, 8 beneficiary families were found with at least one family member employed in public or private services and drawing monthly salary of more than Rs. 800 per month and contributing these to the total family income. They were employed even before the family received the assistance under the poverty alleviation programme. In addition to these, there were also other 8 households which could be reasonably regarded as semi-medium or medium farming households having the cultivated lands ranging from 2.01 hectares. to more than 4 hectares(Table:6.3). As informed, each produced more than 20 quintals of paddy a year beside their other

sources of income.

8.42 This implies that if we take into account of the 'cut off' line of annual income in order to be eligible for subsidised assistance and also that only 2 beneficiaries could derive an additional income of Rs. 2,000 from their assets, (Table:8.35) it may be reasonably concluded that 21 (16.15 per cent) of the beneficiaries were wrongly identified by the concerned authority. In other words, these families derived benefits at the cost of other poor, and more needy non-beneficiaries.

#### **Identification of Beneficiaries :**

8.43 The Panchayati Raj Institutions in West Bengal have been closely associated with the process of identification of beneficiaries under such programmes. The Gram Panchayats, at the grass-root level, generally identify the beneficiaries and sponsor their loan cases. The determination of annual income of the family, and identification of their tribal status etc. are certified by the Pradhan and the Sabhapati of the Gram Panchayats and the Panchayat Samities respectively. However, in the ITDP Putimari mouza the tribals had constituted a Mouza Committee for themselves which selected the deserving and prospective beneficiaries and these names were sponsored by the Pradhan of the concerned G.P. for the assistance. All the applications were approved by the Panchayat Samity and sent to the banks for their sanction and claim of subsidy and Margin Money admissible to a tribal beneficiary. Therefore, it may be mentioned that the procedure of selection of beneficiaries and determination of their other eligibility criteria rest exclusively with the Panchayats.

8.44 On the foregoing problem regarding the selection of ineligible beneficiaries for availing the benefits, the officials were asked as to whether ineligible persons were identified for such benefits. The responses received are presented in the table:

**Table 8.12 : Distribution of Official Responses regarding Selection of Ineligible Beneficiaries**

Responses	Panchayats	Banks	Govt.Servants	Altogether
Often	03(15.79)	07(35.00)	06(26.08)	16(25.81)
Sometimes	06(31.57)	05(25.00)	12(52.17)	23(37.10)
Rarely	05(26.32)	03(15.000)	02(08.70)	10(16.13)
Never	05(16.32)	01(05.00)	01(04.35)	07(11.29)
No response	-	04(20.00)	02(08.70)	06(09.67)
Total	19(100.00)	20(100.00)	23(100.00)	62(100.00)

It will be observed from the table that only 7(11.29 per cent) of 'altogether' category and 5(26.32 per cent) of 'Panchayat' respondents denied categorically of any wrong or wilfully wrong identification. On the other hand, officials of different categories, however accepted though in varying degree the occurrence of such problem of wrong selection who were outside the 'cut off' point of above the poverty line.

8.45 The important reasons stated for such wrong identification of beneficiaries were : (i) absence of socio-economic survey of the poor tribal families at the initial stage of the Programme, (ii) misrepresentation or concealment of actual income by the beneficiaries themselves, (iii) lack of authentic informations regarding various sources of beneficiaries' income, (iv) helping attitude of the sponsor, (v) political consideration of members of Panchayat (vi) personal favour of sponsor, hence, willful suppression of factual income, (vii) fear of the loss of popularity by the Panchayat members, (viii) to provide

the unutilised target quota of schemes fixed for the tribes for a G.P., (ix) considering the wide disparity between the income limit fixed as per guidelines for the purpose and the inflationary trend, and (x) for not being selected in the meetings of gram sabha etc.

8.46 It may, therefore, be suggested that proper identification of eligible beneficiaries needs (i) a detail and sincere socio-economic survey about the conditions of poor tribals and preparation of lists of prospective beneficiaries before any drive for assistance taken, (ii) joint selection of beneficiaries by Panchayats, Banks and govt. servants, (iii) open selection in the meeting of Gram Sabha, and objection, if any, to be noted, (iv) the ceiling of annual income of families to be revised from time to time keeping in view of inflationary trend, and so on.

8.47 The wrong selection of beneficiaries has proved to be a major set back. The guidelines issued by the Department of Rural Development have provided operational definitions for the identification of all target group families eligible to be assisted. But the block and village functionaries and also 'panchayats' did not appear to be sufficiently conscious of their responsibility to carefully and impartially assess the incomes of the prospective beneficiaries. Incorrect assessment of incomes had led to many under serving households managing to corner the benefits meant for the genuinely poor tribals.

8.48 An evaluation study conducted by the PEO of the Planning Commission in its Report (1985) also revealed that out of a

sample of 1170 beneficiaries selected, as many as 202 were already above the poverty line. Another evaluation of the programme carried out by the Deptt. of Rural Development also showed that 'the benefits went predominantly to the less poor'.<sup>21</sup>

8.49 It is essential to ensure that the benefits of the anti poverty programmes reach first to those households which are already below the poverty line and even amongst them priority should be given to the 'poorest of the poor'.

#### **Identification of Projects/Schemes for Beneficiaries :**

8.50 Any economically viable scheme having favourable Incremental capital output ratio(ICOR) can be taken up under the programme in primary, secondary and tertiary sectors. However, the schemes chosen for the families should match the needs and aptitude of the family and the local resource profile. The principles governing the selection of schemes should be as follows :

- (i) The choice of the selected family for the schemes to the extent possible,
- (ii) The existing aptitude and technical skills or the scope of acquiring other skills by the family,
- (iii) Backward and forward linkages available or proposed to be made available for the successful operation of the scheme".<sup>22</sup>

While selecting the schemes the nature of infrastructural support, and backward and forward linkages available in the area should be kept in view, as schemes launched in disregard of these have less chances of success.

8.51 In the actual operation of the Programme at the grass-root level, it was found out that the schemes were identified for the beneficiaries not on the basis of their needs and aptitude,

but on the basis of scheme-wise target fixed for different Gram Panchayats and the concerned banks. The G.P. in turn simply distributed them among the beneficiaries irrespective of their suitability to the needs, skills and aptitude of the beneficiaries. The beneficiaries also made applications for any scheme simply to avail the subsidised loan assistance.

8.52 The official respondents also agreed in varying degree, on the question whether the schemes identified for the beneficiaries were unsuitable. This becomes clear from the following table :

**Table 8.13: Distribution of Official Responses regarding unsuitability of identified Schemes of Beneficiaries**

Response	Panchayat (N = 19)	Bank (N = 20)	Govt. Servants (N = 23)	Altogether (N = 62)
Often	05(26.32)	06(30.00)	04(17.39)	15(24.19)
Sometime	07(36.84)	10(50.00)	07(30.43)	24(38.71)
Rarely	04(21.05)	02(10.00)	05(21.74)	11(17.24)
Never	03(15.79)	02(10.00)	02(08.70)	07(11.29)
No response	-	-	05(21.74)	05(08.07)

The table shows that while 80.14 per cent of 'altogether' official respondents 'agreed', though with various degree, regarding the unsuitability of the identified schemes according to the tribal needs and aptitude, only 11.29 per cent denied it by responding 'never'. The bank personnel were found more critical and 90 per cent viewed faulty schemes thus identified for the beneficiaries. Consequently, it was found out that the beneficiaries who received cash assistance changed over from their initially approved schemes to another which, in turn, became economically unviable or technically unfeasible. This resulted in the failure of the schemes and landed the beneficiaries into debt-trap.

8.53 Moreover, the officials at all level - G.P., block, district, and above - were found more keen about fulfillment of their target of different schemes officially fixed in terms of physical and financial achievement in a particular year. The table below shows the official views on the question whether target chasing tendency of the programme existed among executing authorities regarding the number and nature of schemes.

**Table 8.14: Distribution of Official Responses regarding Target Chasing Tendency**

Responses	Panchayat (N = 19)	Bank (N = 20)	Govt. Servants (N = 23)	Altogether (N = 62)
Mostly	15(78.95)	10(50.00)	13(56.52)	38(61.29)
Somewhat	04(21.05)	07(35.00)	04(17.39)	15(24.19)
Not at all	-	01(05.00)	01(04.35)	02(03.23)
Not known	-	02(10.00)	05(21.74)	07(11.29)

The table shows that more than 85 per cent of officials in 'altogether' category agreed with the existence of the target chasing tendency among the executing agencies in matters of selection of beneficiaries and their schemes relating to family oriented assistance. The Panchayat members who were primarily associated with the identification of specific schemes also 'mostly' agreed(78.95 per cent) being guided by the targets fixed for different schemes officially. It may be noted here that the target chasing tendency by the executing agencies, however, counteracted the needs, skill and aptitude of a beneficiary in a specific scheme. Due to the general pre-occupation of the officials to achieve targets, the interest of the beneficiaries have been overlooked. This has reduced the IRDP to a pathetic 'number game'. The beneficiaries also found little scope to select schemes according to their preferences because of already fixed up targets or as a result of already exhausted particular

schemes among the number so fixed in the target. The officials also pointed out that the beneficiaries were also guided by the higher quantum of loan in the selection of schemes on their own in disregard of their skills. Thus they simply resorted to other schemes.

8.54 The reasons provided by the officials regarding the defects in the identification of the schemes for the beneficiaries may be summarised as : (i) a result of exhaustion of particular scheme preferred by the beneficiary due to the specific quota fixed for a G.P. or a bank, and hence switching over of beneficiary to other schemes, (ii) the official tendency to fulfill the target fixed by the higher authority, (iii) beneficiaries themselves opted for another scheme having higher project cost primarily to avail more loan and more subsidy benefit, in disregard of their own needs and aptitude, etc.

8.55 It may therefore be suggested that while selecting the schemes for the beneficiaries, more emphasis requires to be laid on their specific needs, skills and aptitude rather than official targets. A systematic survey and planning for selection of actual beneficiaries below the poverty line and for ascertaining their specific needs skills in particular schemes, the suitability of the schemes with local resources etc., should be carried out beforehand in order to make the poverty alleviation programme more meaningful. List of prospective beneficiaries with corresponding suitable schemes should be prepared reasonably before the assistance is provided. The 'Master List' as prescribed in the guidelines of the Deptt. of Rural

Development<sup>23</sup>, should be prepared, approved and circulated to all concerned and always referred to it before sponsoring the application of any beneficiary or for his schemes.

#### **The Applications for Loan Assistance :**

8.56 The prescribed application forms for the loan assistance under the programme are usually available from the Gram Panchayat, the Panchayat Samity or block offices etc. But generally, the tribal beneficiaries avail these forms from the offices of the G.P. and get them filled up and sponsored with the help of elected members or other government servants of the G.P.

8.57 The following forms, papers etc. are required to be filled up and submitted by a tribal applicant :

- (i) Four copies of Application forms for Medium term Project Loan and Subsidy,
- (ii) Two Margin Money loan Application Forms,
- (iii) Two copies of Life Insurance Corpn. Application Forms,
- (iv) One copy of Vikas Patrika,
- (v) Four copies of passport sized photographs of tribal applicant,
- (vi) Four copies of proposed schemes showing details of Project-costs.

8.58 These application forms are generally available printed in regional languages (in Bengali for the ITDP areas and outside in the plains and in Nepali in the hills of the district), free of any cost or fees.

8.59 In this context it was informed by the tribal respondents that they had to depend upon others for filling up so many forms because of their illiteracy and ignorance. Even though who were literate, could not fill up these by themselves either because of

lack of knowledge of Bengali in which the forms were generally made available or to avoid possible mistakes in different entries in the forms. Therefore, they usually got these forms filled up by the Secretary or the Job Assistants or other members of the Gram Panchayats. Some of the applicants pointed out having paid money either for getting the requisite forms or getting them filled up. It was also pointed out that getting passport sized photographs for the purpose also landed them in financial constraints.

**The Procedure followed for Loan Sanction :**

8.60 The applications for such assistance are sponsored by the Gram Panchayats to the Panchayat Samity for their approval. The approved applications are then transmitted to the concerned financial institutions or banks which in their turn sanction them after detail scrutinisation, assessment of viability of proposed schemes and the inspection of the beneficiaries. After the sanction, the concerned bank claims the admissible subsidy component from the DRDA and Margin Money Loan component from the West Bengal SC and ST Development & Finance Corpn. On receipt of these components the loan assistance are disbursed to the beneficiaries. The bank managers have the responsibility of processing loan applications thus sponsored by the B.D.O. or the Panchayat Samity without delay.

8.61 Regarding this, it was found out that most of the applications of the beneficiary respondents, i.e., 100(76.92 per cent) out of 130 were sponsored and sanctioned at the initiative of the Gram Panchayats. Rest of them could avail the assistance at the initiative of the government servants of blocks(like

V.L.Ws etc.) and other departments, personnel of financial institutions etc. This implies that the Panchayati Raj Institutions in the sub-division, and therefore in other parts of the State, have been the major Institutions for sponsoring the anti-poverty subsidised loan cases.

#### **Disbursement of Assistance :**

8.62 Disbursement of the assistance is made by the concerned bank subsequently on one, two or more convenient dates depending upon the number of beneficiaries to be assisted. Assistance can be made available either in cash or kind or both. The subsidy along with loan can be provided in cash or kind (income generating asset).

8.63 According to the IRDP manual the assets procured should be of standard quality, at economic prices, and to the satisfaction of the beneficiary. It is the responsibility of the DRDA to make assets available to the beneficiary on these principles. In order to ensure this, Purchase Committee should be set up comprising the beneficiary, representative each of the Agency, the financing institution, the concerned department, Panchayat and a public representative of SCs or STs. To the extent possible, all the assets should be purchased through the Committee.<sup>24</sup> The assets should be marked or branded to check the misutilisation or transfer of the assets. This is also necessary in the eventuality of filing insurance claim and physical verification of assets etc.<sup>25</sup>

8.64 The respondent tribal beneficiaries, however, expressed certain difficulties faced during the whole process of getting the project sanctioned and actual procurement of assistance or

assets. Some of them are pointed out here.

8.65 The following table depicts the frequency of the approaches made by the beneficiaries to the actual procurement of the assistance or assets. This also included visiting market with Purchase Committee.

**Table 8.15: Distribution of Respondent Beneficiaries regarding Frequency of Approaches to avail loan Assistance**

Frequency of approaches	No. of respondents (N = 130)
1 - 5	85(65.38)
6 - 10	27(20.76)
11 - 15	06(04.62)
16 - 20	06(04.62)
21 & above	06(04.62)

It may be observed from the table that 65.38 per cent of tribal beneficiaries had to approach at least up to five times for availing assistance, while 20.76 per cent for about ten times. But there were 13.86 per cent of beneficiaries who had to approach to avail their assistance or assets for 11 to more than 21 times. This caused serious strains in physical, financial and psychological terms on the part of the poor, illiterate and ignorant tribals. This also resulted in the loss of wages on several occasions due to absence from daily wage labour.

8.66 Moreover, the beneficiary-tribals also informed to have incurred other financial expenditures during these processes. The following table shows the extent of financial expenditures incurred, in addition to loss of their daily wages in the whole process. The amount spent shown in the table include cash paid on getting and filling up application forms, cash paid on, before or after procurement of assistance to some of the members of panchayats, banks, govt. servants or any of them, and also expenses on transports etc. Loss of wage was primarily because of

working hours of banks, and expenses on transport because of distant location of Banks. The designated banks for Putimari, Kalamjot, Nunujot and Mirjangla were situated at a distant of 5 Kms. to 20 Kms.

**Table 8.16 : Distribution of Beneficiaries regarding extra-Amount spent on Availing Assistance**

Amount spent (in Rs.)	No. of respondents ( N = 130)
NIL	28(21.54)
1 - 100	47(36.16)
101 - 200	23(17.69)
201 - 300	10(07.69)
301 - 400	09(06.92)
401 - 500	09(06.92)
501 & above	04(03.08)

It may be seen from the table that except 21.54 per cent of beneficiaries, all other spent some amount of money or other in getting the assistance. While 36.16 per cent spent an amount below Rs. 100, other 3.08 per cent spent more than Rs. 500. Although, amount spent on transport and communication could be justified, for others for procuring application forms, getting them filled up, or entertaining the official members while getting the assistance on, before or after the sanction, were never. This also shows the extent of corruption in the implementation of anti-poverty programme. It may further be pointed out that some of these unjustified expenditures could have been minimised, if the application forms were also made available in Hindi, in addition to Bengali. The tribals having knowledge in Hindi could have filled up the forms by themselves.

8.67 The problems faced by the beneficiaries in the whole process of sanction and procurement of the assistance or assets under the programme can be summarised as : (i) non-co-operation of the panchayat and bank officials, (ii) loss of daily wage in

addition to amount spent on transport and communications etc., (iii) non-receipt of full sanctioned amount from the banks, (iv) inadequacy of fund when actually needed for the utilisation in project because of disbursement in several instalments, (v) more price paid by the Purchase Committee for the kind or assets so procured, (vi) poor quality of kind so procured, (vii) money paid to the officials, the mediators and others, (viii) others like procedural delay in sanction and disbursement of assistance or assets, (ix) unavailability of fodders and other inputs in time, (x) reliance on mediators, and agents etc.

**The Officials' Perceptions :**

8.68 The official respondents were also sought about the beneficiaries -allegation regarding the delayed sanction and disbursement of the assistance or the assets under the programme. The following table shows the official responses on the maximum possible time taken in the sanction and disbursement of assistance to the beneficiaries.

**Table 8.17: Distributions of Official Responses about Time taken in Sanction & Disbursement of Assistance**

Time (in months)	Panchayat (N = 19)	Bank (N=20)	Govt. Servants (N = 23)	Altogether (N = 62)
1 - 3	06(31.58)	14(70.00)	07(30.43)	27(43.55)
4 - 6	08(42.10)	05(25.00)	05(21.74)	18(29.03)
7 - 9	05(26.32)	01(05.00)	02(08.70)	08(12.90)
10 - 12	-	-	03(13.04)	03(04.84)
13 & above	-	-	-	-
Not known	-	-	06(26.09)	06(09.68)

8.69 From the table it appears that about 72.58 per cent of the officials in 'altogether' category opined that a loan application under the anti-poverty programme took a maximum possible time of six months in its receipt, process, sanction and disbursement. It was also pointed out, particularly by the bank

personnels, that most of the applications sponsored towards last quarter of the financial year got sanction quickly, Margin money and subsidy components were released without much delay and disbursements were also made immediately, in order to achieve the physical and financial targets laid in the Annual Action Plans. The number of loan cases processed and disbursed was also higher in comparison to earlier quarters of the year. However, they also pointed out that there had been some cases which were delayed in the processing and disbursement particularly towards the initial years of the Programme due to the reasons like (i) absence of clear guidelines and instructions, (ii) reluctance of bankers, (iii) delay in release of other components of loans, etc. The delay was also caused during the years 1986 - 88 due to disturbances in the hill areas comprising district head-quarter because of GNLFF agitation when effective co-ordination among the different organisations involved in the Programme could not be ensured. Moreover, some officials of all category also expressed the possibility of delay caused due to strict adherence to rules, and lengthy and cumbersome procedure in the processing and disbursement of assistance or assets. On this, however, the officials responded with variations - 16(25.81 per cent) and 30(48.39 per cent) accepted this as 'mostly' and 'somewhat' respectively. On the other hand 08(12.90 per cent) denied it and rest did not respond.

8.70 Further, the informations were sought from the bank personnel regarding delay, if any, in matters of release of margin money and subsidy components of the loans by the concerned organisations. These informations were sought only from bank

respondents obviously because they knew the actual time taken for the release of these components after being claimed. The bank personnel were also asked if delay was caused in the disbursement of bank loan component and lengthy paper works. The responses received have been tabulated hereunder :

**Table 8.18: Distribution of Bank Official Responses regarding Delay in release and disbursement of various Components of Assistance (N = 20)**

Responses	Margin Money	Subsidy	Bankloan	Documentation
Often	14(70.00)	01(05.00)	-	01(05.00)
Sometimes	05(25.00)	12(60.00)	12(60.00)	04(20.00)
Rarely	-	07(35.00)	07(35.00)	05(25.00)
Never	01(05.00)	-	01(05.00)	10(50.00)

It may be observed that about 95 per cent of bank personnel viewed delay in the release of Margin Money component. In regard to subsidy, however, delay was only 'sometimes'(60.00 per cent) and 'rarely'(35 per cent). However, the bank officials also hoped a change for better in matters of release of subsidy because of establishment a new DRDA office in Siliguri exclusively for this sub-division within Darjeeling district since June 1990.<sup>26</sup> Similarly, a separate office of West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corpn. has recently started functioning in Siliguri which may further help in reducing delayed time in the release of the Margin Money. Regarding release of bank share of assistance, it was stated that this component is never released separately but proportionately along with other components. This was also confirmed with the Loan ledger of some of the banks. In regard to the question lengthy paper works was a delaying factor in disbursement of assistance while 50 per cent of bank personnel accepted it other 50 per cent denied it.

8.71 The official respondents also expressed their views on beneficiaries claim of non-disbursement of full sanctioned amount of the Project. As some of the beneficiaries had claimed of receiving cash or kind equivalent to only subsidy and/or Margin Money. The responses received on this from the officials are presented in the table :-

**Table 8.19: Distribution of Official Responses about Non-Disbursement of Full Sanctioned Amount of the Project Assistance**

Responses	Panchayats (N = 19)	Bank (N = 20)	Govt. Servants (N = 23)	Altogether (N = 62)
Often	-	-	-	-
Sometimes	03(15.74)	-	02(08.70)	05(08.06)
Rarely	04(21.05)	01(05.00)	02(08.70)	07(11.29)
Never	06(31.58)	16(80.00)	05(21.74)	27(43.55)
No response	06(31.58)	03(15.00)	14(60.86)	23(37.10)

On this problem, it may be observed, that 43.55 per cent of officials of 'altogether' category and 80 per cent of 'bank' personnel categorically denied the allegations. The 37.10 per cent of 'altogether' officials made 'no responses', 8.06 per cent and 11.29 per cent apprehended about such occurrence 'sometime' or 'rarely'.

8.72 The official respondents also expressed their views on the beneficiaries allegations that poor quality of kind or assets supplied to them under the programme. The official responses on this will be seen in the table :-

**Table 8.20: Distribution of Official Responses regarding Poor quality of Assets**

Responses	Panchayats (N = 19)	Bank (N = 20)	Govt. Servants (N = 23)	Altogether (N = 62)
Often	01(05.26)	-	03(13.04)	04(06.45)
Sometimes	03(15.79)	01(05.00)	06(26.09)	10(16.13)
Rarely	07(36.84)	04(20.00)	04(17.39)	15(24.19)
Never	02(10.53)	09(45.00)	02(08.70)	13(20.97)
No response	06(31.58)	06(30.00)	08(34.78)	20(32.26)

It may be observed from the table that while 32.26 per cent of all officials did not make any response. 20.97 per cent denied the disbursement of poor quality of assets because (i) quality certificate was given by the Veterinary Surgeon in case of livestock assets, (ii) supply of quality kinds from an authorised or licensed dealer through Delivery Orders, (iii) beneficiaries themselves selected or arranged for purchase from wherever they liked. But 29(46.77 per cent) agreed to some extent and pointed out some of its reasons as (i) assets were independently procured by the beneficiaries from wherever they wanted, (ii) availability of kinds in the market on the date of visit of Purchase Committee for the purpose, (iv) the escalation of price of the assets which could not be purchased within the limits of the old project cost, (v) sub-standard quality supplied by the unscrupulous agents and middlemen, (vi) underfinanced by the financial institutions, etc.

**Project Utilisation :**

8.73 The following table provides the distribution of beneficiary tribal households according to the purposes of the schemes or projects for which loan assistance were sanctioned initially.

**Table 8.21: Purposes of Assistance wise Distribution of Beneficiaries**

Purposes of loan assistance	No. of households (N = 130)
Agriculture	30(23.08)
Animal Husbandry	52(40.00)
Fisheries	05(03.85)
Small Business	26(20.00)
Small Industries	01(00.77)
Others	16(12.30)

It must be noted at the outset that in the above table 25 households procured two or more schemes; agriculture loans included both Medium Term and Short Term crop loan assistance; and 'Other' purposes included the households which were provided with two or more M.T.Loan cases. It may be observed from the table that the main areas covered by the different IRDP schemes or other family oriented programmes were Animal Husbandry(40.00 per cent) and others. All these mostly comprised schemes like milch cattle, piggery, goatery, ploughing cattle, fisheries, vegetable business etc. Moreover, the agricultural loans included also the beneficiaries who availed single or double or more assistance of short term crop loan. Similarly, the other 12.30 per cent tribal families also availed two or more assistance under supplementary dose or under treatment of family as unit.

8.74 The emphasis on the animal husbandry was mainly due to the belief that these were mostly suitable for the marginal farmers and landless labourers of the tribal communities. But in most cases these projects failed to raise the income of the tribal beneficiaries above the poverty line. They faced the problems of non-availability of fodders, or costly fodders, inadequate veterinary services, poor quality of livestock, the

loss of livestock either due to mortality or stealing or sale. The schemes for promotion of small business or cottage industries also showed poor results due to the shortage of raw materials, lack of infrastructural facilities or entrepreneurial skills amongst the tribal community.

8.75 These assistance were made available to the beneficiaries either in cash or in kind or in both. Because the subsidy along with loan can be given to the beneficiary in cash or in kind (income generating assets).<sup>27</sup> It was found out that the assistance were provided to 69 (53.08 per cent) in cash, 9 (6.92 per cent) in kind and 52 (40.00 per cent) in both cash and kind out of an all 130 tribal beneficiaries. This implies that the households which received assistance in cash could utilise the cash to undertake the schemes for which the loan was initially sanctioned or intended for or even for other than the sanctioned purposes.

8.76 The table below shows the purposes for which the loan assistance were actually utilised for by the tribal respondent households.

**Table 8.22 : Distribution of Beneficiaries describing actual utilisation of Assistance.**

Description of utilisation of the assistance.	No. of beneficiaries (N = 130)
For the sanctioned purposes	68(52.31)
For other than the sanctioned purposes	26(20.00)
Partly for the sanctioned and partly for other purposes	36(27.69)

It will be seen from the table that only 52.31 per cent of tribal families had undertaken the same purpose for which the loans were initially agreed upon. On the other hand, 20 per cent used completely for other purposes while the rest 27.69 per

cent only partially utilise the given assistance for the purposes.

8.77 The purposes for which the beneficiaries utilise the assistance for other than the sanctioned ones can be summed up as : (i) used for other income generating schemes, (ii) used for consumption and ceremonial purposes, (iii) used for the payment of the old debts, (iv) used for meeting urgent medical needs, (v) crop loans were consumed due to untimely and late receipt and others.

8.78 It will be seen from the following table that there had been no uniform method followed in the disbursement of project assistance to the beneficiaries. The 37.10 per cent of the 'all' officials and 50 per cent of the 'bank personnel' responded that first the cash assistance is disbursed and later the possession of kind/assets are ascertained by the post-disbursement inspection. While 12.90 per cent of 'all' officials informed of cash disbursement without ascertaining possession of kinds. Most of the Commercial Banks like SBI, CBI, UBI, IOB etc. located in the Siliguri town but having service area in distant tribal mouzas disbursed cash assistance without ascertaining possession of kinds. This implies that the beneficiaries had the scope of utilising the assistance for the purposes other than the sanctioned ones. On the other hand, 24.19 per cent of all officials informed of arrangement and production of kinds to be possessed was insisted by the financing institutions before the disbursement of the cash. This was also confirmed by the beneficiaries who received them in like manner. The

beneficiaries also informed that the method compelled them to hire kinds from their relatives, friends or middlemen in order to show them to the disbursing institutions to avail the assistance. The method contributed in the growth of middlemen, extra-financial constraints of the borrowers for paying hire-charge, transport fare etc. This encouraged the fake-purchases which were also identified during the field investigation. Among other methods were disbursement of assistance in kind through the Purchase Committee constituted for the purpose, through the Delivery Order or through agents, authorised or licensed dealers or on production of purchase Bills, cash or credit memos etc. In this method also the growth of middlemen can be traced who could easily exploit the beneficiaries by charging commission. Some dishonest beneficiaries were easily succumbed to this type of exploitation..1s1

**Table 8.23 : Distribution of Official Responses about Methods of Disbursement of Assistance.**

Sl. No.	Methods of disbursement	Panchayat Bank (N = 19)	Govt.Ser. (N=20)	Altogether (N=23)	(N=62)
1.	First cash is disbursed & later purchase of kind is ascertained.	08(42.10)	10(50.00)	05(21.74)	23(37.10)
2.	First kind is to be produced & then disbursement of cash is made	07(36.84)	02(10.00)	06(26.09)	15(24.19)
3.	Cash is disbursed without ascertaining kinds.	01(05.26)	03(15.00)	04(17.39)	08(12.90)
4.	Others	03(15.80)	05(25.00)	08(34.78)	16.25.81)

8.79 Most of the animals procured under the arrangements made by the Purchase Committee were stated to be very poor in quality. Most of them lost their animals due to high mortality rate or sold them off due to extreme adverse conditions. The cases of stealing of the livestocks were also reported due to the lack of

infrastructural facilities.

8.80 It may, therefore, be suggested, following the latest guidelines of the Deptt. of Rural Development, that reliance can be placed on good sense of the beneficiaries in purchasing of assets subject to some safeguards. Disbursement of money in cash to a beneficiary improves his bargaining power. This further reduces delays and other malpractices prevalent in the present disbursement system. Further, it should not be made necessary for the beneficiary to produce cash memos, invoices, vouchers etc. to the bank and only a utilisation certificate given by him should suffice. Regarding the purchase of animals the present Purchase Committee should be dispensed with. The beneficiary should be allowed on his own to select an animal of his choice and make payment to the supplier against cash receipt. A rural or tribal borrower can himself assess the quality of an animal and buy the best available at a suitable price according to his own choice. However, the acquisition of animal by the beneficiary should be verified by the field officers of the bank within a month of purchased period.<sup>28</sup>

#### **The Instalments of Assistance Disbursed :**

8.81 The disbursement of assistance were made in a number of instalments by the participating financial institutions or banks with a view to ensuring the proper utilisation by the target group beneficiaries. The table below shows the distribution of the beneficiaries according to the number of instalments of assistance they received.

**Table 8.24 : Instalments of Assistance wise Distribution of Beneficiaries.**

No. of instalments	No. of Beneficiaries (N = 130)
One	47(36.15)
Two	36(27.69)
Three	31(23.85)
Four	11(08.46)
Five and Above	05(03.85)

8.82 The table shows that 36.15 per cent of tribal respondents had received the loan assistance in a single instalment and 27.69 per cent in two. However, 36.16 per cent of the beneficiaries received them from three to more than five instalments. During the field investigation in Sadhramjot and Panchakalguri ITDP mouzas it was found out that for a piggery scheme of Rs. 9,100, the beneficiaries received in four instalments (Rs. 600 + Rs. 1,000 + 6 piglets in kind + 3 packets of fodder in kind). The beneficiaries felt that they did not receive assistance and assets equivalent to sanctioned amount. The assets were mostly poor in quality. The banks could not make the instalments available in the needed time. This limited the initiative of the beneficiaries in bargaining to find the asset or kinds of their choice, on proper price from other sources etc. The beneficiaries had lost interest in carrying out the schemes properly. In other words, it may be said that procurement of loan assistance in more than three, if not two, instalments frustrated the proper working of the project.

**The Size of the Loan Assistance :**

8.83 The size of the loan to the beneficiary should be determined by the requirements of the project. Under financing or part financing by reducing loan amount to match it with the subsidy ceiling should not be resorted to.<sup>29</sup> Moreover, the size

and the number of schemes should be determined in relation to the income gap required to be covered to bring the family above the poverty line. Where this objective can be achieved through different alternative activities the less costly alternative should be preferred so that optimum use of the available resources can be made.

8.84 The following table shows the size of loan assistance invested per households under such anti-poverty programmes. This shows the actual amount received by the households irrespective of total sanctioned amount.

**Table 8.25 : Size of Loan Assistance wise Distribution of Beneficiaries.**

Total amount of Project Assistance made (in Rs.)	No. of Beneficiaries (N = 130)
1 - 1000	15(11.54)
1001 - 2000	36(27.69)
2001 - 3000	29(22.31)
3001 - 4000	10(07.69)
4001 - 5000	17(13.08)
5001 - 7000	05(03.85)
7001 - 10000	06(04.61)
10001 & Above	12(09.23)

It may be observed from the table that over the years the size amount invested per household had been mostly small. 11.54 per cent of beneficiaries had only an investment of a meager amount of Rs. 1,000 or less per household. The assistance generally included crop loans received by the beneficiaries belonging to the categories of bargadars, assignees of vested land, small and Marginal farmers of this community. It may also be observed from the table that most of the beneficiaries(82.31 per cent) received an investment ranging up to Rs. 5,000 only. In other words, the remaining 17.69 per cent only could get the investment of Rs. 5,001 and above. On an average, it may be computed that Rs.

3,526.92 p. had been invested per family.

8.85 It implies that with such a low investment per household, it becomes very difficult to generate family income on a perpetual basis. The assistance in true sense was very inadequate. This was also realised by the Deptt. of Rural Development, Govt. of India, which observed that "families received inadequate assistance in the Sixth Plan and were not able to cross the poverty line for no fault of their own. They would be given supplementary assistance in the Seventh Plan".<sup>30</sup>

8.86 The per capita investment under the IRDP on ST families over the period 1985-89 was lower than the per capita investment on non-SC/ST families by Rs. 743/-. Further the average investment in respect of ST families during this period including loan and subsidy, was only Rs. 3,481. It has now been accepted, under IRDP, that in order to enable the beneficiaries with initial income of less than Rs. 4,800 per annum (the eligible group) to cross the poverty line, the investment should be of the order of Rs. 8,000 per family at 1988-89 prices. The investment actually achieved in respect of ST beneficiaries over the period 1985-88 was substantially lower.<sup>31</sup>

#### **The Schematic Integration :**

8.87 The general infrastructural support to the activities under the programme should come from the regular sectoral departments of the states. The infrastructural activities should be such as to ensure better utilisation of assets provided to IRDP beneficiaries. The Study Team on Implementation of Tribal Development Programmes during the Medium Term Plan (1978-83) suggested that there should be proper integration of schemes in

such a way that one scheme logically follows another and then become complementary to one another.<sup>32</sup> Provisions for backward and forward linkages should be made available for the successful operation of the schemes.

8.88 It was found out during the field investigation that there was absence of all weather roads linking the ITDP mouzas of Palash, Mirjangla, Mainaguri, and Fulbari chhat, with the nearby markets to provide forward linkages for the marketability of their agriculture produces, vegetables etc. Similarly, 42 beneficiaries (32.31 per cent) could only receive backward linkages of follow up assistance, to their schemes on agriculture, animal husbandry, fisheries and village industries in terms of supply of necessary inputs. In other words, no backward linkages were provided in case of most (67.69 per cent) of the beneficiaries schemes. The absence of backward linkages were more pronounced in regard to schemes relating to livestock rearing like piggery, goaterly, milch-cattle etc. which led to poor health and high mortality rate. This will be presented in the following table :

**Table 8.26 : Distribution of Beneficiaries regarding Nature of Schematic Linkages Available for their Projects.**

Nature of Schematic linkages available (N=62)	No. of Beneficiaries
Agriculture Minikits and other inputs	11(08.46)
Veterinary Services	16(12.31)
Infrastructural supports	10(07.69)
Others	05(03.85)
Without any linkages to the schemes	88(67.69)

8.89 On the question whether there was absence of integration among the different schemes, views were also expressed by the official respondents. It will be seen from the following table that though 16.13 per cent of all officials denied this, 35.48

per cent and 38.71 per cent agreed about 'mostly' or 'somewhat' absence of the supportive assistance in the form of backward-forward linkages. This affected the successful operation of the schemes.

**Table 8.27 : Distribution of Official Responses about Absence of Schematic Integration.**

Responses	Panchayats (N = 19)	Banks (N=20)	Govt. Servants (N=23)	All. (N=62)
Mostly	04(21.05)	09(45.00)	09(39.13)	22(35.48)
Somewhat	12(63.16)	04(20.00)	08(34.78)	24(38.71)
Not at all	02(10.53)	06(30.00)	02(08.70)	10(16.13)
No response	01(05.26)	01(05.00)	04(17.39)	06(09.68)

**TRYSEM (Training of Rural Youths for Self Employment) :**

8.90 The process of skill endowment under TRYSEM to members of target groups is an integral part of IRDP. The training under TRYSEM are, therefore, provided on the basis of actual need and requirement. The identified youths are to be put through a period of training under an institution or a master craft-man to provide necessary technical and entrepreneurial skills. On the successful completion of training, he is to receive an income generating asset or assistance under IRDP.

8.91 It was found out in the sample of beneficiaries that only 11(8.46 per cent) had received training to upgrade necessary skills in the Fisheries Development Programme. On the successful completion of the training, the tribal youths were provided with project assistance for fisheries development with all infrastructural supports for self employment on a cluster basis, in Mainaguri ITDP mouza. In addition to this, fisheries programme on community and individual basis were also provided in the ITDP mouzas of Putimari and Fulbari chhat.

8.92 In Mainaguri ITDP area, 9 fisheries ponds were constructed by the FFDA through the contractors and handed over to the trainees. The problems and prospects in carrying out these pisciculture were observed from the experiences of these beneficiaries. It was found out that the trained beneficiaries were deeply motivated and interested to carry out the schemes. Initially, they were provided with all required inputs, e.g., the skills and technical knowhow under TRYSEM, fish-ponds, fish-fingerlings, fishfeeds, lime, fertiliser, nets etc. Everything went on smoothly. The District Fisheries Officer, Fisheries Extension Officers, Project Officers, ITDP, Pradhan, Gram Panchayat etc. made the visit in a team at the commencement of the Programme. This was publicised with all enthusiasm. However, the problems started cropping up even before the completion of a year of the projects. The beneficiaries summed up these as : (i) poor and inadequate infrastructural facilities because fish-ponds were not dug up deep; consequently needed water level was not available through out the year, as they were dug up during the monsoon, (ii) lack of inputs, (iii) lack of veterinary and other extension service, etc., as per promises and guidelines given during the training period. The Fisheries Extension Officers did not visit to sort out the problems in spite of several requests made through the Pradhan of the G.P.

8.93 Therefore, it was found out that a very promising scheme failed at the very initial 'culture period' simply due to the lack of schematic integration and absence of follow up action taken by the administration. The newly acquired skills by the trainees under the TRYSEM could not get sufficient scope for its

proper utilisation.

8.94 The problem was also reported by the respondents of Putimari where a community oriented pisciculture was introduced. The community fish-pond was partly washed away in heavy rain during monsoon. The administrative help for reconstruction was sought for; but no official cared for it and not even paid a visit to see the damaged site.

8.95 The officials from the concerned FFDA were also sought to give their perception on this which are summarised as (i) the lack of follow up supervision was due to the problem of conveyance, transport and communication in remote tribal areas, (ii) lack of beneficiaries involvement in the project. The beneficiaries think the schemes as if of government and not of themselves. They want every aspect of the project to be assigned and financed by the government and not to be contributed by themselves. In this context, it was also pointed out by one of the Fisheries Extension Officers that the beneficiaries looked for cash even for cowdung provided by them to be used for their own projects.

8.96 It was also found out that two tribal women were trained in tailoring under TRYSEM programme. However, even in this case, lack of follow up and other backward-forward linkages to ensure that the trainees continued to use their newly acquired skills on commercial basis, either by getting orders for sewing garments or by way of forward linkages with production centers or markets, was absent.

8.97 The Commission for SC and ST, in its Report(1985-86) observed "In several parts, the administrative machinery failed

to carry out proper techno-economic surveys of the area in order to determine the schemes that would be more suitable and viable. The selection of trainees was done in a haphazard manner and financing institutions were not generally involved in the identification of the trainees or in the formulation of schemes for them. Targets were generally achieved by launching special campaigns to impress visiting dignitaries and the banks were persuaded or pressurised to publicise loans to the selected candidates. Thereafter, there had been no follow up both in regard to the youth trained under these programme or the households benefited by the loan assistance".<sup>33</sup>

#### **The NREP and RLEGP :**

8.98 The family oriented poverty alleviation programme of income generation through assets and skill endowment, were also supplemented by direct wage employment through public works - the NREP and the RLEGP. The NREP(National Rural Employment Programme) was launched in October 1980 as a sub-component of IRDP and was implemented since then as a Centrally Sponsored Programme. The basic objectives of the Programme were : (i) generation of additional gainful employment for the unemployed and under-employed in rural areas, (ii) creation of productive community assets for the benefits of poverty groups and strengthening rural economy and social infrastructure, and (iii) improvement in the overall quality of life in rural areas.

8.99 The RLEGP(Rural Landless Employment Guarantee Programme) was also another sub-component of IRDP launched on 15<sup>th</sup> August, 1983, with the objectives of generating

gainful employment, creating productive assets in rural areas and improving the overall quality of rural life.

8.100 The preference in these employment Programmes was expected to be given to landless labourers, women, Scheduled Castes and Scheduled Tribes.<sup>34</sup> However, it must be noted that both NREP and RLEGP have been merged together from 1.4.1989 in a national rural employment programme named the JRY (Jawahar Rojgar Yojana).<sup>35</sup>

8.101 The importance of the aforesaid two Programmes lies in the fact that they provided opportunities for additional employment to target group people where they could receive minimum wages both in cash and kind. The programmes had much relevance to the tribal people of the study area because they could derive gainful employment out of these.

8.102 It will be seen from the table below the extent of additional employment provided to tribal beneficiaries these Programmes :

**Table 8.28 : Number of Days wise Distribution of Beneficiaries regarding Additional Wage-Employment.**

No. / Range of days employed	No. of Beneficiaries (N = 130)
NIL	63(48.46)
1 - 10	28(21.54)
11 - 20	32(24.61)
21 - 30	02(01.54)
31 and Above	05(03.85)

It may be observed from the table that only 51.54 per cent of tribal men and women from the respondent families had been provided with additional employment under the Programmes. In other words, no member from nearly half (48.46 per cent) respondent families could get these. Among those who were

employed could be employed only to the extent of 20 days during the whole of about 10 years. Only around 5 per cent could get employment for more than 21 days.

8.103 The opinion of the beneficiaries on the impact of these Programmes were (i) employments provided were of very short duration and failed to generate enough income to create visible impact on their living conditions. (ii) the quality of the food-grains made available as part of wage was not good, etc.

8.104 A Planning Commission evaluation on the working of the Programmes stated, "creation of permanent assets has been pursued as an end by itself. The requirement of generation of wage employment in the pockets of low wages has become subservient to this objective. This is a grave distortion in the Programmes. Because of this the spread of the programme was also very limited".<sup>36</sup>

#### **Project Supervision :**

8.105 For ensuring that the beneficiaries of family oriented projects of IRDP and programmes of other departments cross the poverty line it is not only sufficient to provide him assets through subsidy and loan. The progress of management of his assets for generation of incremental income has to be continuously followed up, monitored and evaluated.

8.106 The follow up of the projects given to the beneficiaries should be done by the DRDA, block officials, other sectoral departments and bankers to see that the beneficiary is properly managing his assets and is able to generate sufficient incremental income. All efforts should be made to remove the difficulties that the beneficiary may be facing.

**Table 8.30 : Frequency of Supervisory visits-wise Distribution of Beneficiaries.**

Frequency of visits	No. of Beneficiary households (N = 130)
NIL	87(66.92)
Once	27(20.76)
Twice	13(10.00)
Thrice	02(01.54)
Four times	01(00.78)
Five and more	-

From the table it will be observed that 20.76 per cent of beneficiaries informed that their ongoing schemes were supervised by the officials only once while in cases of 10 per cent of beneficiaries' projects the official supervision was twice; and more than twice was limited only 3 beneficiaries.

8.109 This implies that no serious efforts was made towards an effective supervision of the ongoing projects. Even if it was done to some extent, by bank officials, they were moved to the fields more by the objective of motivating the loanees for the credit repayment, rather than by looking into the technical problems involved in carrying out the schemes.

8.110 The official respondents also expressed the lack of effective supervision of the ongoing income generating schemes. This gap was visible on the part of implementing staff in spite of the guidelines issued by the government, NABARD, RBI, etc. The inadequacies of supervision can be expressed even by presenting the official responses in the following table, on the question whether supervision & follow up of ongoing schemes were inadequate.

**Table 8.31 : Distribution of Official Responses about inadequacy of Schematic Supervision.**

Responses	Panchayat (N = 19)	Banks (N = 20)	Govt. Servants (N = 23)	Altogether (N = 62)
Mostly	06(31.58)	12(60.00)	08(34.78)	26(41.94)
Somewhat	08(42.10)	06(30.00)	11(47.83)	25(40.32)
Not at all	05(26.32)	01(05.00)	01(04.35)	07(11.29)
No response	-	01(05.00)	03(13.04)	04(06.45)

It will be observed from the table that more than 80 per cent of official respondents agreed with the beneficiaries view about the inadequacies of supervision of ongoing schemes though in varying degree. 11.29 per cent, however, denied this while 6.45 per cent did not respond.

8.111 This implies that while the officials were more enthusiastic about the grounding of the schemes and fulfilling the physical and financial targets of sanctioning and disbursement of schemes, they were equally unconcerned about the supervision and success.

#### **Credit Realisation :**

8.112 Loans under IRDP are treated as Medium Term Loans. The repayment period of this loan should be normally 3 to 5 years. Instructions to this effect have been issued to all financial institutions by Govt. of India, RBI and NABARD. However, it has been observed that in actual practice some banks did not adhere to these guidelines. There were instances where the period of repayment prescribed by banks was less than 3 years. The tight repayment period was one of the main reasons for non-viability of the schemes. It is, therefore, necessary that the repayment schedule should be so drawn by the banks as to provide a recovery holiday during the gestation period of the project.

8.113 The beneficiaries under IRDP have to repay the loans from the incremental income generated out of the productive assets acquired with the help of bank finance and government subsidy. Some of the banks were found to have fixed the number of instalments of repayment of loan in relation to the amount including the subsidy receivable from the government which resulted in the instalments being high and disproportionate to the income generated. Since the borrowers found difficulty to pay the high instalments, there was a tendency to default. This led to the increase in the incidence of overdues. It should, therefore, be ensured that repayment instalments are arrived at on the net loan amount excluding subsidy.

8.114 Moreover, since the recovery of loans is of great importance for recycling of bank funds, the State Governments have to render all possible assistance to the bank officials in recovering the dues from the IRDP beneficiaries.

8.115 It was found out from the beneficiary tribals that 100(76.92 per cent) of them were approached for repayment of loans of their family oriented schemes. But the other 30(23.08 per cent), though knew about the repayment, were never approached. Those who approached were mostly the bank officials, and very few from Panchayats and none from government services.

8.116 The following table gives an idea of nature of repayment of loans made or not made by the beneficiary tribals.

**Table 8.32 : Nature of Repayment wise Distribution of Beneficiaries.**

Nature of Repayments	No. of Beneficiaries (N = 130)
Have been repaying	50(38.46)
Have repaid before but now stopped	40(30.77)
Have not repaid at all	40(30.77)

The table shows that 38.46 per cent of beneficiaries had been repaying their loan instalments. But, 30.77 per cent repaid few instalments initially and stopped repayment afterwards while the another 30.77 per cent never made any repayment.

8.117 Similarly, the following table shows the initial instalment-wise repayment distribution of the target group beneficiaries.

**Table 8.33 : Number of Repayment Instalments wise Distribution of Beneficiaries.**

No. of repayment instalments	No. of beneficiaries (N = 130)
NIL	40(30.77)
1 - 3	50(38.46)
4 - 6	15(11.54)
7 - 9	08(06.15)
10 - 12	06(04.62)
13 & Above	04(03.08)
All at a time	07(05.38)

It may be observed from the table above that 30.77 per cent of beneficiaries never made any repayment of their loans. 50 per cent were found to have repaid the instalments ranging between 1 to 6. Only 13.85 per cent had repaid the instalments of 7 to more than 13. It is also important to note that 7(5.38 per cent) paid their total loan amount at a time in a single instalment.

8.118 The foregoing analysis imply that (i) Bank officials visited most for credit repayment obviously for the reason that it was a regular part of their duties. But the officials from other organisations equally shared the responsibility of

identifying the beneficiaries, their schemes, disbursement of loan assistance etc. but except Gossaipur G.P.(which includes 'Putimari') others had a very negligible role in motivating the beneficiaries for repayment. Although, the official guidelines expected the all concerned to render all possible assistance to bank officials in recovering the dues from the IRDP beneficiaries.<sup>37</sup> (ii) Only a few beneficiaries had been regularly making their repayment dues while few had defaulted wilfully. (iii) There were some beneficiaries who repaid total amount of loan in a single instalment which indicated that these beneficiaries had either availed the loan simply to take the benefit of subsidy or were compelled by the banks to make quick repayment.

8.119 It was further found out during the field investigation that (i) Five beneficiaries had to sell out their assets even before one year of the procurement in order to make total payment at a time to the insisting bank officials. (ii) One beneficiary's sanctioned amount was adjusted with his father's old dues by the bank at the time of disbursement. (iii) Two beneficiaries loan for buffalo-cum-cart projects, only amount equivalent to the cost of buffalo was disbursed in the first instalment, and the amount of the cart was not paid in the second and the beneficiaries were asked to adjust the remaining subsidy amount with the loans of the first instalment.

8.120 The official respondents, particularly from the banks, also informed about their opinion on different aspects of credit repayments as laid down in the following table :

**Table 8.34 : Distribution of Official Responses about various Problems of Repayment.**

Sl. No.	Repayment questions	R e s p o n s e s			
		Often	Sometime	Rarely	Not at all
1.	Whether repayment of instalments were timely and regular.	01(05.0)	06(30.0)	11(55.0)	02(10.0)
2.	Whether bank issued Repayment Notice to defaulters.	05(25.0)	10(50.0)	04(20.0)	01(05.0)
3.	Whether other organisations co-operated with the banks in the realisation of credits	04(20.0)	04(20.0)	09(45.0)	03(15.0)
4.	Whether the beneficiaries had tendency to default the repayment of loans wilfully	12(60.0)	06(30.0)	02(10.0)	-

It may be observed in regard to the regularity of repayment of loan instalments that only 35 per cent reported of regular repayment in terms of 'often' and 'sometime', 55 per cent found it 'rarely' and 10 per cent denied it. On the question of issue of Repayment of Notice to the defaulters, while 25 per cent bank officials informed these being issued quite 'often', to other 70 per cent these were only 'sometime' and 'rarely'. 5 per cent informed notices were 'not at all' issued. Regarding the co-operation received from other organisation e.g., panchayats, DRDA, ITDP and other government departments in matters of credit realisation the responses of the bankers were of mixed character. While 40 per cent informed being co-operated 'often' and 'sometimes', 45 per cent reported of getting them on 'rare' occasions. 15 per cent denied of such co-operation. Moreover, all the bank officials agreed about the growing tendency among the beneficiaries of willful defaulting of repayment of loans. In addition to these it was also informed that loan assistance were misutilised in a number cases by the beneficiaries which resulted in default of repayments.

8.121 Moreover, the bankers felt that the government scheme to waive the agriculture loans under Agricultural and Rural Debt Relief Scheme, 1990 had very adverse effects on the realisation of non-agricultural IRDP and other loans. The Scheme was frequently misused for political advantages by the panchayat members by discouraging repayment of non-agriculture loans also. The Scheme was also ambiguous as to whether Margin Money Loan was waved or not. It was further disheartening to the honest and sincere beneficiaries who had been repaying the instalments more or less regularly but their amounts were not refunded after being waived. They felt they should not have repaid. Thus the tendency not to repay the IRDP and other loans among the beneficiaries grew. Many sincere beneficiaries also stopped repayment in anticipation of further waiving of other non-agricultural loans. It is rightly observed, "the cumulative loan default situation tried out in India has been the periodical writing off of loan overdues. But this has vitiated the whole atmosphere for recovery of dues and has brought in an element of willful default".<sup>38</sup>

8.122 The following reasons were pointed out for making less or no repayment of credits by the beneficiaries : (i) willful default, (ii) inadequate repayment period, (iii) low investment resulted in low generation of income, therefore less repayment, (iv) failure of assets or assets perished, (v) to meet the consumptional requirements, (vi) expectation of waiving of loans, (vii) financial constraints in family, and others.

8.123 Since it is very essential to recycle the banks fund, the drive for credit recovery must be given equal

importance. It may therefore be suggested that (i) regular recovery camp may be organised with the help of the local panchayats and other government officials, (ii) 'non-banking day' of the week may be used by the Regional Rural Banks for the purpose, (iii) Panchayats should be made equally responsible like the banks for the purpose of credit realisation, as they are also responsible for selection of beneficiaries and disbursement of loans.

#### **Impact of the Credit Assistance under the Family oriented Programmes :**

8.124 An attempt has been made here to find out the impact of family-oriented income generating schemes under anti-poverty programme over the beneficiary tribal families. This has been tried to be explained in terms of additional annual income derived directly from the assets, or assistance procured under the Programme.

8.125 The table below presents the impact of such schemes towards generation of additional family income and extent of raising the poor tribals above the poverty line.

Table 8.35 : Distribution of Beneficiaries regarding Additional Income generated out of Assistance.

Income-groups of families (in Rs.)	Additional income generated by using the schemes/projects (in Rs.)							Total
	NIL(Pro-ject failed)	NIL(Pro-ject existed but no income)	1-500	501-1000	1001-1500	1501-2000	2001 & Above	
1 - 2265	15 (11.54)	01 (00.77)	05 (03.85)	01 (00.76)	-	-	-	22 (16.92)
2266 - 3500	15 (11.54)	05 (03.85)	07 (05.38)	03 (02.31)	01 (00.77)	01 (00.77)	-	32 (24.62)
3501 - 4800	07 (05.38)	03 (02.30)	15 (11.54)	05 (03.85)	03 (02.31)	02 (01.54)	-	35 (26.92)
4801 - 6400	03 (02.31)	02 (01.54)	06 (04.61)	04 (03.08)	02 (01.54)	01 (00.77)	-	18 (13.85)
6401-10000	03 (02.31)	04 (03.08)	01 (00.77)	04 (03.08)	01 (00.76)	01 (00.77)	-	14 (10.77)
10001 & Above	03 (02.30)	01 (00.77)	01 (00.77)	01 (00.77)	01 (00.77)	-	02 (01.54)	09 (06.92)
	46 (35.38)	16 (12.31)	35 (26.92)	18 (13.85)	08 (06.15)	05 (03.85)	02 (01.54)	130 (100.00)

8.126 It may be seen in the table that a total of 62(47.69 per cent) beneficiaries could not derive any income from the project received under the assistance because of either failure of the projects or non-generation of income from the given assets. The 40.77 per cent of beneficiaries derived an additional income up to Rs. 1000 from the projects. Further, 10 per cent beneficiaries could generate an incremental income from the schemes between Rs.1001 to Rs.2000 while only 1.54 per cent acquired more than Rs.2000 as their additional income per annum from the assets.

8.127 Secondly, it may also be seen from table that only 16.92 per cent of tribal destitute families (poorest among the poors) could avail the income generating schemes, but among them also only 6(4.61 per cent) could generate some income from the given schemes. The extent of income generated also limited mostly upto Rs.500 only per annum except only one

destitute tribal family who could generate more than Rs.500. The projects of 16(12.31 per cent) of them failed or perished. This implies that the failure of the schemes forced the poor tribals to incur liabilities and these impoverished them further.

8.128 Thirdly, 15 per cent of beneficiary families among the very very poor tribals could not receive any incremental income from their projects, only 7.69 per cent generated additional income up to Rs. 1000 and other 1.54 per cent between Rs. 1001 to Rs. 2000.

8.129 Further, 35(26.92 per cent) beneficiaries falling under very poor category, only 25(19.23 per cent) could derive incomes; and among other poor families just below the poverty line, only about 10 per cent acquired some incremental income from their respective assets and schemes. Thus, a large number of failure of schemes and very low additional income compelled the poors to incur extra-liability and to live poor. Their condition was further impoverished in comparison to the pre-assistance period. Very few, in the upper segment of the poors, could only derive additional income to be regarded as reasonable to raise them above poverty line. In other words, it may be said that the poor could derive less income, while poorer much lesser and poorest or destitutes least. These suggests that a large amount of assistance needs to be provided for the poors, while much more larger for the poorer and largest for the poorest or destitutes to generate adequate income as to enable them to cross the poverty line. Besides financial provisions, their inner strength, courage, confidence and other support system should also be built up to enable them to take greater responsibility.

8.130 It may also be pointed out from the table that 23 (17.69 per cent) beneficiaries living above the poverty line could also manage to receive the assistance and assets at the cost of other poor non-beneficiaries of their community. Nearly 10 per cent belonging to these above poverty categories could also derive incremental income up to more than Rs.2000 annually from the given schemes.

8.131 This implies that while the family oriented projects succeeded generating additional income only in respect of 52.31 per cent in a meaningful way, they failed in other respect of 47.69 per cent. In regard to raising the poor tribal families above the poverty line, it may be seen in the table that 23 (17.69 per cent) were wrongly identified as poor families. They were above the poverty line even before the procurement of the assistance. Therefore, with respect to these families, raising above the poverty line does not arise. It may be found out that the schemes facilitated in raising not more than 15 (11.54 per cent) of total respondent households above the poverty line. Moreover, during the field investigation it was identified that only 10 (7.69 per cent) families below poverty line could succeed in generating additional income on a permanent basis with the help of their projects on rickshaw, buffalo, bullock cart, milch cattle, ploughing bullocks etc. while others derived only for a temporary period.

8.132 The important reasons of the projects being failed towards generation of gainful family income may be summed up as follows : (i) part or the under-finance of projects by the banks (ii) procurement of poor quality of kinds or assets, (iii)

assets perished, disposed off, stolen or dead (livestocks), (iv) met consumptional requirements from the amount of the project assistance, (v) insistence on repayment by the financing institutions, (vi) deduction of a lump sum amount as repayment by the banks while disbursing second or the subsequent instalments of the assistance making the projects economically unviable, (vii) lack of backward and forward linkages of projects with other schemes, supportive assistance etc., (viii) lack of timely supply of inputs, (ix) lack of skill, aptitude, knowledge and training of the target group beneficiaries in their identified projects, and others.

8.133 The Government manual also observed, 'the evaluation studies on the implementation of IRDP have revealed a number of deficiencies in the actual execution of the programme.' For instance, it has been observed that identification of beneficiaries in most cases was not based on any surveys or regional plans, ineligible persons having annual family income of over Rs. 3500 were selected as beneficiaries; activities financed were not supported by adequate infrastructural facilities and marketing support. Number of beneficiaries were provided assistance for activities like animal husbandry and dairy development without ensuring availability of supporting facilities and norms prescribed by NABARD/RBI regarding gestation period, total period of loan, provision of working capital, and minimum size of unit were not followed. Consequently, a large proportion of beneficiaries have not yet been able to cross the poverty line. <sup>39</sup> It was generally the middle and upper income groups amongst the poverty level households which actually benefited from the schemes.

8.134 The official respondents were also required to give their opinion on the impact of loan assistance provided to generate additional income to the poor families. Their responses to the question whether such programme have succeeded in creating sustained additional income from the assets and assistance have been laid down in the table below :

**Table 8.36 : Distribution of Official views regarding Permanence of Additional Income.**

Responses	Panchayat (N = 19)	Banks (N = 20)	Govt. Servants (N = 23)	Altogether (N = 62)
Mostly	03(15.79)	01(05.00)	01(04.35)	05(08.06)
Somewhat	04(21.06)	08(40.00)	07(30.43)	19(30.65)
Rarely	11(57.89)	05(25.00)	08(34.78)	24(38.71)
Not at all	01(05.26)	06(30.00)	02(08.70)	09(14.52)
Not known	-	-	05(21.74)	05(08.06)

It may be observed from the above table that 48 (77.42 per cent) of the officials from 'altogether' category were of the opinion that the family oriented schemes were able to create additional income though in different degree in the poor tribal households. Only 8.06% of the total officials felt that income generation was sustainable, while other 30.65 and 38.71 per cents opined that these schemes could generate additional income to beneficiary families to the extent only of 'somewhat' and 'rarely' respectively. However, 14.52 per cent categorically denied of such incremental benefits on a permanent basis.

8.135 The officials were, further, sought to specify from their experience about which particular category of tribal households had been mostly benefited by the implementation of the anti-poverty programmes. The official responses in this regard have been presented hereunder :

**Table 8.37 : Distribution of Official Responses about mostly Benefited Families from the Programme.**

Categories of beneficiaries.	Panchayat (N = 19)	Bank (N = 20)	Govt. Serv. (N = 23)	Altogether (N = 62)
Very Poor	08(42.10)	05(25.00)	02(08.70)	15(24.19)
Poor	06(31.58)	07(35.00)	08(34.78)	21(33.87)
Rich & Better off	-	02(10.00)	01(04.35)	03(04.84)
Mixed (rich & poors)	05(26.32)	06(30.00)	07(30.43)	18(29.03)
No responses	-	-	05(21.74)	05(08.07)

The data presented in the table make it clear that 36 (58.06 per cent) official respondents viewed that anti-poverty programmes benefited generally the very poor and poor households among the tribals. Only 4.84 per cent were of the opinion that the programme mostly benefited the rich and better off section of the tribals, while 29.03 per cent expressed of programme benefiting mixed sections of tribal communities, comprising very poor, poor as well as rich and already better off.

8.136 The foregoing tables imply that family oriented anti-poverty programmes in practice generated additional income on a permanent basis to a very few families and majority of them were benefited for a temporary period only. They further implied that the anti-poverty programmes were not necessarily limited to the poor tribal families only. There had also been examples where 'creamy layer', better off section from among the tribal communities also unscrupulously took the advantage and were benefited most.

8.137 The Commission for Scheduled Caste and Scheduled Tribes have also studied the working of the IRDP and observed that although the programme has the potential to be major instrument for removing poverty, its performance on the whole has been quite disappointing. 40

8.138 In another study conducted by the Canara Bank in Tamil Nadu in 1984 found that only 28 per cent of the beneficiaries actually managed to improve their condition through their newly acquired assets and the rest either lost or sold or simply failed to generate any visible income. <sup>41</sup> The schemes for promotion of small business and cottage industries ventures also showed poor results due to the shortage of raw materials and lack of entrepreneurial skill amongst the tribal communities.

8.139 A study of PEO, Planning Commission, in its Report (1987) revealed that only 8 per cent of the beneficiaries from the sample taken by them, having income below Rs.1500 per annum had crossed the poverty line. The remaining 92 per cent and 80 per cent of beneficiaries who were from the income group of Rs.1500 and 2500 were 'still struggling to reach the income level of Rs.3500 per annum'. The shortcomings were generally attributed to administrative failures like wrong identification of beneficiaries and the wrong selection of schemes. There have also been other factors like :

(i) Lack of proper infrastructure in the rural areas for providing the necessary supply of inputs for the schemes and adequate marketing outlets etc.

(ii) Failure to carry out proper survey of the target households.

(iii) Too much emphasis laid by the implementing machinery on the achievement of physical targets without proper concern about factors necessary for ensuring successful implementation of the various schemes introduced under the programme. In fact most of the State Governments have not even followed the detailed

guidelines issued by the Central Government.

(vi) Lack of adequate attention to TRYSEM as an integral part of the IRDP.

(v) Lack of programmatic approach.

8.140 It may be observed, following the Report of the Commission for SC and ST that although there have been many such instances of local initiatives at judiciously combining the major anti-poverty programmes for maximum benefit, there is need for a wider application of this strategy. The administrative machinery needs to be activated to work more realistically and less in a routine and rigid fashion. The machinery for and the procedures followed for identifying the beneficiaries need to be revamped to ensure that only deserving households come under the coverage of the Programme. More attention is required to be paid to working out viable schemes of assistance based on local conditions. The implementing agencies would have to be less rigid and more pragmatic. Unless programmes are conceived imaginatively no meaningful assistance can be given. Adequate attention does not appear to have been paid to create sufficient links with other programmes and their implementing departments. Thus the various programmes are being implemented in relative isolation causing much confusion at the field level. Bank loan procedures need to be simplified and bank officials motivated to becoming less rigid and bureaucratic. A greater involvement of active non-governmental agencies can contribute considerably towards achieving more positive results from the various programmes. 42

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