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What IRD is  
all about.

We are now to take up the next hypothesis i.e., H2 that has to deal specifically with the questions related to IRDP. However, to have a clearer conception about its impact we got to know as what really IRDP is. Is it a novel concept derived by the Indian practitioners on rural development or a concept borrowed from some other sources. The present chapter will give us an idea to that direction.

The Second World War having come to an end by the mid-forties of this century, the world was observed to be virtually divided into two distinct camps. One representing the rich nations was termed as that of the developed countries and the other one was the conglomeration of the poor countries for whom the economic definition changed from 'underdeveloped countries' (UDC's) to 'less developed countries' (LDC's) to finally developing countries with a view not to hamper the social respectability of the poor countries.

Just as there were identified two distinct categories of countries, it should be pointed out, there were also efforts on to consider a way out such that the so-called underdeveloped, less developed or developing countries could be brought out of the clutches of such structural impasse. A new branch developed in the economic literature bearing the nomenclature of 'Economics of Development'. The first such attempt may be credited to Colin Clark's analysis of the changes in use of labour with rising income in his 'The Conditions of Economic Progress' published in 1940<sup>1</sup>. And from then on thousands of published materials have been added to the literature on the Economics of Development.

Upto the late sixties the main prescription that emerged out of the painstaking researches of hundreds of development economists was to try to follow a path of development generally described as that of modernization based on rapid industrialization and urbanization. The Lewisian version<sup>2</sup> of development that argued in putting more emphasis on capital accumulation and thereby providing employment to the large army of unemployed but potential labour force in the developing countries was one of the strong pillars on which such an argument regarding the path of development rested. Moreover, the argument of big push or critical minimum effort also gained currency during this period<sup>3</sup>. Such an assessment regarding the causes of underdevelopment naturally put more emphasis on growth - to be specific - accelerated growth - of the gross domestic products of the poor countries. To put in other words, the decades of the fifties and the sixties were earmarked, rather proposed to be the decades of growth only. However, there also came the question of improving the living standard of the inhabitants of such countries in general and further that of the heavily downtrodden residents of the poor countries in particular. There can be no denial of the fact the literature on development economics put considerable emphasis on such problem. Unfortunately, the problem mentioned above met with little sympathy from the development economists and planners in general. It was argued that with a considerably small size of the national cake, it would not be prudent to attach much importance on an equal share of it. If such was attempted the average standard of living was feared to be declining to a pitifully low level with that of the

people in the poorest segment, of course, having improved materially<sup>5</sup>. Rather the argument was to put all efforts in registering a condition of accelerated growth with higher and higher emphasis on industrialization in the expectation that distribution would take care of itself. This is the flavour of the so-called 'trickle down' argument. The whole of the so-called 'Trickle-down' theory has been very interestingly exposed by a scholar in the following words:

" In the two decades upto the mid-sixties, most development economists agreed that growth in aggregate output should be the overriding economic objective in developing countries. The poor would be better off, the argument went, if they received a constant share of a rapidly growing pie than if they received a larger share of a slower growing one. Measures to actively redistribute income in favour of the poor were to be postponed until the GNP was larger."<sup>6</sup>

Unfortunately such an expectation was belied. A FAO document observed in 1979 :

"In the developing countries of the world, the period since 1965 has been marked by an impressive record of overall economic progress. Output of goods and services has risen at a rate of more than 5 percent a year, and food production has increased faster than population in most areas. Yet, these advances cannot mask underlying structural problems. Disparities in standards of living between urban and rural areas, and between rich and poor within the rural areas, have steadily increased."<sup>7</sup>

The document further clarified :

"By the mid-sixties almost all developing countries had established planning units and adopted development plans, usually of five years duration. The plans had various priorities, but the dominant goal was economic growth *per se*

with little, if any, direct planning for equitable distribution of benefits..... Despite these success (in terms of growth rates), the decade (of sixties) was marked by a growing awareness of poverty and unequal distribution of wealth. India's Fourth Five Year Plan reported that in 1967/68 the poorest 10 percent of the country's households shared only 3.2 percent of the private consumption of the country as a whole, while the richest 10 percent absorbed 23.9 percent. Similarly, Pakistan's Third Five Year Plan noted that 40 percent of the households in East Pakistan (Now Bangladesh) and 24 percent of those in West Pakistan had monthly incomes of less than 100 Pakistani rupees ( US \$ 21) . . In Sri Lanka, 40 percent of the households had incomes of less than 200 Ceylonese rupees ( US \$ 34) and 80 percent received less than 400 ( US \$ 68) rupees per month in 1969-70. National data in thirteen Latin American countries for the late sixties showed the poorest 20 percent of the people receiving only 4.3 percent of the national income while the wealthiest 5 percent accounted for 32.8 percent of consumption. Fifteen African countries showed a similar pattern, overall the poorest one-fifth of the people received 5.6 percent of the national product while the 5 percent with the highest incomes absorbed 34.8 percent."8

The information provided above clearly indicate that the growth only strategy taken up during the sixties could not alleviate poverty rather increased the degree of the problem and thereby disproved the trickle-down theory. Interestingly, on the otherhand, the whole phenomenon led to the fear of some scholars that the trickling down effect may be outweighed by the opposite effect of 'trickling up' under the existing socio-economic structure prevailing in the developing countries. However, at this point of our exposition we do not have the liberty to go into the detail of detail portraying the existing socio-economic structure of the developing nations. Such will be undertaken at some later stages of this study.

The presentation of such a bleak picture portrayed during the sixties, interestingly leads us to our point of departure. The on going process of trickling up appeared so blatant to look at that by the middle of the seventies, everyone

at the helm of affairs got awe-struck facing such a reality. The United Nations Economic and Social Council endorsed the following statement of common goals in 1976 :

"A primary objective should be to improve the quality of life of the rural poor. This implies the involvement of the rural poor in the development process and requires their participation in the decision making process and the implementation of the decisions. It presupposes that the rural poor will gain increased economic opportunities through productive and remunerative employment, increased access to resources and an equitable distribution of income and wealth. The mobilization of the energies and resources of the rural poor themselves emerges as the key factor in increasing both their productivity and their self-reliance. Such mobilization requires the formation, adaptation and strengthening of community structures, including organizations of the rural poor."<sup>9</sup>

A study of which we have already mentioned noted that "the expansion of industrial manufacturing alone cannot be expected to solve the unemployment and underemployment problem in most developing countries. A manufacturing sector employing 20% of the labour force would need to increase employment by 15% per year merely to absorb the increment in a total work force growing at an annual rate of 3% . The required rate of increase of manufacturing output is even greater than 15% if increase in labour productivity are taken into account. In the light of these orders of magnitude, the contribution of the industrial sector to employment growth over the last decade has been disappointing in many developing economies. In a number of countries in Latin America and Africa, despite significant investments in manufacturing, employment in the sector grew less rapidly than population, and in some cases even declined in absolute terms."<sup>10</sup>

Thus there is observed a shift from the growth only

strategy to one of growth with (re) distribution for the development of the not well-to-do countries<sup>11</sup>. Of course, the tendency towards such a shift could be observed to have emerged by the late sixties, although in the form of fragmented national policies. The Fourth Five Year Plan of India did refer to the concept of development with social justice. Perhaps the first concerted move to approve of such a strategy of development with social justice was initiated in 1972 when the FAO/SIDA Symposium on Agrarian Institution was held in Rome (from 21st. June to 28th. June). And from then on a number of seminars, symposia, conferences and workshops, be it at the regional, national or international levels were organised to chalk out the necessary strategy to combat the growing menace of poverty - the denial of social justice - in all the developing economies. The ECOSOC endorsement came as a routine affair in the midst of the steady and continuous change in the strategy considered necessary by all at the helm of the affairs with a view to wipe out poverty.

As a way out to help solve the problem of dire poverty, a new concept was coined by the experts - the concept of Integrated Rural Development (hereinafter referred to as IRD ).

What is the underlying message of IRD ? The experts are not unanimous in providing a single interpretation of the programme. Some think it to be an action scheme involving socio-psychological changes of the people albeit gradually<sup>12</sup>. Another group considers IRD to usher in a social organisation approach towards development. To them it is a programme having contents and procedures for making changes in social

organisation<sup>13</sup>. There is another school of thought that regards IRD as a strategy for achieving the given objectives by synchronization of efforts, meaningful linkages - backward or forward - between activities and more effective co-ordination between various concerned agencies.<sup>14</sup>

The Recommendation of Expert Consultation on Policies and Institution for Integrated Rural Development held in Colombo (from 21st. to 30th. Oct. 1975) may give us some overview of the concepts behind IRD. It was argued therein that the concept of IRD was comparatively of a recent origin and was still in the process of evolution. Hence, they argued neither to conceive IRD in a very rigid manner, nor even to maintain a hazy idea about it. They intended the IRD to be properly distinguished from other programmes such as the community development programme.

They conceptualized IRD as having two facets. One as an end and other as means. In spite of these two facets being interrelated, it was argued that those two could be identified separately.

"As an end, IRD may be conceived as having an integrative character in two senses. Firstly, IRD seeks to integrate multiple objectives namely more production, more employment and more equitable distribution of income. Secondly, IRD aims at integration of the low income segments particularly small farmers, tenant and agricultural labour with the rest of the rural community by ensuring them a better participation in the production process, and a more equitable share in the benefits of development."

"As a means, IRD signifies integration in the operational strategy. Implicit in IRD is the recognition that a number of rural development programmes and rural institutions are mutually re-inforcing and have a high degree of complementarity. Hence their impact is likely to be manifold if their spatial layout and time sequences are properly arranged."<sup>15</sup>

Interestingly, whereas the above interpretation of IRD

put so much emphasis on the word 'integrated' there are other interpretations of it conceiving the whole programme as a philosophy of development. We may cite a typical example.

"The concept of IRD goes beyond redress of poverty of target group of rural population and requires conscious policy to : i) narrow the gap between urban-rural life and ii) reduce disparity between various income groups. The expectation is that those at the bottom of the ladder with limited opportunity and minimal share in the decision making process, makes substantial gains on both counts so that the stratification would be less vertical, more flexible with wider options for an ever increasing number and so that a more creative egalitarian society would emerge without the risk of violent eruption, which would be more productive by activating the dormant productivity of those who are by-passed to provide a wide base for a better quality of life for most people."<sup>14</sup>

This interpretation was further developed by the ESH Division Staff of FAO in June 1974.

"The essence of IRD approach may be summarized as i) adoption of a rural development philosophy which leads to modernization and integration of the rural masses into the society as whole, giving them more equal access to productive resources, employment and income, and ii) recognition by governments that strong political will on a continuing basis is a prerequisite to change. Without this 'quality' of integration there will be no meaningful improvement of the quality of life of the rural people."<sup>17</sup>

Thus we observe a further emphasis on 'integration' but not just on the integration of strategies or that of activities. Rather the emphasis was laid more on the quality of integration - the economic, social and the political philosophy lying behind such a necessity for integration. Such a holistic concept was, however, presented by L.B. Moore in 1973 where he argued :

"IRD is made up of many elements. These link together in an interrelated manner, in programmes of IRD. The sum of these elements constitutes a synthesis of the concept as a whole. Although the idea of IRD maybe approached from different sides, it is unitary in nature. The comprehensive approach of IRD grows out of the need to attack multiple causes of poverty and dualism found in rural areas.

These causes include high birth rates, under and unemployment, lack of access to agricultural inputs and know-how, lack of solid rural institutions and authentic participation and lack of education and health."<sup>18</sup>

However, on the whole IRD is to be thought as a device for "improving living standards of the mass of the low income population residing in rural areas and making the process of their development self-sustaining. It has the following implications:

First, improving living standards of the subsistence population involves mobilization and allocation of resources in order to reach a desirable balance over time between the welfare and productive services available to the subsistence rural sector.

Second, mass participation requires ensuring that resources are allocated to low income regions and classes and that the productive and social services actually reach the mass of subsistence population.

Third, making the process self-sustaining requires the development of the appropriate skills and implementing capacity and the presence of institutions at the local, regional and national level to ensure the effective use of existing resource, for continued development of the subsistence sector. Self-sustenance that means 'involving' as distinct from simply 'reaching' the subsistence population through development programmes."<sup>19</sup>

Mosher, like Lele does not use the prefix 'integrated.' Still his definition of 'Rural Development' appears more comprehensive when he argues that it is " a trend in the

technologies, organisations, activities and values of society that

1) increases the opportunities of all its rural people for vigorous health, broadening mental horizons, increasing knowledge and skills, and expanding opportunities to participate both constructively and pleasurably in the activities of their culture;

2) progressively provides more effective means for adjusting as peacefully as possible the conflicts and injustice that invariably arises as technological and other cultural changes take place;

3) maintains or progressively approaches an optimum balance between rural person's opportunities for freely chosen self expression and the corporate needs of the culture in which he lives; and

4) increasingly brings all present and potential farm land into its most effective use -

all without irreparable damage to the Earth's ecosystem."<sup>20</sup>

To cite the recognition of the interaction between the social and economic factors, we may quote :IRD is a "concept and approach to planned changes in rural areas. It is based on the assumption that economic and social progress are mutually reinforcing, that all natural, technical, economic, social and institutional inter-relationships and their changes are taken into account and they are combined in such a way as to serve the well being of men and social integration as the ultimate goal."<sup>21</sup>

In fact Dr.E.M.Ojala, Ex-Assistant Director General Economic & Social Department, FAO in his opening speech to the

same session opined, "IRD is the principal if not the only conceptual and operational framework within which these twin objectives - production and participation - can be jointly attained at a high rate of production increase. It is not necessary to sacrifice participation to obtain high production gains. In some African countries, I have seen family output increases of 100 per cent in 3 - 5 years under well-adopted IRD programmes."<sup>22</sup>

W.Haque and others went a bit further when they opted for fundamental humanistic values of development having the following five inseparable elements :

- i) man as the end of development, which is ;therefore to be judged by what it does to him ;
- ii) de-alienation of man in the sense that he feels at home with the process of development in which he becomes the subject and not the object ;
- iii) development of collective personality of man in which he finds his richest expression;
- iv) participation as the true form of democracy;
- v) self-reliance as the expression of man's faith in his own abilities."<sup>23</sup>

Keeping these sorts of arguments in mind M.A. Zaman in 'Some Aspects of Intregrated Rural Development' raised certain pertinent questions, regarding the concept of IRD especially when it is the prefix 'integrated'.

"Is it a specific programme by itself, such as say minor irrigation schemes are, or is it an 'umbrella' name which has no specificity but consists of several multisectoral activities, their number and nature being indications of ;the direction and comprehensiveness of IRD

programmes in a country?

If IRD is only a 'collective noun' as against a 'proper noun' could it at all have any line of function in the sense of being the subject of an implementing agency? Or is it best understood as a coordinating mechanism, responsible for staff-work and for monitoring the various aspects of the programme?"<sup>24</sup>

In the remaining part of the present chapter we shall attempt at searching for some satisfactory answers to the questions raised above. However, to be able to provide acceptable answers to the queries set to ourselves we should be aware of as to what has been conceived to be the operational framework regarding the implementation of IRD programmes.

To the proponents of IRD, the conception is a multifaceted one. From the point of view of implementation, it is a 'collective noun', integrating several programmes and policies, be they were differentiated earlier on the spatial count, or say, in the context of the implementing agencies. Whereas, from the point of view of internalization, it is very much a 'proper noun', if not an 'abstract noun'. The integration at the implementing level will lead to a result that is expected to give rise to a flavour having a different character from what would have been obtained by a mere integration of the results arrived at from disintegrated implementation of the same policies and programmes.

Klitgaard<sup>25</sup> provides an interesting framework for analysing IRD. Although our aim is not to go for analysing IRD using the framework provided by him, a detailed stint at it may open up certain ideas to tackle the question as to whether IRD is an 'abstract noun' or not. Klitgaard argues that if IRD is based on the assumption that some inputs in the rural production function are complementary and such necessitates to go for

integration at the level of implementation, the questions that automatically arise are :

"1. Which goods and services exhibit complementarity? To what extent and what levels of output ? .....

2. Why can't consumers themselves integrate the goods and services optimally ? (Is it due to ) (a) externalities among consumers, (b) transaction costs and (c) consumer ignorance (?) How would the integration of supplies overcome these problems? Might other measures be preferable, such as adjusting prices or providing education and information ? "

He then sets the following arguments under the assumption that integrated agencies achieve economies of combined production which he refers to as a concept of super additivity:

"1. Does integration allow resources to be reallocated among agencies ? If so, with what gains and efficiency? ( Is it due to) the 'comparative advantages' of the different agencies in planning, marketing, delivery etc. (?) Could the desired re-allocation or improvement be done with integration ? Are there also risks of misallocations if agencies are integrated ? .....

2. How large are the economies of scale from merging (parts of) different agencies ? .....

3. Do agencies produce collective goods (for each other) that will be under- provided if not supplied in an integrated fashion ? .....

4. To what extent do agencies affect each others' production via externalities ? (Have we to) consider especially lumpy investments in capital, space and time,

such as infrastructure (?) How well can independent agencies adjust to externalities without integrating ? Might better information exchange be a preferred solution ? "

Klitgaard proceeds further with the following hypotheses:

- a) Integration creates a sort of monopoly.
- b) Integration allows financial diversification (portfolio effect).
- c) Vertical integration permit agencies to overcome imperfect markets between them, including transactions costs.
- d) Integration entails direct financial costs.
- e) Integration involves indirect managerial costs.
- f) Integration is complex . It forgoes economies of specialization.

And then he raises a number of questions corresponding to every assumption. Regarding assumptions (a), the queries are:

- i) Would an administrative monopoly be beneficial ?
- ii) What negative consequences may be caused as a result of greater ease of co-optation by elites, corruption, politicization and excessive expansion, as well as resistance by regions without an integrated project and by line agencies ?

In the context of assumption (b), he questions :

- i) Can integrated agencies enjoy benefits of portfolio effect ?
- ii) Is it not so that same benefits can be achieved more effectively through financial markets, investments and so

forth ?

Coming to the assumption (c), Klitgaard argues :

- i) Do agencies engage in transactions with each other analogous to purchase of inputs and the sale of outputs ?
- ii) How would integration lower these transactions costs and to what extent ?

In consideration with the next one, the question is quite straight forward :

What are the direct financial costs of integration ? So far as the assumption (e) regarding indirect managerial costs is concerned the quirrries are :

- i) How large are the learning costs ?
- ii) How serious will the bureaucratic resistance be ?
- iii) Are the managerial tools available for inducing agencies to integrate ?

And finally the question vis-a-vis the assumption (f) are :

- i) How different is the management of the integrated effort from that of the seperate agencies ?
- ii) How large are the returns to specialization ? To what extent is specialization sacrificed in the attempt to integrate ?

Testing of the hypothetical assumption in the light of the questions raised alongside will prove or disprove the efficacy of integration over separate-agency-programmes of development. Whatever may be the result obtained out of such a rigorous testing schedule, it is clear that even if 'integration' is successful, it has to cross over a number of serious obstacles each of which even individually are very much difficult to

overcome.

Although, the stage is set to find as to whether IRD is a 'proper' or a 'collective' noun following Klitgaard's framework of analysis, we may rather take a complete right turn even without going through such a rigorous testing to infer that IRD rather is an 'abstract' noun, in relation to the target group the reason being, such an achievement can really be attained in the abstract. One can never concretize the whole system of overcoming the number of difficult hurdles, already pointed out to attain the goal. Just as it is impossible to concretize 'truth', 'virtue' or 'wisdom', it is equally impossible to concretize IRD and the associated abstract concept of 'social justice' along with them. Further, we shall observe in the course of our analysis that in relation to the implementors of the programme, IRD has turned out to be a 'material noun'. Such an assertion, in a nutshell provides us with the answer to the second research question related to H2. However, we have to wait till we pass on to the next hypothesis in order, i.e., H3 which will substantiate our argument clearly in view of the Indian experience *vis-a-vis* IRD.

## Notes

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1. See Clark (1940)
2. See Lewis (1954) & (1958)
3. See Rosenstein-Rodan (1943)
4. Bose (1989) provides a sketchy survey of the 'Old Development Economics' where he argues (1) economic stagnation is to be broken through (2) rapid accumulation of *material resources* and (3) mobilization of *underemployed rural labour*, by (4) state *planning* directed by (5) an economically *activist state*, and underwritten by (6) a *world-wide commitment* to promote development in underdeveloped countries by *aid* and *trade.*, while relying on (7) *trans-systemic features* of the development process which cut across differences in political and social systems." (P:5). For an exposition of the concepts see chapter I (P:5-13)
5. See Kurien (1978) P:12
6. See Morawetz (1974) P:499
7. See FAD (1979) P:1
8. Ibid P:15
9. See ECOSOC (1976) P:8
10. See Morawetz op cit P:441-496
11. "In more recent years, the list of main themes has been filled out or been added to, or modified by (8) considering explicitly the aspects of income distribution in favour of the poor, supply of basic

goods for them, their entitlements and capabilities in the process of growth, (9) discussing complications connected with the aid / trade / technological dimensions of growth, recognising (10) urban underemployment (in the reported or unreported 'informal' sectors) persisting side by side with rural underemployment stressing (11) the role of educational policy to raise productivity of unskilled labour and to increase the supply of 'human capital' embodied in skilled manpower. In addition, (12) the 'population problem' has remained under discussion in development economics though seldom as a central theme.....

" Bose (1989) P:5

12. See Lele (1974), Mosher (1976)
13. See Sheperd (1976), Moore (1973) and Haque (1975)
14. See IBRD (1974)
15. See FAO (1975) P:36
16. See Kotter (1974)
17. Quoted from FAO (1977) P:10-11
18. See Moore op cit P:55
19. See Lele op cit P:20
20. See Mosher op cit P:11
21. See FAO (1975) P:4
22. Quoted in FAO (1977) P:13
23. See Haque op cit P:19-20
24. Quoted in FAO (1977) P:15
25. Klitgaard (1981) P:1-54.