

Poverty in India and the IRDP Delusion

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This paper presents some fresh evidence on the performance of the Integrated Rural Development Programme (IRDP) and, in the light of this evidence and of the findings of earlier studies, provides an assessment of the functioning of IRDP. The author's concern is not primarily with the nitty-gritty of the implementation of the programme, but with what are the central questions about IRDP: does this programme reach the poor and to what extent does it enhance their living conditions? The last section of the paper briefly discusses alternative avenues of action.

I Introduction

IT has become one of the favourite claims of the Indian government that poverty in rural India is now rapidly diminishing, and also that this rapid reduction of rural poverty is largely attributable to its imaginative 'anti-poverty programmes'. Chief among these allegedly momentous programmes is the Integrated Rural Development Programme (hereafter IRDP). Indeed, two years ago IRDP was officially described as "the main instrument of the government strategy to alleviate the poverty of the rural poor" and now that the Jawahar Rojgar Yojana has made a mockery of public employment programmes, this description is more accurate than ever. The magical effects of IRDP are expected to "reduce the poverty ratio to 10 per cent by 1995" by lifting tens of millions of rural families above the "poverty line", if necessary with an "additional doze" (*sic*) of assistance in the event where they fail to cross the vital threshold at the first go.¹

Given the importance attached, and the resources devoted, to the Integrated Rural Development Programme in the 7th and 8th Plans, the actual performance of this programme in reducing rural poverty in India is a matter of some interest. Considerable efforts have already gone into this evaluative exercise, but it is fair to say that the success or otherwise of IRDP remains a matter of fierce controversy. On the one hand, a number of intensive field studies have highlighted many serious flaws in the IRDP strategy.² The overall picture emerging from this set of studies is decidedly not favourable. On the other hand, a number of analyses based on quantitative data from large-scale surveys provide a surprisingly rosy picture of the achievements of IRDP.³ As will be argued later in this paper, these two sets of studies are hard to square with each other, and this is one reason why we are all still so much in the dark as far as performance of IRDP is concerned.

This paper presents some fresh evidence on this issue and, in the light of this evidence and of the findings of earlier studies, provides an assessment of the functioning of IRDP. My concern will not be primarily with the nitty-gritty of the implementation of the programme. A plethora of earlier contributions have already brought out numerous problems associated *inter alia* with endemic corruption, poor repayment, weak administ-

trative motivation, lack of infrastructural planning, bureaucratic delays, and the tying of loam to inappropriate economic activities, to mention only a few.⁴ There is no need to pour more oil on the fire, especially since failures of this kind affect almost any government programme in India. In this paper, my concern is rather with what are surely the central questions about IRDP: does this programme reach the poor, and to what extent does it enhance their living conditions?

The conclusions that will be proposed on these aspects of IRDP are, unfortunately, rather negative. The last section of the paper briefly discusses alternative avenues of action.

II 'Poverty Line' Trap

Before turning to the empirical evidence, it is worth scrutinising the foundational principles of the Integrated Rural Development Programme. According to the official IRDP guidelines, the basic features of the programme are as follows: "The objective of the programme is to assist selected families of 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 credit... Poverty line has been defined in terms of *annual income of a family...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."⁵

In fact, the preceding statements are seriously misleading on at least two counts. First, they speak of "providing income-generating assets", when "providing credit to acquire income-generating assets" would have been a more appropriate statement. Second, they mention a "package of assistance", whereas the scope of IRDP has, so far at least, been confined to the provision of subsidised credit. Indeed, the initial hopes that credit-based promotion of self-employment would be embedded in an integrated exercise of local planning for development have never materialised. As Rath (1985) has aptly argued, "integrated rural development" is really a misnomer, and in practice IRDP

is little more than a subsidised credit scheme. Its main distinguishing feature is that eligibility for credit is restricted to the 'poor'.⁶

Accordingly, IRDP makes extensive use of the notion of 'poverty line', both to define the eligibility conditions (with the scheme being 'targeted' to households with incomes below a particular threshold), and to assess the achievements of the programme (with the number of households which have crossed the poverty line being taken as the crucial yardstick of success). This approach is, in fact, a pervasive feature of current 'poverty alleviation programmes'. Unfortunately, it is not without some important dangers.

First, the focus on money incomes (or expenditures can seriously divert attention from a number of important influences on living conditions that are *not* captured by ordinary measures of purchasing power, e.g. access to common property resources, drinking water, health services, education, etc.⁷ Indeed, the obsessive concern of recent policy debates on poverty in India with income generation has gone hand in hand with a persistent neglect of other areas of public support. Basic health and primary education facilities, in particular, are in a deplorable state in many parts of the country, with predictable consequences for living standards (e.g. female life expectancy in Uttar Pradesh, where these public provisions are comprehensively neglected being as low as 43). This is not to say that IRDP itself should take on these multiple challenges. But it has to be borne in mind that, in its present form, IRDP can at best address the *income generation* part of the comprehensive programme of public action that is needed to improve the living conditions of the rural poor.

Second, the poverty line approach, by creating an artificial dichotomy between the 'poor' and the 'non-poor', ignores the enormous heterogeneity of living conditions that exists below the mythical boundary.⁸ In the urban elite, rural poverty may look uniformly depressing, but for the rural poor themselves it is not. An agricultural labourer often looks with great envy at a marginal farmer owning as little as an acre of land (especially in irrigated areas), or at a domestic servant with regular employment, and the deprivation of an aid and helpless widow reduced to begging can itself be immensely greater than that of an agricultural labourer. The *priority* concern of public ac-

tion should be with protecting the destitute from acute deprivation, rather than with instantly lifting them along with millions of others above a relatively distant 'poverty line'. As will be argued shortly, there is some evidence that IRDP is a fiasco in this respect, and that the relatively privileged among the 'poor' have—along with many non-poor—captured the lion's share of the benefits.

Third, the use of static income criteria makes no allowance for the *stability* of incomes. In rural areas, loans taken in circumstances of unanticipated distress (especially sickness) often carry interest rates of 5 or 10 per cent per month. For this reason, the predictability and security of earnings is of great importance to the rural poor, and long-run income levels can be a poor indication of their circumstances. This consideration has an important bearing on assessments of IRDP, since one of the more questionable features of this programme is that it promotes *risky* income-generating activities.⁹ In this respect, there is an important contrast between IRDP and wage employment schemes, which typically have substantial 'stabilisation' effects on household income.

Fourth, poverty criteria based on 'current income' fail to distinguish between temporary and chronic poverty. In any particular year and locality, the group of households with current income below the 'poverty line' includes not only chronically poor households (with long-run incomes below the poverty line) but also households falling temporarily below the poverty line due to some short-run decline of income. The second sub-group can, in fact, be quite large.¹⁰ Even in the absence of errors in the measurement of current incomes, the benefits of a scheme targeted to those below the 'poverty line' would accrue to both sub-groups. In fact, there are good reasons to believe that the temporarily poor would have greater chances of being selected than the chronically poor. This is because the temporarily poor usually have more influence, are better educated, can more easily afford the costs of search and bribing, and generally 'know the ropes' better than the chronically poor—not to mention the fact that government officials themselves are often reluctant to lend to the chronically poor. The disproportionate involvement of the temporarily poor is all the more likely in view of the fact that a household experiencing a sharp income decline might well seek external support (e.g., in the form of a subsidised loan) with special vigour. And this is not the end of the story. If households from this 'temporarily poor' group are re-surveyed a few months or years later, it will hardly be surprising to find that many of them have 'crossed the poverty line' as hoped—the scheme then appears to be a grand success of poverty reduction!

Last but not least, the use of a poverty line in implementing and evaluating programmes such as IRDP poses enormous problems of measurement. It is extremely

difficult to arrive at reliable estimates of household income in rural India, and one cannot be under any illusion that government officials devote much effort to this daunting task. The result is that eligibility conditions are, in practice, largely manipulable, and that the door is wide open to nepotism and corruption. The empirical material presented further in this paper provides graphic illustrations of this fundamental problem.

All this is not to say that the notion of poverty line is entirely devoid of interest. For some particular purposes (e.g., helping to assess changes in poverty over time), and after taking full note of the above dangers, it has its uses. But in other contexts the notion of poverty line can easily be abused: the Integrated Rural Development Programme, I will argue, is a prime example.

III

How Much Can We Expect from IRDP?

The current debate between the proponents of public employment and the proponents of IRDP as a strategy of poverty alleviation is often construed as a controversy between, on the one hand, those who accept the necessity of 'short-term relief, and, on the other hand, those who stress the evils of 'dependency' and insist on 'making the poor self-reliant'.¹¹ In defence of IRDP, it has been widely argued that the promotion of self-employment ensures a more promising avenue to human dignity, economic equality and even social justice than the provision of wage employment. An influential defence of this viewpoint can be found, for instance, in the writings of M L Dantwala, who has no doubt that IRDP is more conducive to his "vision of the cherished economy".¹²

Why a poor entrepreneur vulnerable to the uncertainties of the market, lumbered with a crushing debt to the local bank, and exposed to bureaucratic caprices should be considered more 'self-reliant' than a person entitled to employment in times of need (as with the Employment Guarantee Scheme of Maharashtra) is a mystery to me. But in any case, we have to face it: when it comes to economic equality, human dignity and social justice, rural India is a resounding failure with or without any or all of the 'poverty alleviation programmes' that have been the object of this debate. Any decent 'vision of a cherished economy' must remain a very remote vision indeed given the present balance of political power. The proper objective of poverty alleviation programmes is to ensure a secure livelihood for all. Nothing is gained from confusing this with the no less important, but much more demanding, objectives of economic equality or social justice,

Even as far as the limited goal of social security is concerned, little restraint has been exercised in official expectations about IRDP. As was mentioned in the introduc-

tion, this programme is expected to wellnigh obliterate poverty in India to record time by lifting massive numbers of rural households above the 'poverty line' through self-employment activities. The logic behind these romantic expectations is that, since the poor are poor because they are assetless, 'Endowing' them with income-generating assets will naturally solve the problem.

At this point it is useful to recall that IRDP should not be mistaken for a programme of asset 'redistribution' (such programmes are hardly on the agenda at all), or even for a programme of asset 'provision' (as the official statements cited in the introductory paragraph misleadingly suggest). As was discussed earlier, IRDP confines itself to subsidising the *loans* that the poor are offered to help them acquire productive assets. How much are these subsidised loans worth to IRDP beneficiaries? Roughly speaking, if X is the amount initially borrowed, s the percentage of this amount counted as pure 'subsidy', r the interest rate applying to the remainder, p the marginal productivity of capital for the recipient, and c the total cost of obtaining a loan (due to travel expenses, bribes, etc) as a proportion of the amount borrowed, then the net addition to annual incomes (Y) as a result of the programme amounts to:

$$Y = p(X - cX) - r(X - sX) = [p(1-c) - r(1-s)]X \quad (1)$$

With an average value of X of about Rs 4,200 (see Government of India 1989:14, 65), and an average household size about 6, and under the plausible assumption that the values of c and r are both around 0.1, we can use this formula to calculate the increase in monthly per capita income that IRDP would generate for the *recipient* households for different values of p and s .¹³ The results are shown in Table 1. It can be seen that even if p and s are as high as, say, 20 per cent and 50 per cent respectively, IRDP would only boost the monthly per capita incomes of participating households *by eight rupees*. Clearly, it is ludicrous to expect this programme to lift the rural poor above the 'poverty line' *en masse*.

The source of the problem, obviously, is that p (the marginal productivity of capital) simply does not take the kinds of magical values which are implicitly assumed when it is claimed that IRDP will remove rural poverty. In fact, for many of the rural poor, p could be quite low, especially when it is adjusted to reflect risk aversion. This is because the poor are at a severe disadvantage in terms of access to working capital, insurance opportunities, marketing facilities, information, etc, and their potential as successful entrepreneurs is often further diminished by illiteracy and chronic ill-health.

Take the example of the much-discussed IRDP buffalo. For a farmer who already owns land and animals, it is extremely easy to make good use of an additional buffalo. For an assetless household, the same animal can be a Damocles' sword. If the buffalo falls ill and cash is not available to take

special cart of it, or if it grows weak during periods on non-lactation when fodder also has to be bought, the household can easily be ruined.¹⁴

The empirical literature on IRDP provides abundant examples of such disasters. For good measure, let me add an example of my own, which aptly illustrates the problem. Roshan is an extremely poor landless agricultural labourer who lives in a village of Moradabad district in Uttar Pradesh. A well-meaning official recently decreed that Roshan should be given a subsidised loan to buy a rope-making machine. Roshan, afraid that he might not be able to repay the loan, tried to resist this offer, but by that time the loan had already been sanctioned and he was firmly told to take it. The rope-making machine turned out to be defective, and while the bank officials kept promising that they would send someone to repair it, this never happened. Unable to get the machine repaired himself, Roshan sold it (for a relatively small sum) and bought seven goats with the proceeds. One year later, six of the goats had died. Roshan was left with one small goat and a debt larger than his entire annual income.

As this alarming story illustrates, the *insecure* nature of IRDP-generated incomes greatly reduces their value for the poor. Correspondingly, the impact that IRDP can be expected to have on rural poverty is even lower than what the earlier calculations would suggest in the absence of uncertainty.

IV

Who Benefits from IRDP: A Case Study

This section examines the functioning of IRDP in Palanpur, a village situated in Moradabad district in western Uttar Pradesh.¹⁵ Particular attention will be paid to the allocation of IRDP loans between different groups of households.

AT LOCATION OF IRDP LOANS IN PALANPUR

An in-depth socio-economic survey of Palanpur was carried out in 1983-84, immediately *before* the widespread distribution of IRDP loans in the village.¹⁶ Table 2 and 3 present some information on the beneficiaries of IRDP, derived from that survey. In these tables, three complementary poverty criteria are used. The first criterion, 'current poverty', is based on per capita incomes in 1983-84. The second criterion, 'long-term poverty', is based on averaging per capita incomes for 1983-84 and 1974-75 (when another household survey was conducted). The third criterion, 'apparent deprivation', is based on the subjective perceptions of two field investigators (Naresh Sharma and myself)- While this third criterion may appear unreliable, it is worth mentioning that (1) a whole year of intensive field work in a single village provides a fairly solid basis for assessing the

relative deprivation of different households, and (2) there was a very large degree of agreement between the two field investigators regarding the relative position of different households.¹⁷ For each criterion, a household has been counted as 'poor' if it belonged to one of the bottom *four* deciles of the corresponding scale of deprivation.

As table 2 indicates, the incidence of poverty among IRDP 'beneficiaries' *prior* to their inclusion in the programme was very similar to the incidence of poverty for the village as a whole. This statement applies for all three poverty criteria.¹⁸

Closer scrutiny of the data underlying Table 2 further reveals that IRDP beneficiaries can be found in *every* decile of the scale of 1983-84 (per capita) incomes, and *also* in every decile of the scale of apparent deprivation for the same year. Interestingly, only one of the eight households placed in the poorest decile by *both* criteria (these households can be considered as 'unambiguously' very poor) benefited from IRDP

Table 3 provides the full list of IRDP beneficiaries in Palanpur, and describes their basic characteristics. The similarity between the characteristics of this group and those of the village as a whole could hardly be more impressive (see the last two rows of the table). Interestingly, the average household income of IRDP beneficiaries is more than *twice* as high as the eligibility cut-off of Rs 3,500 (in spite of 1983-84 being a year of poor harvests). The following observations are also quite telling: (1) *none* of the participating households are landless, except a shop-keeper (household 707) who happens to be one of the very few *affluent* households among the landless; and (2) *all* the participating households have at least one adult male.¹⁹ Further scrutiny of the data on which Table 3 is based also reveals the absence of a single female beneficiary in the

whole IRDP list. Finally, we may note in passing the presence in this list of the headman of the village (household 101), and of the deputy headman (household 401), both of whom are prosperous farmers.

To sum up, the allocation of IRDP in Palanpur has the following features: (1) some of the most vulnerable groups (notably the landless and households without adult male) have practically no involvement in IRDP; (2) the poorest of the poor are largely excluded; (3) affluent households have been liberally included in the programme; (4) overall, there is no discrimination in favour of the poor in the allocation of loans.²⁰

WHY ARE THE POOREST EXCLUDED ?

Why are the poorest households largely excluded from IRDP? I had long discussions about this both with Palanpur villagers and with bank officials (who readily conceded the above-mentioned features of IRDP). On the basis of these discussions, I would suggest that the most important reasons for the low involvement of the poor in IRDP fall under three headings.

First, as the literature on credit and the poor in India has already brought out, the poor are at a disadvantage in the competition for institutional loans.²¹ The poor, it has been argued, are not well placed to pay large bribes, fill complicated forms, influence the village headman and find themselves 'guarantors'. All this undoubtedly applies in Palanpur.

Second, and this has been less widely noticed, bank officials themselves are often reluctant to deal with/ poor borrowers because they believe—rightly or wrongly—that the poor are bad risks.²² This attitude is not difficult to understand, since recovery is often used as a major indicator of the performance of a particular branch of a

TABLE 1: EFFECTS OF IRDP ON HOUSEHOLD INCOME

(Per cent)

Value of p	Increase in Per Capita Income (Rs/Month) of IRDP Households for Different Values of p and s			
	s=0	s=25	s=50	s=100
0.05	-3.2	-1.7	-0.3	2.6
0.10	-0.6	0.9	2.3	5.2
0.15	2.1	3.5	5.0	7.9
0.20	4.7	6.2	7.6	10.5
0.30	9.9	11.3	12.8	15.7

Note: The entries are calculated using the formula $Y = [p(1-c) - r(1-s)]X$, with $c=0.1$, $r=0.1$ and $X=4200$. See text for details.

TABLE 2: INCIDENCE OF POVERTY (PRIOR TO INCLUSION IN IRDP) AMONG IRDP BENEFICIARIES IN PALANPUR (UTTAR PRADESH)

	Incidence of Poverty (Per Cent) for Different Poverty Criteria		
	Current Poverty	Long-Term Poverty	Apparent Deprivation
IRDP beneficiaries	43	33	52
All Palanpur households	40	40	40

Note: For the definition of poverty criteria, see text.

rural bank, Sometimes guidelines are issued by bank managers to systematically exclude the poor, e.g., the possession of land is added to other eligibility conditions.²³

Third, surprising as it may be, the lack of participation of the poor in IRDP partly reflects their *lack of interest* for this programme.²⁴ I am not suggesting that this indifference is universal among the poor, but in Palanpur at least a substantial proportion of the poorest are simply not willing to take a chance with IRDP because they are *afraid* of being cheated or of not being able to repay. The latter apprehension is particularly common, and very often finds expression in laconic remarks such as '*Tenge to kahaan se denge?*' ('If I take a loan, how will I repay?'). Some bank officials too, commenting on the low involvement of the poorest of the poor in IRDP, remarked: '*darte hai*'—'they are afraid'

CORRUPTION AND MALPRACTICES

The misallocation of IRDP loans can take place with very little apparent violation of the guidelines of this scheme. Indeed, since the main criterion of eligibility is 'income', and since incomes in rural India are extremely hard to observe, the door is wide open to abuse.

Having said this, important violations of the guidelines do take place in Palanpur and the surrounding villages, and some of these violations relate closely to the question of allocation of loans. Let me mention a few.

First, the 'gram sabha' (village assembly) is never convened. The guidelines of the scheme make it clear that, in order to cut red tape and ensure a fair allocation of loans, beneficiaries should be selected by the gram sabha. In practice, this does not happen. The crucial intermediaries between the administration and the villagers are the village headman and, especially, the gram sevak (village-level worker).²⁵

Second, bribing is a *sine qua non* of obtaining a loan. In Palanpur, the gram sevak is widely reported to have taken a bribe of Rs 200 from each IRDP beneficiary.²⁶ This obviously plays an important role in deterring the poor.

Third, the household surveys on which the 'IRDP lists' of eligible households are supposed to be based do not take place. In Palanpur, the 'IRDP list' is nothing but a list of IRDP beneficiaries, drawn up *after* loans have been allocated!

One could continue in this vein. The problem of misguided guidelines for the selection of beneficiaries is compounded by that of rampant corruption.

v

Further Observations from Gujarat and West Bengal

From my own experience of field work in different parts of rural north India during the last ten years, I would venture to suggest that the failure of anti-poverty program-

mes such as IRDP is particularly severe in the 'backward' states of the Hindi belt, which includes Uttar Pradesh, Madhya Pradesh, Bihar and Rajasthan (with a combined population of 186 million in 1981).²⁷ As it happens, these four states are those with the lowest literacy rates in India (with, for instance, female literacy rates in 1981 of 14.0, 15.5, 13.6 and 11.4 per cent respectively), and it would be surprising if there was no relation between these low levels of literacy and the dismal performance of anti-poverty programmes.

The situation in other regions could be quite different. In order to obtain some idea of the relevant regional contrasts, a brief attempt will be made here to compare the functioning of IRDP in Palanpur with the situation that obtains in some villages of Gujarat and West Bengal. In both places, field work was carried out in 1988.

IRDP IN GUJARAT

Considering Gujarat first, I have conducted a brief survey of IRDP in several villages of Bhiloda taluka in Sabarkantha district. In comparison with the area where Palanpur is situated, the government administration in Bhiloda (as in much of Gujarat) is relatively efficient. The rural population also tends to be more articulate and militant than in Uttar Pradesh, particularly in villages where collective organisations (voluntary agencies, trade unions, political parties, etc) are active. However, the power of the rural elite is also very strong, and village panchayats in particular remain

largely dominated by large farmers from the (so-called) higher castes.

The functioning of IRDP in Bhiloda did not seem to differ radically from what has already been observed for Palanpur. In particular, while in Bhiloda there was a stricter adherence to the rules, less evidence of systematic corruption, and a greater involvement of women and scheduled castes in the programme the allocation of loans appeared to remain largely indiscriminate.

Table 4 indicates the characteristics of IRDP beneficiaries in three villages of Bhiloda. In spite of the somewhat patchy nature of this information (mainly due to the absence of some of the respondents at the time of my visit), the kinds of biases that were discussed earlier for Palanpur emerge here again. For instance, there is not a single landless household in this list of beneficiaries (even though the population of these three villages includes a substantial proportion of landless labourers), and nor is there a single household without adult male. A majority of the beneficiaries have gained access to secure employment in the formal sector outside the village—a rare privilege in this area. The rates of participation of village headmen, and of employees of the army and the police, are particularly high.

As in Palanpur, the reluctance of bank managers to lend to the poor was a major aspect of the operation of IRDP in Bhiloda. In fact, officers of the taluka panchayat (which channels IRDP applications from the villages to the rural bank) claimed that the lists of recommended beneficiaries which

TABLE 3: CHARACTERISTICS OF IRDP BENEFICIARIES IN PALANPUR

Household Number	Occupations	Land Owned (Bighas)	Land Cultivated (Bighas)	Number of Adult Males	Per Capita Income in 1983-84 (Rs/Year)*
101	Village headman, farming, service (teacher)	75	63	4	1282 (25,630)
803	Farming	30	42	2	230 (1,842)
115	Farming	29	34	1	983 (7,865)
401	Farming	28	28	1	1710 (11,971)
811	Farming, casual labour	24	8	1	651 (3,908)
607	Service (cloth mill)	21	21	4	735 (11,766)
902	Service (railways)	16	7	1	1215 (9,721)
810	Farming, casual labour	14	14	2	270 (1,888)
104	Shop-keeping	11	6	1	1436 (4,307)
805	Farming, masonry, casual labour	10	25	4	784 (7,840)
117	Tailor	10	0	1	509 (2,545)
206	Service (cloth mill), casual labour	10	0	3	1817 (14,537)
807	Farming, casual labour	10	14	3	641 (3,203)
408	Service (railways)	9	31	2	1633 (14,695)
109	Farming, service (bakery)	6	27	2	1189 (10,705)
120	Shop-keeping	5	0	2	1177 (4,708)
713	Shop-keeping	3	3	2	627 (4,391)
804	Farming, casual labour	3	14	1	136 (682)
501	Farming, casual labour	3	14	2	436 (2,615)
611	Farming, casual labour	1	17	1	358 (1,074)
707	Shop-keeping	0	0	2	1867 (5,601)
	Average, IRDP Beneficiaries	15.1	17.5	2.0	937 (7,214)
	Average, Palanpur Households	18.1	18.5	2.0	966 (6,883)

Note: * Household income in brackets.

they send to the banks often do include a substantial proportion of poor households, but that these lists are carefully screened by bank managers with a view to weeding out "bad risks" as a result of which a large proportion of the poorer applicants are eventually excluded.

Before concluding on Gujarat, I should mention that *one* village in Bhiloda is notorious for its success with IRDR. This is an entirely tribal village, with a much lower level of economic inequality than is usually found elsewhere in Bhiloda. The local dairy co-operative is very efficient and successful (like many others in this area), and operates as a skilful intermediary between the villagers, the government administration and the rural banks. A large number of IRDP loans have been channelled through the dairy co-operative, all of them for the purchase of buffaloes. Aside from being involved in the lending process, the co-operative also provides support to its members (most of whom have a long experience of animal husbandry) in areas such as veterinary care, fodder and insurance. The milch animals are thriving, and have become a pillar of the local economy.

IRDP IN WEST BENGAL

While the functioning of IRDP in the surveyed villages was not markedly dissimilar in Uttar Pradesh and in Gujarat (in fact the similarities between the two regions were far more striking), a brief survey of IRDP in one village—let me call it Raipur—of Birbhum district in West Bengal reveals a completely different picture. As can be seen from Table 5, in this village as many as 70 per cent of the IRDP beneficiaries are landless (the proportion of the landless among the village's 193 households is a little below 40 per cent). This is in sharp contrast with what we observed for Uttar Pradesh and Gujarat, where not a single landless household in the surveyed villages had gained access to IRDP. Table 5 also shows that a large majority of beneficiaries of IRDP in Raipur are casual labourers, in contrast with the other two states, where the beneficiaries were mostly cultivators or persons with relatively well-paid jobs outside the village.

While the allocation of IRDP loans in Raipur is not biased against the poor as it is in Palanpur or Bhiloda, it was widely said in the village that a strong *party bias* existed in the allocation of loans. As is well known, panchayat elections in West Bengal are now held along party lines, and this makes the implementation of schemes such as IRDP a focus of party politics. In Raipur, as in most other villages of the area, the panchayat is dominated by the Communist Party of India, Marxist (CPM). Table 5 does confirm the hypothesis of a party bias in IRDP insofar as *all* but one of the respondents who accepted to reveal their party allegiances were supporters of communist parties.²⁸ The fact that the CPM is largely in control

of the allocation of IRDP loans in villages such as Raipur, and that the disadvantaged sections of the population are the main constituency of the CPM, are key factors in understanding the functioning of IRDP in West Bengal.²⁹

The fact that IRDP loans are apparently more fairly allocated in West Bengal than in Gujarat and (especially) Uttar Pradesh does not, of course, imply that IRDP is necessarily a success in this state. The question of whether subsidised loans are an effective way of combating rural poverty applies here as elsewhere.

A CONCLUDING REMARK

The regional contrasts that were brought out in this section are obviously of a rather tentative nature, given the small size of the samples. However, it is well worth noting that these contrasts are in close agreement with the evidence that emerges from earlier studies. In particular, the fact that the involvement of disadvantaged groups in IRDP tends to be much higher in West Bengal than elsewhere has been noted in several studies. For instance, in a careful and very enlightening study of IRDP in Bankura district, Madhura Swaminathan (1989:25) concludes: "To sum up, the data indicate that IRDP beneficiaries were selected from among the poor (in terms of land ownership), from among women and from the scheduled

castes and tribes. By these criteria, the extent of leakage to persons outside the target group was very small!" Other studies pointing in the same direction include Westergaard (1986), Gumaste (1986), Mayoux (1987), and Swaminathan (1990), among others.

Similarly, it is interesting that many of the most negative assessments of IRDP have been based on empirical material from the 'Hindi belt', singled out earlier in this paper for a particularly poor record.³⁰ The performance of IRDP in Gujarat and Maharashtra, and in the southern states, may be less dismal, even though very important criticisms are still found in empirical studies relating to these states.³¹

VI

Effects of IRDP on Living Standards

What impact does IRDP really have on the living standards of the beneficiaries? This question has been addressed in a large number of studies, but it would be hard to claim that firm conclusions have been reached. This is partly because of data limitations, but also partly because of methodological flaws in the approaches that have been used to estimate the effects of IRDP. A few of these flaws are particularly worth highlighting.

The most common approach to the ques-

TABLE 4: CHARACTERISTICS OF IRDP BENEFICIARIES IN THREE VILLAGES OF BHILODA TALUKA (GUJARAT)

Serial No	Reported Land Ownership (Acres)	Number of Fit Adult Males	Number of Household Members in Regular Employment	Occupations	Remarks
1	11	3	2	Policeman, Soldier Cultivation	Prosperous household
2	3	(0)	na	na	Village headman
3	(0)	(0)	na	Cultivation	—
4	na	(0)	na	na	Village headman; prosperous
5	1	3	0	Skilled labour Cultivation	Denied taking a loan
6	1	2	1	Policeman Skilled labour Cultivation	Prosperous household.
7	1	2	1	-do-	-do-
8	2	3	1	Factory employee Army trainee Cultivation	Brother of Village headman
9	3	2	1	Casual labour Factory employee Cultivation Casual labour	—
10	3.5	4	1	Soldier Cultivation Casual labour	—
11	3	3	0	Cultivation Casual labour	—
12	na	1	na	na	Seems quite poor; high dependency ratio

Note: * Individuals number 6 and 7 belong to the same household (they are husband and wife).

tion of whether IRDP has a significant impact on rural poverty is to estimate the proportion of households which have been 'raised above the poverty line' through IRDP. Although this criterion is quite popular, very few studies actually have access to the data that are required to apply it at all reliably (e.g. income or expenditure data for a period of several years before and after the taking of an IRDP loan). A common short-cut is to examine the incomes or expenditures of IRDP beneficiaries in a *single* year before and after the taking of a loan, but this is hardly satisfactory since what matters is the effect of IRDP on the whole *profile* of post-loan incomes. There is little consolation in learning that an IRDP beneficiary has a relatively high income in the year immediately following, say, the acquisition of a buffalo (when the animal still produces milk in abundance and little interest has to be repaid) if the same household has a particularly *low* income three years later (when the buffalo is dead or enfeebled and the loan has to be repaid).³²

Even if the required data are available, the criticisms of the notion of poverty line made in Section 11 clearly cast some doubt on the usefulness of the 'crossing the poverty line' criterion. For instance, this criterion registers some success in poverty reduction when a household initially just below the poverty line enjoys a small increase in income, but *not* when a destitute household experiences a large increase in income which still leaves it below the poverty line.—"A number of further problems associated with evaluation methods based either on the 'crossing the poverty line' criterion or—more generally—on the examination of household incomes 'before and after inclusion in IRDP will be discussed in the next section (see also Pulley 1989).

An alternative approach consists of trying to find out how much of the post-loan incomes of IRDP beneficiaries can be 'attributed*' to the asset they have acquired through the programme. One major problem that immediately arises with this approach relates to the treatment of households which have disposed of their IRDP asset (sometimes a *majority* of the surveyed beneficiaries, as in Gopal and Ramulu, 1989). Even ignoring this problem, the required calculations are quite intricate, and one sometimes wonders which imaginative rules of thumb have been used to estimate, say, the proportion of a farmer's income that can be attributed to the acquisition of a bullock-cart, or the share of a carpenter's income that can be attributed to the acquisition of improved tools. Further, a correct estimate of 'IRDP-generated income' would have to subtract not only debt repayments (rarely taken into account in studies of the effects of IRDP) but also the opportunity cost of the complementary inputs that are used along with the IRDP assets. I know of no empirical study which attempts to make

anything like the adjustments that are needed for this approach to make sense.

A third approach, suggested by Pulley (1988, 1989), is to compare changes in income over a prolonged period for (1) IRDP beneficiaries who retain their asset, and (2) IRDP beneficiaries who dispose of their asset. It is suggested that the extent to which households in the former group have faster-growing incomes would provide an indication of the effectiveness of IRDP. The advantage of this method is that it 'controls' for exogenous influences on income that affect all households (e.g. climatic factors). However, aside from the fact that Pulley's analysis indicates little income growth differences between these two groups (see particularly Table 5.14 in Pulley, 1989), there are serious doubts as to the meaningfulness of this approach. To illustrate, suppose that IRDP loans lead half of the beneficiaries to go bankrupt, sell their asset and endure a severe

plunge of income; and the other half to retain their assets and achieve a small or even no increase in income. The suggested method would lead to the conclusion that IRDP is a great success! The fact that IRDP beneficiaries are highly exposed to the low of their asset and a corresponding income loss should be counted as *part* of the failure of IRDP, not evidence against such failure.

In the third section of this paper, I have suggested a different approach to the estimation of the effect of IRDP on rural incomes (see particularly equation 1). In this approach, the crucial parameter is the marginal productivity of capital for the poor. Estimating this parameter is presumably not beyond the scope of econometric investigation. Meanwhile, there is only one credible answer to the question posed at the beginning of this section—we simply do not know.³⁴

TABLE 5: LIST OF IRDP BENEFICIARIES IN ONE VILLAGE OF BIRBHUM DISTRICT (WEST BENGAL)

Name	Land Owned (Acres)	Occupation	Party Affiliation
Bodi Das	0	Casual labour	CPM
Sonkar Das	0	Casual labour	CPM
Mohan Das	0	Casual labour	na
Sk Asman	0	Casual labour	CPI(ML)
Shisir Bouri	0	Casual labour	na
Sibu Bouri	0	Casual labour	na
Nidiram Bouri	0	Casual labour	na
Moriram Bouri	0	Casual labour	na
Bhurum Bouri	0	Casual labour	na
Shanay Bouri	0	Casual labour	na
Santi Bouri	0	Casual labour	na
Ebrahim	0	Casual labour	CPM
Lokhay	0	Casual labour	na
Abdur Rahim	0	Casual labour	na
Ohad Ali	0	Casual labour	na
Sk Sobur	0	Casual labour	CPM
Sk Momin	0	Casual labour	CPI(ML)
Sk Amin	0	Casual labour	CPI(ML)
Sk Nishob	0	Casual labour	CPM
Kabita Bibi	0	Casual labour	na
Sk Nomir	0	Casual labour	na
Sk Jahangir	0	Rickshaw-pulling	CPI(ML)
Sk Jiyaraf	0	Rickshaw	CPI(ML)
Sk Enzill	0	Rickshaw	CPI(ML)
Sk Sukur	0	Rickshaw	na
Sk Hansi Lal	0	Rickshaw	CPI(ML)
Ranjan Mollik	0	Semi-casual labour	CPI(ML)
Mohiuddin	0	Shop-keeping	na
Sk Edrish	0	Mason	CPI(ML)
Sk Rahomat	0.2	Forest labour	na
Sk N Islam	0.2*	Casual labour	Congress(I)
Arman	0.3*	Forest labour	CPI(ML)
Sk Jiyaruf	0.3*	Rickshaw	CPI(ML)
Sk Monshad	0.3	Rickshaw	CPI(ML)
Sk N Mondol	0.7	Casual labour	na
Sk Amin	0.7	Mason	na
Sk Rohim	0.8	Casual labour	na
Sk Kibriya	1	Semi-casual labour	CPM
J Kamokar	1	Cultivation	CPM
Azbahar	1	Trade (milk)	na
Abul Kalam	1.3	Cultivation	na
Sk Lothib	1.7	Forest labour	CPM
Torit Molla	1.7	Cultivation	na

Note: * Waste land.

Source: Drèze (1988), Table 17.

VII Real Face of IRDP

As was mentioned in the introduction, the IRDP debate reveals a puzzling contrast between two groups of studies. The first group consists of detailed micro-studies reported by scholars with first-hand knowledge of the functioning of IRDP. These studies have tended to project a very-negative view of the programme. The second group of studies consists of large-scale household surveys carried out by the government or by banking institutions.³⁵ Here, the results are much more encouraging. In particular, the widely-cited Concurrent Evaluation of IRDP carried out by the government of India offers a heart-warming picture of the achievements of IRDP. To cite only one example, according to the third round of the Concurrent Evaluation (1989), more than 80 per cent of the beneficiaries belong to the target group, and, among those who started off below a poverty line of Rs 3,500, more than half 'Crossed' this line after inclusion in IRDP.³⁶ This, if true, would certainly be a creditable achievement.

A full elucidation of this contrast between the findings of intensive micro-studies and large-scale household surveys is beyond the scope of this paper.³⁷ I will only illustrate the nature of the problem by commenting in some detail on the Concurrent Evaluation. For specificity, I will compare the results of the Concurrent Evaluation for Gujarat with my own observations (a similar comparison for Uttar Pradesh would lead to the same conclusions).³⁸

The observations reported earlier for Bhiloda suggest, that, in this part of Gujarat at least, IRDP does not substantially involve the most disadvantaged groups, while loans are often sanctioned to relatively privileged households. According to the third round of the Concurrent Evaluation, however, more than 85 per cent of IRDP beneficiaries in Gujarat belong to the target group of households with an annual income below the Seventh Plan cut-off of Rs 4,800. Further, 53 per cent of those starting off below a poverty line of Rs 3,500 crossed this line after inclusion in IRDP.

How are these figures produced? The enquiry schedule of the Concurrent Evaluation includes two entries for measures of 'family income at the time of inclusion in the block list' (which refers to a date *three years* prior to that of interview). One is meant for income 'as per record', and the other for income 'as assessed by the investigator'. The first of these measures according to which 100 per cent of the beneficiaries have initial incomes below the eligibility cut-off, is literally useless, since the banks are hardly likely to enter in their records income figures that violate the official eligibility conditions.³⁹ The second income measure is uniquely imaginative since it is retrospectively 'assessed by the investigator' three years after the event! In practice, self-reported incomes are the dominant source of informa-

tion, with a single figure for total household income in the relevant year being often accepted at face value.⁴⁰

It is not difficult to see that, given the likely downward bias of self-reported incomes, the resulting figures could easily produce a highly inflated value for the proportion of IRDP beneficiaries initially below the 'poverty line'. This, however, is not the end of the mystery. We still have to explain how a majority of the household recorded as having started below the poverty line managed to cross it within three years. Bearing in mind that the figures for *current* income are also largely self-reported, several elements of explanation come to mind.

First, the understatement of self-reported income is likely to be greater for past incomes than for current incomes. Indeed, it is typically harder to persuasively misreport one's current economic condition than one's income three years earlier. Also, the *motivation* for understating would be particularly strong in the case of past income, if respondents perceive the enquiry as being geared to verifying their eligibility to IRDP.

Second, in calculating the proportion of households which have 'crossed the poverty line' by comparing pre- and post-IRDP income figures, the Concurrent Evaluation makes no adjustment for (1) inflation, (2) changes in family size, and (3) interest payments on loans. The third omission is particularly serious, as several authors have already discussed.⁴¹

Third, even if incomes are accurately measured, an important source of over-estimation of the extent of poverty reduction remains. As was discussed in Section II, the incomes of IRDP beneficiaries at the time of selection, and *especially* of those who have incomes below the poverty line at that time, are likely to include a negative 'transient' component (either in the form of a temporary income fluctuation or in the form of a measurement error). This could greatly increase the probability that, three years later, the incomes of the same households are found to be significantly higher.

Fourth, the inter-temporal comparison of incomes of the Concurrent Evaluation involves not only a base year for which measured income is likely to be particularly low, but also a terminal year (three years after the selection of the household for inclusion in IRDP) for which income is likely to be particularly *high*. As was discussed earlier, changes in income between these two single years can by no means be taken to indicate the *long-term* impact of IRDP on household income.

It is, for these reasons, very hard to conclude anything from the results of the Concurrent Evaluation about the initial distribution of IRDP beneficiaries in the income scale, or about the effects of IRDP on household incomes. This is aside from the fact, discussed in the preceding section, that the criterion of 'crossing the poverty line' is of doubtful value to start with.

It is worth mentioning in passing that the

biased nature of the Concurrent Evaluation applies not only to the income data but also to many other aspects of the information presented. It has been convincingly argued, for instance, that the Concurrent Evaluation provides very misleading information on repayment.⁴² To take another example; consider the findings relating to the 'process of selection'. This is an important aspect of the scheme since the selection procedure is designed to ensure that leakages to unintended beneficiaries are minimised. In particular, this procedure is supposed to involve the gram sabhas, consisting in principle of *all* adult members of a village. What does the Concurrent Evaluation tell us about whether these guidelines have been followed?

The Concurrent Evaluation reports contain a table entitled 'Process of Selection', which includes three *mutually exclusive* alternatives: 'gram sabha', 'officials', and 'others'. For Gujarat, the reported proportion of beneficiaries selected by the gram sabha is 100 per cent (e.g. Government of India 1989: 48). The enquiry schedules themselves contain two related questions: (1) 'was he/she selected as a beneficiary in the gram sabha meeting?' and (2) 'Who actually selected him/her?'. For the second question, the coding list allows for 13 possible replies, including 'village pradhan/sarpanch/panchayat member', but *not* 'gram sabha'.

The answer to the first question was invariably recorded as 'yes' on the enquiry schedules for Gujarat. But the investigators I spoke to made it clear that they regarded 'gram sabha' as synonymous with 'panchayat'. Moreover, they conceded that in practice the work of the panchayat is really done mainly by the headman, and that as a result the headman and his allies have privileged access to IRDP loans.⁴³

In other words, while the Concurrent Evaluation tells us that in Gujarat 100 per cent of IRDP beneficiaries are selected by a village assembly of all adults, in reality there is no trace of such assemblies being convened. The Concurrent Evaluation could hardly be more misleading on this crucial point.

There is, in short, little to learn from this evaluation. By the same token, studies based on Concurrent Evaluation data also have to be taken with a pinch of salt, to say the least.⁴⁴

VIII Concluding Remarks

The findings of this paper, sobering as they are, do not (on their own) imply that IRDP is a completely useless programme. Rather, what I have argued is that (1) even if IRDP were flawlessly implemented, we could expect this programme to bring about the kind of radical reduction of rural poverty that it is often claimed or expected to produce, (2) in large parts of India (with some important exceptions such as West Bengal), the selection of IRDP beneficiaries is at best indiscriminate and at worst biased against

the poor, and (3) we have no solid evidence on the actual effects that IRDP has on the living standards of the participating households.

The point is not that IRDP is causing harm, but rather that there are almost certainly more effective routes to the eradication of poverty through public action, which ought to receive greater attention.⁴⁵ Let me conclude with three examples.⁴⁶

First, the government should have a serious programme of employment generation, preferably in the form of an Employment Guarantee Scheme with legal status. Landless (or nearly landless) agricultural labourers represent a major proportion of the rural poor. If they are not provided with land (and there is little prospect of this happening in the near future), they should be provided with employment. Public works programmes, unlike IRDP, have the advantage of incorporating a 'self-selection' mechanism which ensures that its benefits are not captured by the relatively privileged sections of the population. In contrast with IRDP, the guarantee of employment also has the merit of reducing rather than enhancing insecurity.

Unfortunately, in spite of all the recent sweet talk about the 'right to work', the government's commitment to employment generation in rural areas seems to be lower than ever. The main plank of action in this respect, the Jawahar Rojgar Yojana, is little more than a small-scale, capital-intensive public works programme. The notion that JRY will lead to a substantial reduction in rural unemployment is another instance of self-delusion.

Second, there is an urgent need to expand public provisioning in the domains of health and education. With a female literacy rate below 15 per cent, few deliveries attended by any kind of trained personnel, and a very low rate of infant vaccination, it is hardly surprising that Uttar Pradesh has a higher infant mortality rate than any country in world (even Ethiopia, Bangladesh or Nepal).⁴⁷ Nor is it difficult to understand why Kerala, which has a distinguished record of public provisioning in health and education, has a female life expectancy almost twenty-five years higher than Uttar Pradesh (in spite of income levels in the two states being quite similar, and of head-count poverty ratios being *higher* in Kerala). As was discussed earlier, public action for the improvement of living conditions is not just a question of income generation.⁴⁸

Third, there is also a crying need for the introduction of effective social security measures to protect those who, due to disability or social restrictions, are not able to take up remunerative employment. Clearly, neither IRDP nor wage employment programmes, nor indeed any of the current poverty alleviation programmes, can do much for the handicapped, the aged or the widowed. While some members of these groups are protected by family support or the ownership of property, many others are

vulnerable to acute deprivation, and the case for providing them with some kind of unrequited public support (e.g. in the form of pensions) is very strong.⁴⁹ The case of widows—there are about 30 million of them in India—deserves special mention. The vast literature on poverty in India has, so far, almost completely neglected this highly disadvantaged group.

There is a great deal more to say about what can be done to combat rural poverty in India. But even within these three selected areas of action, the government has a lot on its plate. It cannot abdicate its responsibility by claiming, against all reasons, that programmes such as IRDP are going to make a big difference.

Notes

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- The citations are from Government of India (1988e: 2).
- These studies will be further discussed in Section VII. For some references, see note 4 below.
- This is particularly true of the Concurrent Evaluation carried out by the Government of India (1987a, 1987b, 1988a, 1988b, 1989), and of several studies based on that evaluation. See also Institute for Financial Management and Research (1984), National Bank for Agriculture and Rural Development (1984), Reserve Bank of India (1984), State Bank of India (1984, 1985).
- See, for instance, Ghate (1984), Guhan (1985, 1988), Hirway (1985, 1988), Rath (1985), Sundaram and Tendulkar (1985a, 1985b), Parthasarathy (1985), Basu (1986), Dogra (1985, 1986), Mukund (1986), Sinha (1986), Action Research learn (1987), Bagchee (1987), Copstake (1987, 1988a, 1988b), Kurian (1987, 1989), Naik (1988), George (1988), Sagar (1988), Sharma and Gianchandani (1988), Thimmaiah (1988a), Elavia and Cloud (1989), Osmani (1990), Swaminathan (1986, 1989, 1990). For an up-to-date catalogue of implementation failures, see Gopal and Ramulu (1989).
- Government of India (1988d:1); emphasis added.
- Another important characteristic of IRDP is that loans are tied to the acquisition of specific productive assets.
- When looking at particular households (rather than, say, making broad inter-regional or inter-temporal comparisons), the relevant influences also include personal characteristics that affect the relationship between commodity command and 'functioning'. On this see Sen (1985).
- Recent guidelines of IRDP admittedly allow for different levels of poverty intensity, by distinguishing four categories of 'poor' families (the 'destitute', 'very very poor', 'very poor', and 'poor'). This is a step in the right direction, but the enormous difficulties associated with the estimation of rural incomes (discussed further in the text) cast serious doubts on the usefulness of this approach.

- In the case of livestock assets, many IRDP loans are now accompanied by insurance provisions. But after allowing for bureaucratic inertia, endemic corruption and the well known economic problems associated with the enforcement of insurance contracts in conditions of 'asymmetric information', little can be expected from this cosmetic initiative. According to a recent report of the Concurrent Evaluation of IRDP, only 1 per cent of IRDP beneficiaries in the 1987 sample had made a successful claim for compensation following the loss of their assets (Government of India, 1988b).
- For further discussion, see Dreze (1988) and Dreze, Lanjouw and Stern (forthcoming). See also Gaiha (1988a, 1988b, 1989) and Gaiha and Deolalikar (1989).
- See particularly Rath (1985), the rejoinder by Dantwala (1985), and the later debate sparked off by these contributions in the columns of *Economic and Political Weekly*.
- Dantwala (1988:79). See also Dantwala (1985, 1987, 1988).
- Empirical evidence suggests that the actual value of c is, in fact, often much higher than 0.1—see, e.g., Swaminathan (1990).
- For further discussion of this problem, and some econometric evidence on the high riskiness and low productivity of IRDP buffaloes, see Seabright (1988, 1989a, 1989b). Similar problems are also discussed in Dogra (1986), Action Research Team (1987), Copstake (1987), Thimmaiah (1988a), Elavia and Cloud (1989), Gopal and Ramulu (1989), Swaminathan (1990), among others.
- For a detailed description of Palanpur, and an analysis of its economy, see Bliss and Stern (1982).
- As it happens 1983-84 is also the base year for the first round of the Concurrent Evaluation of IRDP (Kurian 1987:A-175), whose findings are completely at variance with those presented here. This contrast will be further commented on in Section VII.
- For further discussion of the notion of apparent deprivation, see Dreze (1988) and particularly Dreze, Lanjouw and Stern (forthcoming).
- There is some confusion as to whether per capita income or household income is the basis of eligibility to IRDP. Amazingly, it seems that household income (with a cut-off of Rs 3,500 in the Sixth Plan and of Rs 4,800 in the Seventh Plan) is the accepted criterion. The broad findings of Tables 2a and 2b apply in terms of household income as well as in terms of per capita income.
- On the vulnerability of the landless in Palanpur and of households without adult male, see Dreze, Lanjouw and Stern (forthcoming). There are 27 landless households in Palanpur, and 6 households without adult male, out of a total of 143 households. There are 18 households without physically fit adult male, none of which are included in the list of IRDP beneficiaries except the shopkeeper mentioned in the text.
- For similar findings in other parts of India, see, e.g., Sinha (1986), Sharma and Gianchandani (1988), Copstake (1987), Gopal and Ramulu (1989), Swaminathan (1990). The last study finds that, much as in Palanpur, the average wealth of IRDP-assisted households was higher in both 1977 [before IRDP] and 1985 [after IRDP] than that of non-assisted households in two villages of Tamil Nadu (Swaminathan, 1990:A-23).
- For a good empirical investigation of this issue, see Sarap (1986).
- While this observation has not received wide attention, it is certainly not new—see, e.g., Tewari and Chand (1983), Copstake (1987),

- Kurian (1987:A-167), Saxena (1987:A-122) and Thimmaiah (1988a),
- 23 The same observation is made by Kurian (1987:A-175). See also Rao and Erappa (1987) and Oopal and Ramulu (1989).
- 24 In the same vein, Mukund (1986:1807) notes that 'often... the [proposed] beneficiaries themselves show an unwillingness to take up the specified activity, or they do not attend the meeting when loan is to be sanctioned' (see also Tewari and Chand, 1983:87, and Agarwal, 1987:26, 44). Contrast with Bandyopadhyay (1987:26) who boldly asserts that IRDP 'has caught the imagination of the poor'.
- 25 Similar observations have been made in several other studies—see, e.g., Mukund (1986: 1807) for Madhya Pradesh, Swaminathan (1990) for Tamil Nadu, and Section VII below for Gujarat.
- 26 A very similar estimate of bribing and related expenses is arrived at by Paul Seabright for a sample of villages in Tamil Nadu (personal communication).
- 27 The population figures, and the literacy figures cited further in the same paragraph, are taken from Verma (1988), and are based on the 1981 census.
- 28 Aside from supporters of the CPM, Table 4 includes a number of supporters of the Communist Party of India, Marxist-Leninist (CPI-ML), a Naxalite faction at times in rivalry with the CPM itself. One respondent explained that CPM leaders used to recommend the names of CPI(ML) members for IRDP loans in the hope of luring them back into the CPM, but that these attempts were frustrated and eventually abandoned.
- 29 On this question, see also Swaminathan (1989, 1990).
- 30 See, for instance, Dogra (1986), Mukund (1986), Action Research Project (1987), George (1988), Sagar (1988), Sharma and Gianchandani (1988).
- 31 For discussions of IRDP in these states, see Raju (1982), Swaminathan (1986, 1990), Rao and Erappa (1987), Copestake (1987), Gumaste et al (1987), Seabright (1988, 1989a, 1989b), Thimmaiah (1988a), Elavia and Cloud (1989), Gebert (1989), Gopal and Ramulu (1989), National Institute of Rural Development (n.d.), among others.
- 32 For a striking example of such downward income trend among IRDP beneficiaries, see Pulley (1989). See also Raju (1982).
- 33 Correspondingly, and as several authors have noted, this criterion creates an incentive to allocate IRDP loans to households just below the poverty line.
- 34 It should also be mentioned that a full assessment of IRDP would have to take into account not only the impact of IRDP on participating households but also its impact on non-participating households, *inter alia* through 'general equilibrium' effects.
- 35 This second group of investigations includes Institute for Financial Management and Research (1984), National Bank for Agriculture and Rural Development (1984), Government of India (1985a, 1987a, 1987b, 1988a, 1988b, 1988c, 1989), and State Bank of India (1984, 1985). For useful reviews, see Subbarao (1985), Bandyopadhyay (1988) and Sagar (1988).
- 36 Government of India (1989), pp vii, ix. The same report shows (p 139) that two-thirds of the beneficiaries have experienced an increase in family income of more than 50 per cent due to IRDP, and for nearly half of them family income has more than doubled! However, these findings can be immediately dismissed, since they are based on pre-IRDP income figures from bank records, which (as explained further in the text) are quite meaningless.
- 37 See Rath (1985), Subbarao (1985) and Osmani (1990) for some useful duet.
- 38 The following account is partly based on information kindly provided by Katar Singh (Institute of Rural Management, Anand) who supervised the Concurrent Evaluation for Gujarat, and to whom I am extremely grateful for many helpful discussions. The methodological comments of this section pertain to the first and second rounds of the Concurrent Evaluation (1985-87), but to my knowledge no drastic changes in survey methods have taken place in later rounds.
- 39 In a very competent account of the Concurrent Evaluation, John Kurian (1987:A-162) candidly recognises that 'even when non-poor were assisted under the programme, their annual family incomes were invariably entered in the official records as below Rs 3,500'. This is also my experience as well as that of Paul Seabright in Tamil Nadu (personal communication). See also Rao and Erappa (1987).
- 40 Compare with Kurian's (1987:A-174) version: 'The investigator assessed the annual family income by asking probing questions regarding (a) various sources of incomes and (b) earnings of different members of the family. Items (goods and services) which were not traded or which were bartered were imputed appropriate values based on ongoing market prices. Net farm income, if any, was assessed after accounting for paid out costs! The prize for 'imagination' in filling the questionnaires of the Concurrent Evaluation should probably go to the investigator who, in Gujarat, entered 'Rs 1,200' under 'income from IRDP asset' even though the IRDP buffalo in question had died.
- 41 See, e.g., Rath (1985), Sagar (1988) and Osmani (1990).
- 42 On this question, see particularly Pulley (1989).
- 43 In this connection, it is also worth mentioning that while in Gujarat a gram panchayat typically covers several hamlets, in the course of my field work in Bhiloda I invariably found that IRDP loans were overwhelmingly (often exclusively) granted to residents of the headman's own hamlet. This, according to the same investigators, is a frequent pattern in Gujarat.
- 44 These studies include Kurian (1987), Rao and Erappa (1987), Saxena (1987), Rao and Rangaswamy (1988), Pulley (1988, 1989). For rejoinders to the findings of the Concurrent Evaluation, see Mukund (1986), Sinha (1986), Thimmaiah (1988a, 1988b), among others.
- 45 It has often been argued (most recently by Kurian, 1989, Osmani, 1990, and Swaminathan, 1990) that, with imaginative local-level planning, IRDP can be made far more effective than it currently is. However, the competence, motivation and incentives that are needed for such local-level planning are nowhere to be seen.
- 46 I hope to elaborate on these concluding comments in a forthcoming paper.
- 47 See Howes (1990), Figure 2, based on Verma (1988) and World Bank data.
- 48 For further discussion of the general importance of public provisioning in economic development, and of India's record, see Dreze and Sen (1989).
- 49 I have discussed this question at greater length, with special reference to the social protection of widows, in Dreze (1990).

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