Implementation of IRDP in North Eastern Region of India : An Assessment of Investment Size

Shankar Chatterjee

The half yearly report, of the Fourth Round of Concurrent Evaluation of IRDP carried out during September 1992 – August 1993 by the Ministry of Rural Areas and Employment, Government of India, has been published recently. It is evident from the Report that only 14.81 per cent of the total 'old' beneficiaries could cross the poverty line of Rs.11,000. The word "old" beneficiary has been defined as "A beneficiary family who was assisted/provided assets during January–December 1989 or given subsequent doses of assistance to cross the poverty line constituted old beneficiary family." That is, all old beneficiaries were covered during Seventh Plan period or after that. However, performance of IRDP in many of the States is poor as the figure did not touch even two digits. The only state which has done fairly well by achieving more than 50 per cent figure includes Punjab. It is indeed a laudable achievement for Punjab because even during the turmoil period, the state has done exceptionally well in implementation of IRDP. The statewise achievement about percentage of IRDP beneficiaries crossing the poverty line of Rs.11,000 may be seen from Table-1.

It is evident from the Table that in the states of North East viz., Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, IRDP could not make much dent in eradication of poverty. For example in Arunachal Pradesh, Manipur and Nagaland, the percentages are 0.00, 1.74 and 1.67 and 1.67 respectively which are far below than the national average. Moreover, Arunachal Pradesh is the only state in the country with a dismal performance of nil result. The state of North east which could do some progress is Mizoram as the state average with 15.22 per cent is slightly more than the national average. The poor performance of IRDP in general and North East in particular raises he question why its performance is like this. So in this paper an attempt is made to analyse made whether substantial investment was made or not. Because it is known to all that if investment is not enough than it is difficult to earn expected level of income. To get an idea about the size of investment following data have been taken into consideration i) Incremental Capital Output Ratio (ICOR); ii) Initial Income of the Beneficiaries ; iii) Poverty line income which in turn helps to identify income gap given the value of initial income.

Dr. Shankar Chatterjee is Assistant Director Centre for Micro Planning, National Institute of Rural Development, Hyderabad-500030 (INDIA)

Emerging Trends in Development Research
Vol. 4-7, 1997-2000, 91-96

Table– 1 : Old Beneficiary Families Crossing the Poverty Line

(Percentage cases)

Sl. No.	**State / U. T.**	**Poverty line of Rs. 11,000 /–**
1.	Andhra Pradesh	26.79
2.	Arunachal Pradesh	00.00
3.	Assam	12.14
4.	Bihar	16.53
5.	Goa	17.50
6	Gujarat	02.00
7.	Haryana	06.34
8.	Himachal Pradesh	16.88
9.	Jammu & Kashmir	21.29
10.	Karnataka	10.50
11.	Kerala	05.65
12.	Madhya Pradesh	07.66
13.	Maharastra	21.02
14.	Manipur	01.74
15.	Meghalaya	10.00
16.	Mizoram	15.22
17.	Nagaland	01.69
18.	Orissa	07.19
19.	Punjab	53.46
20.	Rajasthan	10.14
21.	Tamil Nadu	05.88
22.	Tripura	05.97
23.	Uttar Pradesh	24.74
24.	West Bengal	28.02
25.	A. and N. Islands	02.08
26.	Chandigarh	05.53
27.	Daman & Dau	10.00
28.	Lakshadweep	45.00
29.	Pandicherry	33.33
	ALL INDIA	**14.81**

Sources : Concurrent Evaluation of IRDP (September 1992 – February 1993), Ministry of Rural Areas and Employment, Government of India, March 1995.

Objectives and Data Source

In this paper an attempt is made to study the minimum size of investment required to cross the poverty line income once the values of ICOR and income gap are known.

The source of data for data for this study is the published report (Half Yearly) of the Concurrent Evaluation of IRDP, carried out during (September 1992 – February 1993) by the Ministry of Rural Areas and Employment, Government of India published in March, 1995.

Major Findings

During Seventh Plan period, Incremental Capital Output Ratio (ICOR) for IRDP beneficiaries has been assumed as 2.7.[1] So, this ratio may be considered in this paper for the analysis as all the "old" IRDP beneficiaries were given assistance during Seventh Plan period or thereafter.

Regarding base line income of the beneficiaries, the Report has mentioned the income range before getting of IRDP assistance which is presented in Table 2.

Table – 2 : An Income of the Assisted Families Before IRDP

(Percent)

Sl. No.	State	Distribution of Families According to Annual Family Income (Rs.)			
		0–4000	**4001–6000**	**6001–8500**	**8501–11000**
1.	Arunachal Pradesh	88.33	11.67	00.00	00.00
2.	Assam	77.58	21.03	01.25	00.14
3.	Manipur	35.65	63.04	01.30	00.00
4.	Meghalaya	77.16	22.34	00.51	00.00
5.	Mizoram	25.00	49.00	21.00	05.00
6.	Nagaland	80.00	19.58	00.42	00.00
7.	Tripura	46.67	53.33	00.00	00.00
	ALL INDIA	**77.00**	**21.11**	**01.63**	**00.26**

Source : Concurrent Evaluation of IRDP, (September 1992 – February 1993), Ministry of Rural Areas and Employment, Government of India.

It is evident from the Table - 2 that most of the beneficiaries are in the income range of Rs. 0 – 4000 and Rs.4001-6000. Only in Mizoram, 21 per cent beneficiaries are in the income bracket of Rs.6001–8500. Since, most of the beneficiaries are in the range of Rs.0 – 4000 and Rs.4001– 6000 so for the sake of analysis, particularly to find out incomegap, we can calculate mid value of the range and upper value of the range as shown below :

Income Range (Rs.)	Midvalue of the the Range (Rs.)	Upper limit of Range (Rs.)
0 – 4000	2000	4000
4001 – 6000	5000	6000

Now income gap may be calculated by substracting midvalues of the range and upper limits of the ranges from the poverty line of Rs. 11, 000 (Table 3).

Table– 3 : Income Gap of the Beneficiaries (Rs.)

Midvalue of theRange	Upper limit of the Range	Income Gap (Rs.11,000– values of col.1	Income Gap (Rs.11,000– values of col.2
(1)	(2)	(3)	(4)
2000	4000	9000	7000
5000	6000	6000	5000

Table – 4 : Minimum Size of Investment Required to Cross the Poverty Line

Income Gap (Rs.)		ICOR	Minimum Investment required to Cross poverty line (Rs.)	
			(1) X (3)	(2) X (3)
(1)	(2)	(3)	(4)	(5)
9000	7000	2.7	24,300	18,900
6000	5000	2.7	16,200	13,500

The Table reveals that to earn additional income of Rs.9000 minimum investment should be Rs.24,300. Similarly, for earning of Rs.7,000, size of investment should be Rs.18,900. The investments should be Rs.16,200 and Rs.13,500 for fetching additional income of Rs.6,000 and Rs.5,000 respectively.It is evident from the Table that more the income gap more should be the size of investment. That is, size of investment is directly proportional to the income gap. Against the backdrop we can have a look about the size of investment for IRDP beneficiaries. Incidentally, the Report evinces the sector-wise investment for IRDP beneficiaries (Table 5).

Table – 5 : Per Family Investment (Subsidy ± Credit) (Rs.)

Sl. No.	State	Primary Sector	Secondary Sector	Tertiary Sector
1.	Arunachal Pradesh	4337	2981	4972
2.	Assam	7809	6140	7404
3.	Manipur	5745	3024	5095
4.	Meghalaya	9213	9613	8605
5.	Mizoram	4225	4011	3143
6.	Nagaland	9161	0000	6500
7.	Tripura	5721	4257	7055
	ALL INDIA	**7268**	**6307**	**7613**

A thorough look into the Table 4 and Table 5 reveals that size of investment was less than that of required level of investment. In Arunachal Pradesh less than Rupees Three Thousand was given to the beneficiaries that too under secondary sector. It is known to everyone that North East is backward from infrastructural point of view. With poor infrastructure as well as low level of investment the beneficiaries cannot be expected to get good return from the schemes. Therefore, it is suggested that in order to determine size of investment, ICOR should be taken into consideration. Although in this paper overall ICOR of 2.7 has been considered but ICOR should be calculated for different type of schemes vis-a-vis state-wise also and accordingly size of investment should be determined.

Secondly, a through study of backward and forward linkages is sine qua non for viability of the schemes. So implementing authority should look into this aspect before grounding of the scheme.

Thirdly, in our country it is found that in every plan period, different income levels are taken into considerations for measuring of poverty. For example, during Sixth Plan, the income criterion was Rs.3500 (Annual Family Income) which was enhanced to Rs.6400 during Seventh Plan and further enhancement of Rs.11,000 was made in Eighth Plan. Under the circumstances it is difficult to assess the income gap. Therefore, in future prospective plan should be prepared for determining of poverty and accordingly size of investment should be decided.

Note: *This is the revised version of the paper presented to 29th Annual International Regional Science Conference held, at Delhi School of Economics, Department of Geography, University of Delhi, January 31 – February 2, 1997. The author is grateful to Dr. S. Rajakutty, Director (CME), NIRD, Hyderabad for his suggestions in course of writing of this paper. The views expressed here are those of the author not that of the Institute where he is working.*

References

Khanna Inderjit 1990: "IRDP – Strategy for Self Employment opportunities", *Journal of Rural Development*, Vol.9, January, No.1.