

The basic objective of IRDP, is to help beneficiaries below the poverty line to cross it. Hence, it is pertinent to know whether the identified beneficiaries were below the poverty line or not? Secondly, it is necessary to find out whether they could cross the poverty line as a result of the credit extended. This chapter tries to examine these vital questions.

Thus, after ascertaining the impact of credit from the financed activity in the previous chapter we have undertaken to study the impact of the incremental income from the asset financed on the Beneficiary Households' (BHs) income in the post loan period. For this purpose the income streams from various activities in the pre and post loan period of BHs are computed with a view to assess the success of the program in terms of their crossing the poverty line threshold of Rs. 6400.

7.1 Household Income in Pre and Post Loan Period

Household income in the pre and post loan period is studied with the purpose of:

- Examining the identification of BHs.
- Measuring and assessing the changes in income levels of BHs in pre and post loan period.

- Assessing the number of BHs crossing the poverty line threshold in the post loan period.
- Making a comparison of BHs in one and two loan categories.

The total household income of sample BHs in the pre loan period was Rs. 2882 p.a.. For the MBHs and FBHs, it was Rs 2747 and 2927 respectively. In the post loan period the average income of BHs increased to Rs 5524 and the corresponding figures for MBHs and FBHs were Rs. 5410 and 5562 respectively. Hence, there was a rise of 91.6 per cent for the BHs in the post loan period compared to the pre loan period. For the MBHs and FBHs the corresponding figures were 97 and 90 respectively.

Table 7.1 shows the classification of sample BHs in the pre and post loan periods.

The above table indicates that 47.5 per cent of the beneficiary households [BHs] were concentrated in the lower most income strata of less than Rs. 2265. Amongst the categories of BHs, 46, 53 and 89 per cent of the FBHs, MBHs and FHHs respectively, were also in the lowest income strata. A household is eligible for assistance under the IRDP if its total income is below Rs. 4800.

Table 7.1

Distribution of Beneficiary Households: Pre and Post Loan Household Income. (Both Loans)

Income Groups	Beneficiary Household Categories			
	FBHs [90]	MBHs [30]	FHHs [9]	Total (FBHs+MBHs) [120]
2265 or less				
Pre	41 (45.5)	16 (53.3)	8 (88.9)	57 (47.5)
Post	6 (6.66)	3 (10.0)	2 (22.2)	9 (7.51)
% Change	-85.3	-81.2	-75	-84.21
2266-3500				
Pre	25 (27.7)	7 (23.3)	0 (0.0)	32 (26.67)
Post	13 (13.3)	4 (13.3)	3 (33.3)	17 (10.6)
% Change	-48	-42.8	300	-46.9
3501-4800				
Pre	13 (14.4)	3 (10.0)	1 (11.1)	16 (13.3)
Post	21 (23.3)	6 (20.0)	2 (22.2)	27 (22.5)
% Change	61.5	100	100	68.7
4801-6400				
Pre	8 (8.9)	4 (13.3)	0 (0.0)	12 (10.0)
Post	21 (23.3)	7 (23.3)	1 (11.1)	28 (23.3)
% Change	162.5	73	100	133
6401 and above				
Pre	3 (3.3)	0 (0.0)	0 (0.0)	3 (2.5)
Post	29 (32.2)	10 (33.3)	1 (11.1)	39 (32.5)
% Change	866	1000	100	1200

(Figures in parentheses are percentages to the totals of respective categories i.e., 90 for FBHs, 30 for MBHs and 9 for FHHs)

The sample data reveals that almost 13 per cent of sample BHs, FBHs and MBHs were having household income of more than Rs. 4800 i.e., eligible norm in the pre loan period and hence were wrongly identified. Further, the poverty line threshold was Rs. 6400 and it is observed that 2.5 per cent of BHs were even above this high income level at the time of receiving IRDP loans.

The table clearly indicates an improvement in the level of living of all the categories of BHs. However, the economic ramifications in terms of income generation sufficient enough to raise the sample households above the poverty line is noticed only in case of 32.2 per cent of the BHs and FBHs, 33 per cent of the MBHs and 11.1 per cent of the FHHs. There has been a decrease of 84 per cent in the number of BHs in the lower most income strata. Across the categories too, it has decreased more than 75 per cent.

In the income strata of Rs. 2266-3500, there was a decrease in the number of BHs by 47 per cent, while across the categories too, it had decreased except for the FHHs it had increased by 300 per cent. In the income strata of Rs 3500-4800 and Rs 4801-6400 there has been a definite increase in the number of households category wise as well as sample wise.

After analyzing the impact of credit on BHs income, a separate analysis of BHs income with one and two loans is undertaken for the aforesaid reasons and to ascertain the degree of increase and differences in the household income of

these two categories. This segregation of BHs consequently explores the rightness of the program's policy of granting two loans.

Tables 7.2 and 7.3 indicate the same trend as the Table 7.1 i.e., concentration of majority of BHs in the lower most income strata in the pre loan period. Across the category of BHs maximum concentration was noticed amongst FHHs with one loan and MBHs with two loans. Out of the BHs above the poverty line, 4.34 per cent of the one loan FBHs were already above the poverty line. However, none of the BHs with two loans were having a total household income of more than Rs. 6400. Moreover, 11 and 7 per cent of the FBHs and MBHs, with one loan respectively and 13 per cent of the FBHs and 20 per cent of the MBHs and none of the FHHs with two loans were erroneously identified for credit disbursements.

On assessing the impact of credit disbursed in the post loan period, it was found that 47 per cent of the BHs with two loans as against 21 per cent of the BHs with a single dose of assistance had crossed over the poverty line threshold. It needs mentioning here, that out of 21 per cent of BHs with one loan, 4.34 per cent of them were already above the poverty line. Category wise 20 per cent of the FBHs, 14 per cent of the FHHs and 24 per cent of the MBHs with one loan and 43 per cent of the FBHs, 80 per cent of the MBHs and none of the FHHs with two loans had succeeded in crossing over the poverty line threshold.

Table 7.2

Distribution of Beneficiary Households: Pre and Post Loan Household Income (One Loan)

Income Groups	Beneficiary Household Categories			
	FBHs [44]	MBHs [25]	FHHs [7]	Total (FBHs+MBHs) [69]
2265 or less				
Pre	19 (43.1)	13 (52.0)	6 (85.7)	32 (46.58)
Post	4 (9.09)	3 (12.0)	2 (28.5)	7 (10.1)
% Change	-78.9	-84	-60	-78.0
2266-3500				
Pre	15 (34.0)	6 (24.0)	0 (0.0)	21 (30.43)
Post	10 (22.72)	4 (16.0)	3 (42.8)	14 (20.28)
% Change	- 33.3	33.3	-300	-33.3
3501-4800				
Pre	5 (11.3)	3 (12.0)	1 (14.2)	8 (11.59)
Post	11 (25.0)	6 (24.0)	0 (0.0)	17 (24.68)
% Change	120	100	-100	172.5
4801-6400				
Pre	2 (4.5)	3 (6.97)	0 (0.0)	5 (7.2)
Post	10 (22.7)	6 (24.0)	1 (25.2)	16 (23.1)
% Change	400	100	100	200
6401 and above				
Pre	3 (6.8)	0 (0.0)	0 (0.0)	3 (4.34)
Post	9 (20.4)	6 (24.0)	1 (14.28)	15 (21.7)
% Change	200	600	100	400

(Figures in parantheses are percentages to the totals of respective categories, ie., 44 for FBHs, 25 for MBHs, 7 for FHHs and 69 for total)

Table 7.3

Distribution of Beneficiary Households: Pre and Post Loan Household Income. (Two Loan)

Income Groups	Beneficiary Household Categories			
	FBHs [46]	MBHs [5]	FHHs [2]	Total (FBHs+MBHs) [51]
2265 or less				
Pre	22 (47.8)	3 (60)	2 (100)	25 (49.01)
Post	2 (4.3)	0 (0.0)	0 (0.00)	2 (3.9)
% Change	90.9	-300	-200	-82.0
2266-3500				
Pre	10 (21.7)	1 (20.0)	0 (0.0)	11 (21.15)
Post	3 (6.82)	0 (0.00)	0 (0.00)	3 (5.88)
% Change	-70	-100	0	-72.72
3501-4800				
Pre	8 (17.3)	0 (0.00)	0 (0.00)	8 (15.38)
Post	10 (21.7)	0 (0.0)	2 (100.0)	10 (19.60)
% Change	25	0	200	25
4801-6400				
Pre	6 (13.0)	1 (20.0)	0 (0.0)	7 (13.7)
Post	11 (23.9)	1 (20.0)	0 (0.00)	12 (23.5)
% Change	83.3	0	0	71.4
6401 and above				
Pre	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.00)
Post	20 (43.4)	4 (80.0)	0 (0.00)	24 (47.0)
% Change	2000	400	0.0	2400

(Figures in parantheses are percentages to the totals of respective categories ie., 46 for FBHs, 5 for MBHs, 2 for FHHs and 51 for Total).

Comparative evaluation in the lowermost income strata between two loans showed, a higher reduction of BHs with two loans than one loan. Still inspite of this, out of the BHs with one loan 9, 28.5 and 12 per cent of the FBHs, FHHs and MBHs respectively, were in the income strata of Rs.0-2265. While for BHs with two loans 4 per cent of the FBHs and none FHHs and MBHs were found to be in the lower most income strata.

In the income group of Rs.2266 -3500 (for both loans) the number of FBHs has fallen by 48 per cent, MBHs by 42 per cent and FHHs had increased by 100 per cent. For the BHs with one and two loans FBHs have fallen by 33 and 70 per cent and MBHs have also fallen by 33.3 and 100 per cent. However, the FHHs with one loan had increased by 300 per cent while no changes in the two loan category were noticed.

Income groups of Rs.3501-4800 and Rs.4801-6400 show positive and definite shifts amongst all the category of BHs with one and two loans. In the income strata of Rs. 3501-4800, BHs with one loan had increased by 172 per cent while category-wise FBHs had increased by 120 per cent, MBHs had increased by 100 per cent while the FHHs had decreased by same percentage. The total BHs and FBHs with two loan had increased by 25 per cent, while for the FHHs the percentage change was 200 per cent but no increase was noticed amongst the MBHs. Amongst the gender categories the percentage changes from the pre to post loan in the income strata of Rs. 4801-6400 was found to be 200 per cent for BHs with

one loan, 400 per cent for FBHs and 100 per cent for MBHs and FHHs. In the two loan category the total BHs had increased by 71.4 per cent and FBHs had increased by 84 per cent, while no changes were noticed amongst the FHHs and MBHs.

The above analysis reveals :

- Disbursing of two loans had helped a higher, almost double number of BHs to cross over the poverty line threshold. The MBHs were able to make better use of the credit disbursed irrespective of the number of loans given as they were found to be crossing over the poverty line threshold to a larger extent in comparison to the FBHs and FHHs.
- The positive shifts from the lower income level to a higher income level indicate that majority of the BHs with both the loans have experienced a positive change in their income levels and hence a subsequent reduction in the economic deprivation.
- Lesser success of FHHs to cross the poverty line threshold due to the lower incremental income and their concentration in the lower most income strata in the pre loan period is a remarkable finding as it reasserts the need for greater concern and assistance for FHHs.

7.2 Activity - Wise Income Generation

The proportion of the total household income derived from various activities depends on the extent of rural dependency of the economy on the agricultural sector and the employment opportunities existing in the outer sphere of the village activities. Rural households in the under-developing economy as India, are mainly dependent on agriculture as the opportunities in other spheres are extremely limited. This compels the rural households to participate in various spheres of activities and frame their strategies for maximising their income from all the sectors of the rural economy.

The purpose of this portion is to :

- i) Study the survival strategies adopted by beneficiary households in the pre and post loan period.

(These survival strategies, refer to the different activities that the household pursues in order to maximize its benefits and add to the households income).

- ii) Identify the main activity which, contributes maximum to the household income in the pre and post loan period
- iii) Assess the relative changes in the importance of each activity with reference to its income contribution to the household income, in the post loan period.

For each of the three main activities namely agricultural wage labour, farming and milch cattle, separate analysis has been undertaken. The BHs are classified according to the exclusive activity pursued (100 per cent of income), main activity (above 51 but less than 100 per cent of income) and subsidiary activity (below 50 per cent of income).

Table No 7.4

Distribution of Beneficiary Households : Activitywise and Genderwise

Beneficiary Household	Percentage's							
	x BHs		0-50		51-99		100	
	Pre	Post	Pre	Post	Pre	Post	Pre	Post
1. Agricultural Wage Labour Activity								
FBHs (90)	2	0	5	45	6	43	77	2
%	2.2	0.0	5.5	50.0	6.6	47.7	85.5	2.2
MBHs (30)	0	0	6	18	2	12	22	0
%	0.0	0.0	20.0	60.0	6.6	40.0	73.3	0.0
FHs (9)	0	0	0	8	1	1	8	0
%	0.0	0.0	0.0	88.8	11.1	11.1	88.8	0.0
Total FBHs (120)	2	0	11	63	8	53	99	2
	1.67	0.0	9.16	52.5	6.6	48.8	82.5	1.67
2. Farming								
FHBs (12)	-	-	2	10	8	2	2	0
%	-	-	16.6	83.3	66.67	16.6	16.67	0.0
MBHs (7)	-	-	2	7	5	0	0	0
%	-	-	28.5	100.0	71.4	0.0	0.0	0.0
FHBs (1)	-	-	1	1	0	0	0	0
%	-	-	100	100	0.0	0.0	0.0	0.0
Total (FHBs + MBHs) (19)	-	-	4	17	13	2	2	0
	-	-	21.0	89.4	68.4	10.5	10.5	0.0
3. Milch Cattle Activity								
FBHs (90)	-	-	-	56	-	34	-	0
%	-	-	-	62.2	-	37.8	-	0.0
MBHs (30)	-	-	-	14	-	16	-	0
%	-	-	-	46.7	-	53.3	-	0.0
FHBs (9)	-	-	-	1	-	8	-	0
%	-	-	-	11.1	-	88.8	-	0.0
Total FBHs+MBHs(120)	-	-	-	70	-	50	-	0
	-	-	-	58.3	-	41.7	-	0.0

(Figures in parentheses are percentages to the total of respective categories in each activity.)

Note : xBHs Means that the BHs in this category were not pursuing the specific activity.

7.2.1 AGRICULTURAL WAGE LABOUR

Table 7.4 reveals that 82.5 per cent of the total BHs were exclusively dependent on agricultural wage labour for survival in the pre loan period. Across the categories 86 per cent of the FBHs, 89 and 77 per cent of the FHHs and MBHs respectively, were also found to be dependent on Agricultural wage labour. However this sole dependency underwent a drastic change in the post loan period. For the sample as a whole only 1.6 per cent of the households and 2.2 per cent of the FBHs were exclusively dependent on agricultural wage labour activity for fulfilling their survival needs. Moreover, amongst the FHHs and MBHs none of the households were sole by dependent on agricultural wage labour activity.

Out of the total 120 BHs, 6.6 per cent of BHs while the same per cent of FBHs and MBHs were deriving more than fifty per cent of their household income by working as agricultural wage labourers in the pre loan period. However, for the FHHs, it was found to be 11 per cent. In the post loan period it was noticed that for the sample as a whole 45.8 per cent of the BHs while 48, 11.1, and 40 per cent of the FBHs, FHHs and MBHs respectively were still pursuing agricultural wage labour as their main activity.

Pre loan figures showed that only 9 per cent of the BHs, 5.5 and 20 per cent of the FBHs and MBHs respectively pursued agricultural wage labour as a secondary activity. These figures had increased to 52.5 per cent for the BHs, 50

per cent for the FBHs, 89.9 and 60 per cent for the FHHs and MBHs respectively, making agricultural wage labour a secondary activity for these beneficiary households.

7.2.2 FARMING

Out of the BHs [120] only 19 i.e. 15.8 per cent of them were found to be owners and cultivators of their land. Out of the total farming households only 10.5 per cent were exclusively dependent on farming and these were the FBHs who came to represent 16.6 per cent of the FBHs farming households. Though in the post loan period it formed a secondary activity to these households. Further 68.4 per cent of the BHs who owned land and 66.6 and 71.4 per cent of the FBHs and MBHs farming households were pursuing farming as their main occupation.

However, in the post loan period, only 10.5 per of the BHs, 16.6 per cent of the FBHs farming households were doing so. While farming formed a subsidiary occupation for 21 per cent of the total farming households, 16.6 per cent of the FBHs, 28.5 per cent of MBHs and all the FHHs were persuing farming as a secondary activity in the pre-loan period. The changes in the employment opportunities in the post loan period led to an increase in the number of households, who pursued farming as a subsidiary activity as 89.4 per cent of the farming households, 83.3 per cent of the FBHs and all the MBHs and FHHs owning land were found to be doing so.

7.2.3 MILCH CATTLE

In the post loan period 41.7 per cent of the BHs, 7.8 per cent of the FBHs, 88.9 per cent of the FHHs and 53.3 per cent of the MBHs were deriving more than fifty per cent of the household income by tending to milch cattle.

Fifty eight per cent of the total BHs, 62.2 per cent of the FBHs, 11.1 and 46.7 per cent of the FHHs and MBHs respectively, were contributing less than fifty per cent towards the household income, making milch cattle a subsidiary activity to them.

7.3 **Conclusion**

An overall review of the income generation patterns from various activities in the pre and post loan period portrays agricultural wage labour as the main activity of majority of BHs. Further, across the categories of BHs too, BHs agricultural wage labour emerged as the main activity for majority of the borrowing households. Even though the farming households owned land they were found to be supplementing their incomes by working as agricultural labourers, which at times for many farming household was contributing more than fifty per cent towards the household income.

The post loan period emerged with an additional employment opportunity in the form of financed activity i.e., milch cattle for sample BHs. Beneficiary households were found to

have maximized the benefits by combining activities in all the spheres. Non-farm income from milch cattle played a critical role by emerging as a main activity for almost fifty per cent of the BHs.

With economic growth household income increased and agricultural wage labour came to represent a smaller part of the total household income. Thus for almost fifty per cent of the BHs a greater share of the income came from milch cattle, this assumes importance in view of the fact that the development efforts at the macro level are concentrated in the market sector.