

GOVERNMENT OF INDIA



FOURTH EVALUATION REPORT

ON THE WORKING OF COMMUNITY PROJECTS AND N.E.S. BLOCKS

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

APRIL, 1957

**PROGRAMME EVALUATION ORGANISATION
PLANNING COMMISSION.**

CHAPTER I

TRANSITION TO THE POST-INTENSIVE PHASE

1. The last year of operation of the 1952-53 series community projects and blocks, in most cases ending with September, 1956, saw an intensification of activity mainly directed towards expenditure. Construction dominated the thinking and activity of the project staff, including the Grama Sevaks; and extension failed to emerge from the backseat to which it had been relegated even earlier.

2. The transition to the 'post-intensive programme' pattern was sharp and sudden. The block staff, most of whom had functioned with large funds under the old projects, now did not seem to know quite how to spend their time. Inactivity or what largely appeared to be so, succeeded the intense activity of the last days of the project period; and sharply focussed attention on what the PEO Reports had always been laying stress on *viz.*, the role of extension in C.D. and N.E.S. work. This period of inactivity and attendant frustration was aggravated by the time taken in getting the new set-up and arrangements going.

3. The need for ensuring orderly transition and particularly of eliminating the transitional periods of inactivity can, therefore, hardly be over-emphasised. What is probably required is better pre-planning and a more rational correlation of requirements to resources than perhaps has been shown so far in drawing up the C. D. and N. E. S. programmes.

4. From the point of view of the people in the post-intensive (P.I.P.) blocks, there is not such a large difference in the expenditure incurred on rural development as may appear from a simple comparison of community project or block budgets with P.I.P. budgets. There is, however, one fairly substantial difference that operates to the disadvantage of these blocks. This is the non-availability of medium term loan funds in the post-intensive phase. In many project areas, these loan facilities were availed of by the cultivators for works of agricultural improvement, and they had become accustomed to this facility. If, therefore, there is not to be an abrupt set-back to development effort in these areas, it is necessary to make some provision for medium term loans in the post-intensive phase budget.

5. While the difference made to development expenditure in the post-intensive phase areas is not as great as appears at first sight

(with the exception of the provision for medium term loans), the fact remains that as far as the block staff are concerned, there is a very real and substantial fall in the volume of funds at their disposal for direct administration on development purposes in their areas. When this fact is taken in conjunction with the tradition of spending and construction activity that has grown up round the project staff, it is not difficult to understand the sense of disquiet that has overtaken most of them, and especially the Grama Sevaks who now have larger charges of area and population but more limited resources to meet the requirements of these charges.

CHAPTER V

CONCLUSIONS FROM REVIEW OF ACHIEVEMENT

6. Almost all villages have been covered by one or more items in the programme.

7. Items involving physical change, especially constructional and irrigational activity, are widespread, and have contributed in some measure to the production potential and the social over-heads of the block areas.

8. Items involving change in production attitudes in agriculture and animal husbandry are comparatively successful, while it is not possible to say anything about changes in production attitudes among artisans due to the fact that programmes concerning cottage industries are neither widespread nor particularly successful.

9. Items involving changes in standards or norms of living, especially in regard to primary education and drinking water are comparatively successful, while those concerning adult literacy and personal and environmental hygiene are not equally successful.

10. Items involving change in social attitudes such as readiness to go in for or maintain community centres, youth clubs, and womens' organisations are, generally speaking not particularly successful.

11. Items involving change in organisational attitudes in the economic field such as better understanding of the objectives and obligations of co-operation and readiness to make use of co-operative societies for purposes other than credit such as production and marketing are comparatively unsuccessful.

12. Items involving change in organisational attitudes in the political field such as better understanding of the objectives and responsibilities of panchayat membership and readiness to use

panchayats for planning and executing village development programmes are comparatively unsuccessful.

13. The objective of inducing public participation and positive support has been comparatively successful in the case of constructional programmes, but not in the case of institutional programmes.

14. While there has been considerable increase in rural consciousness of economic, and to a smaller extent, of social needs, the objective of stimulating continuing and positive effort based on self-help for promoting economic or social development has been comparatively unsuccessful. Too much dependence on government initiative and assistance is still being exhibited by the vast majority of the rural population affected by the programme.

15. The rural population in project areas is, generally speaking, now developing a feeling that government is there not merely to rule but also to help. In fact, expectation of what government can do to help has perhaps reached a stage beyond the current resources of government. On the other hand, there has not taken place an equally strong sentiment of self-reliance and initiative, whether individual or co-operative. Unless, therefore, government deploy more resources in rural areas and the people, in turn, show greater initiative and self-help, a situation is being created in rural India, which is bound to create serious difficulties.

16. There is wide disparity in the distribution of the achievement and therefore of the benefits of community project programmes. This disparity exists as between different blocks in the project areas. Within the blocks, it exists as between the headquarter villages of Grama Sevaks, the villages easily accessible to them, and the villages not so easily accessible. Within the villages, it exists as between cultivators and non-cultivators; and within the cultivating classes, it exists as between cultivators of bigger holdings and larger financial resources and those of smaller holdings and lesser financial resources. This is a matter of serious concern not only in term of regional and social justice but also in terms of the political consequences that may ensue in the context of the increasing awakening among the people.

17. Orientation of the project staff in the objectives and techniques of community development and of the Five Year Plan is neither adequate nor uniform in distribution.

18. Advisory committees at the block and district levels are still to play the role that was expected of them in the development

programme. This is due partly to defective membership and partly to continuing reluctance of the official machinery to make full and positive use of the Advisory Committees.

19. The transition from community project to the P.I.P. pattern has created a number of important problems of maintenance of facilities, satisfaction of demands and activating of project staff. These need to be served urgently, if we are to activate both the project staff and the population of the project blocks which are now passing into 'post-intensive' phase. Only then can economic and social development of a self-sustaining character be made possible for these areas.

CHAPTER VI

PROBLEM OF TRANSITION

20. Several problems arise from the transition from the C.D.P. to the P.I.P. programme. First, there is the problem of maintenance of facilities created during the project period. In most projects, arrangements in case of facilities like hospitals which are to be maintained by the State Departments or District Local Boards have been finalised. But in several cases, all the problems connected with the change have not yet been resolved.

21. Maintenance of facilities by the villagers involves willingness and capacity to undertake responsibility on the part of the village people. We have seen that the current position in regard to use and maintenance has not been unsatisfactory. But it must be remembered that the effort needed for maintenance is comparatively small in the early stages of completed works. It is only later that the scale of effort required for maintenance becomes substantial. It is obvious that permanent reliance cannot be placed for this purpose on either individual or unorganised or *ad hoc* collective effort. Long term maintenance of these facilities has to be the responsibility of the village *panchayats*. A part of the unwillingness of the *panchayats* to undertake this work is due to the fact that the original construction programmes were undertaken without their being consulted and that these programmes benefited only either individuals or special groups of individuals and not the village community as such.

22. The problem of maintenance, especially of village facilities, is a factor that should be borne in mind at the very outset of the programme. What is most essential for securing this is the associa-

tion of the organised or collective will of the community with the planning of the programmes and also, to the extent possible, with the actual implementation of the same. But this is for the future. The current problem is that of maintenance of village facilities in the transitional period. The project staff should have some responsibility in this matter and it is also necessary that a small financial provision is made for the purpose in the schematic budget of the post-intensive blocks.

23. Then there is the problem of satisfying the demands created by the very facilities that were provided for the people during the project period. We have seen that a wide measure of disparity exists between the H.Q. village of Grama Sevaks and other villages in the project areas. Special attention will have to be paid to the removal of this disparity if we are to avoid frustration on the part of these villages. All this requires some rethinking of programmes for the post-intensive phase and a relaxation of the rule requiring a greater measure of public contribution for the implementation of construction works.

24. It is also important to take due note of the special requirements of these P.I.P. blocks in the distribution of the large volume of non-project expenditure on rural development provided under the Second Five Year Plan. The national extension service staff should be used as an important agency for the planning and implementing of such non-project expenditure.

CHAPTER VII

PROBLEMS OF ADMINISTRATION

25. The problem of co-ordination of combining the horizontal responsibilities of the area specialist with the vertical responsibilities of the subject specialist, still continues to defy solution. Co-ordination at the block level is now becoming more a by-product of co-ordination at the district level, with the District Collector—directly, or assisted by a District Development Officer—exercising more co-ordination over the technical heads of development departments in the district and more control over the development work of the project staff in his district. The district officer is thus tending to become the king-pin of the development programme, and the general administration is beginning to wear the new look associated with the Welfare State that India is now becoming. Only all the administrative implications of this transformation have not been realised either at the district level or at the State

level. Nor is the necessary orientation found in the regular administrative staff which is now being called upon to assume new responsibilities of an over-all character in regard to development. In the meanwhile, integration of revenue and development functions at the block level continues to extend in the project areas. The whole problem of administrative co-ordination and orientation needs rethinking, now that development is the major activity of government and the C.D., N.E.S., and P.I.P. programmes are expected to cover the entire country within the next four years.

26. The primary function of the administrative head of the district should be recognized as development and he should be given special assistants for dealing with law and order and revenue functions rather than the other way about.

27. Orientation in the objectives and techniques of community development should be made available to officers at the highest level, both general and specialist, who are dealing with development. Unless the whole administrative machinery of government gets permeated with the philosophy of community development, problems of co-ordination will continue to hamper the programme in spite of any changes that may be made in the administrative set-up for dealing with this problem.

CHAPTER VIII

EXTENSION AND SPECIALIST SERVICES

28. A necessary background to the effectiveness of extension work in India is the expansion and strengthening of the institutions dealing with supplies and credit, accompanied by a strengthening and expansion of government agencies which supply research, technical, and social services. A Grama Sevak, for instance, can be far more effective as an extension worker if he can turn to a well equipped and well staffed hospital or agricultural research station at the block or district levels for guidance and supplies, than if he has to depend upon his block and district level technical officers who in turn have to depend upon still more distant sources.

29. It would be useful to mention in this connection that in some countries extension services are based on a large number of research-cum-training institutions well distributed over the country. The staff of such institutions could have some extension duties, and the subject specialists at the block level should be intimately linked with these institutions.

30. More needs to be done by State Governments by way of strengthening their technical staff and research facilities both at the State and District levels in view of the mounting needs of the people.

31. More attention needs to be paid to the whole problem of training of block staff and orientation of the specialist staff. In spite of the fact that the movement has now been in existence for more than four years, there is not sufficient understanding of the objectives and techniques of community development programmes among the specialist staff.

CHAPTER IX

THE ROLE OF THE GRAMA SEVAK

32. The need for more precise and adequate definition of the role and functions of the Grama Sevak was emphasized in the last Evaluation Report. This need has become even more urgent as a result of developments during the current year. So long as the projects were spending large sums of money on various types of construction works, these works occupied most of the time of the Grama Sevak. But with the sharp fall in construction activity in the post-intensive phase, this part of the Grama Sevak's work has been greatly reduced. Reports have come from a number of evaluation centres that the Grama Sevaks do not have much work and spend a considerable proportion of their time at block headquarters; that they do not visit villages, and even when they do, confine their contacts to a few people whom they know well. It is also reported that some of them are getting more 'official' in their behaviour and expect the villagers to come to their 'offices' for their requirements. It must be remembered, however, that the Grama Sevak now has much less patronage at his disposal. It will also take time for him to get adjusted to his new—and what he probably regards as his less important—position.

33. In a country like India, no extension worker can hope to get the confidence of the rural people unless he attends to what the villagers feel are their most immediate needs and unless he makes himself useful to them in the manner in which they want. It was really, therefore, a matter of good fortune from the point of view of the eventual success of the C.D. and N.E.S. programme that the project staff had at their disposal ample funds for both construction and irrigational work and the Grama Sevak was able not only to disburse funds for satisfying the felt needs of the people but also secure for them the supplies and credit without which they would not have been able to effect any improvement in their material conditions.

It is this activity of his—and one that did not really fit in with the strictly orthodox view of the Grama Sevak's role—that broke down the barrier between Government and the people. Any abrupt termination of this part of the Grama Sevak's activities would not be desirable even in the interests of his efficient functioning as an extension worker.

34. Moreover, it is a fact that the villager has a number of needs for which he wants immediate action, and expects his government to assist him in the satisfaction of these needs. He expects that somebody in the village should do this. So long as the local village *panchayat* and the local cooperative society are not well organised and so long as the normal development departments of government have not created the physical and technical resources such as staff, warehouses, seed stores, fertiliser depots, research stations and the like, easily accessible to the villager and readily available within his resources, somebody has to fill the vacuum. It may be unfortunate that the Grama Sevak has to do so, but it is an inevitable product of the comparatively backward stage the country occupies today in the field of economic development. It is vitally important, therefore, that the transition in the role of the Grama Sevak from the C.D. to the N.E.S. pattern should take place by gradual stages and alongside the filling up of the economic and physical gaps in the countryside. The implications of this proposition should be considered in all its bearings before undertaking a wholesale programme of conversion of C.D. into P.I.P. blocks and sticking to the present pattern of the P.I.P. both in terms of its functions and its budget provisions.

35. If the objective indicated by the Planning Commission, *viz.*, that the Grama Sevak should establish contact with every individual family in his area and help to plan its production programme is to be fulfilled, there must be a substantial reduction in the area and population allotted to him for this purpose.

CHAPTER X

REVIEW OF THE PROGRAMME

36. Advance on the rural front cannot be made merely by the institution of an extension agency; it needs to be supplemented by adequate effort on the side of skills, supplies and credit. If this view is accepted it follows that there should be some review of the content of both the N.E.S. and the post-intensive phase blocks more especially the latter. This review should be in the direction of making more provision for works programmes and some provision for loan finance

in the programme. More important than this is the need for integrating project expenditure with the non-project expenditure on rural development. The N.E.S. agency should eventually be treated as the permanent and normal field development arm of State Governments in the rural area rather than as some special and temporary agency. There should also be more emphasis on the supply of technical skills of sufficient competence to guide the block staff in the planning and implementation of their block programmes; with it is also linked the setting up of research facilities near the field and closely linked with field experience.

37. As regards techniques, far more emphasis should be placed on preparing the people in each block for the planning and operation of development programmes in the case of new N.E.S. blocks and for the change in the role and resources of the project staff in the case of conversion from C.D. into P.I.P. blocks. This means a more deliberate and definitely greater use of the *panchayat* and the cooperative than has been done so far. It is perhaps not entirely a matter of coincidence that the three best projects in the Evaluation Centres happen to be those where the project officers have made the largest use of the *panchayats* and the cooperatives in the implementation of their development programmes. Greater attention will have to be paid to community and group organisation in the training of Grama Sevaks and more orientation given to the superior development staff at district and State levels in the philosophy of community development in the context of a planned economy.

38. As regards phasing of the expansion programmes, it seems clear that greater attention to pre-planning and longer periods of training will be needed. Financial provision as well as physical availabilities also need to be increased, if the country is to be successfully covered with one or the other types of blocks during the Second Five Year Plan period. Whether the considerations outlined above make it desirable that there should be a slowing down of the expansion programme during the current plan period is a question that requires far more study and discussion than it has been possible to give in this Report.

CHAPTER XI

SOCIAL EDUCATION

39. Social education is on the way to developing a departmental structure of its own. The process of crystallisation of the content of the programme to which reference was made in

the last Evaluation Report, has gone further during the current year and social education has begun to be associated with a defined set of activities

40. What is significant is the general lack of enthusiasm of the villagers towards adult literacy. Underneath the various reports received from the P.E.Os. about defects of one kind or another in the operation of literacy programmes, there appears to be definite evidence that rural adults are not particularly keen about literacy. This indifference, existing side by side with their eagerness for education of their children (mainly male children but also increasingly female children), is a matter for investigation.

41. Community centres have been established in a majority of the project areas. Construction of such community centre buildings has been a popular programme in many areas. The running of the recreation centres has not been, however, satisfactory. The experience with the numerous clubs organised by the social education staff—farmers' club, youth clubs, women's clubs—is also similar.

42. The almost universal failure of activities of a 'club type' and the strong appeal of activities requiring occasional participation is an experience which needs special study, especially for the lessons it can provide for the future formulation of programmes in this field.

43. In considering the future of this programme, it seems clear that the "targets and number of activities" approach is particularly unsuitable in this field. There should be less emphasis on giving 'centres' or facilities and more on building up the communities to receive these. Some really effective criteria should be devised to determine whether the community really wants a given facility before it is given to it. This may reduce the pace of progress in physical terms, but this reduction will be more than compensated by the gains in spontaneity and permanence in social activities among the people.

44. The current tendency to establish a standard programme of activities in all States and projects should be replaced by greater variation in the major contents of the programme, and in individual items of content, so as to suit the wide variety of social, economic and cultural conditions in different parts of the country. Adaptation to local culture and social life is more important in this than in perhaps any other field of project activity. Also, in promoting any particular item in the programme, the traditional ways of doing things in the area should be taken into account.

45. There is need for greater emphasis on activities in which the people themselves take initiative and which can serve as the natural medium of expression for them. Thus a *bhajan mandli* or a dramatic club is to be preferred to an entertainment party organised by the project.

CHAPTER XII

GROWTH OF COOPERATIVE ENDEAVOUR

46. There can be no doubt that the C.D. and N.E.S. programmes have created material conditions that are favourable for the expansion of the cooperative movement in their areas. But the impact of the programme on the cooperative movement has been quite uneven. To some extent, this was the result of the uneven development that already existed in these areas before the advent of the projects. But there is no doubt that it is also due to the enthusiasm or the indifference shown by the project staff in the building up of the cooperative movement in their areas. All this is a matter of serious concern, in view of the importance that the Planning Commission and the country attach to the role of cooperation in rural development.

47. It is also a matter of concern that multi-purpose cooperative societies are multi-purpose mostly in name and that in the vast majority of cases, they just function as credit societies. Even when they have activities additional to credit, it is mostly distribution of fertilizers or of improved seed, and not marketing of output or joint use of production facilities.

48. In view of the importance of linking up of credit, supplies and marketing, a theme which has also been highlighted by the Rural Credit Survey Committee, it may perhaps be worth-while instituting a more detailed study of the systems of 'integrated finance' which have been working with considerable success in some project areas and exploring the possibilities of their extension to other crops, including foodgrains.

49. In view of the fact that labour cooperatives directly benefit one of the most important under-privileged classes in rural society and the need for exploring the possibilities of their introduction in other areas, it would be worth-while making a detailed case study of these societies, as also of the practice reported from Bihar where *panchayats* have directly undertaken some construction work on a contractual basis.

50. The basic importance of education in understanding the objectives of cooperation and willingness to abide by the responsibilities it involves is well brought out by the experience of the movement in the project areas. Except for a few project areas, where cooperative traditions had long been prevalent and cooperative institutions well established before the project period, the P.E.Os. are agreed that the movement is still largely official in initiative and support, and has not evoked that sense of identification and member responsibility without which there can be no real or lasting progress in the cooperative movement. Inquiries made from members in more than one project area revealed that they had practically no knowledge about the working of their societies, hardly attended any of the meetings of the societies and regarded them simply as one way of obtaining credit. In any case, what is clear is that more importance needs to be given in the project areas to the question of education in cooperation. The project staff must be suitably oriented for this task and more emphasis placed on the quality of the cooperative societies functioning within a project area than merely on a given increase in its number.

51. It must be recognised that cooperation is not just a technique of economic organisation. On the contrary, cooperation is a way of life, embodying a philosophy that requires both understanding, acceptance and positive action on the part of its individual membership. It is in this sense that cooperation goes together with democracy and gives vitality and permanence to the latter in the economic sphere.

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CHAPTER XIII

PROGRAMMES FOR COTTAGE INDUSTRIES

52. Community projects and blocks, although they did include promotion of cottage industries and attention to the needs of the artisan classes as part of their programme, did not have comprehensive programmes formulated for the artisan class on the lines of those for the cultivating classes, either in terms of extension or of supplies. In view of this deficiency in the programmes it was decided by the Community Projects Administration in the middle of 1955 to take up an intensive programme of development of cottage and small scale industries in 25 pilot projects in different parts of the country.

53. The objectives of these pilot projects were to set up an integrated regional plan for the development of small and cottage industries in the rural areas, provide an extension service for the

artisans and workers engaged in these occupations, help in organising the supplies and credit they needed, and take up an immediate programme for their benefit.

54. The scheme has been in operation for hardly a year. The full complement of the administrative machinery needed for the programme has not yet been set up over the larger part of the country. It is, therefore, too early to attempt any evaluation of this programme.

55. It seems already clear that a great deal of fundamental thinking is necessary from the point of view of the long range success of these new programmes for cottage and small industries. The problems faced in the pilot projects are in some way much more difficult than those in the normal community project and National Extension Service programmes, for it is not merely a question of bringing the new technology, timely supplies and adequate credit to individual artisans, but also that of marketing and of group organisation. Thus, e.g. one finds an emphasis in this programme on cooperatives that one does not find in the agricultural programme, and there is simultaneously an attempt at bringing about cooperative organisation and carrying aid to the individual artisans, which may perhaps prove too much to implement with success in the short period.

56. Then there are the problems of administrative coordination created by the multiplicity of agencies working in this field. From the reports received from practically all the P.E.O.'s. centres, it is clear that problems of coordination, of procedures and sanctions, and of financial powers are all creating an even larger problem for the implementation of these pilot project programmes than they did in the case of the community development programmes. Similarly, great stress has been laid on the problems created by all-India rigidities of patterns in programmes relating to individual industries and the need for flexibility and freedom of adaptation to local requirements and circumstances.

57. Then there is the important problem of securing long range coordination, if not integration, of these programmes with the machinery set up for development under the C.D. and N.E.S. patterns. The exact relation of the C.P.O. (I) with the B.D.O., the role of the Grama Sevak in the programme of industrial extension, and the relation between the proposed village industries organiser and the Grama Sevak are all matters which need attention and thinking even at this preliminary stage. Similarly, also, it is im-

portant even at this stage to do some more thinking on the pattern of industrial extension envisaged in the pilot projects in the light of the fact that while service artisans are more or less evenly spread over the country, craftsmen proper like handloom weavers tend to be concentrated in some area. Therefore, it may be necessary not to adopt a strict area-based pattern which is satisfactory for agricultural extension work but may not be equally so for industrial extension.

58. The artisans who are in urgent need of assistance from the project are those who are actually practising their profession. What they are in need of is industrial extension in its widest sense. It is not possible for them to leave their work and go in for long periods of training. There must, therefore, be much greater stress on peripatetic parties, mobile vans, and audio-visual aids, than on training programmes.

59. Special care should be taken in the selection of trainees as well as in the choice of the crafts in which training is to be given. There is no use giving training to persons who are not going to take up the occupation concerned or in crafts the products of which have no market in the rural areas.

60. By and large, success has not attended industrial cooperatives in the project areas and it is reported that even what little success they have attained will in most cases vanish when government funds are withdrawn from their support.

61. A long and persistent process of education is required for success in cooperation and it would be a tragedy if this were to be ignored in an attempt to achieve targets by showing a large number of industrial cooperatives within a given period. In the meantime, the individual artisan requires assistance for purchase of both raw materials and improved or new implements. Thus, e.g., formation of credit cooperatives or even the institution of industrial equivalents of taccavi loans to individual artisans may be better as a first step than insistence on membership in an industrial cooperative as a necessary condition for assistance.

62. It is important to take due note from the very beginning of the role of the village industries organiser as an extension worker. For this purpose, it is important to organise adequate course of training for village industries organisers. Training is even more important in the case of these workers than in that of V.L.Ws. Immediate steps, therefore, should be taken to set up an adequate training machinery bearing in mind the emphasis to be given on the knowledge of extension techniques.

63. The principle should be clearly recognised by all concerned, that the C.P.Os. and Block Industrial Officers are primarily a part of an extension movement, that they are subject specialists, and that they are properly linked with the District Officer and the B.D.O., who are the area specialists for rural development.

64. In view of the importance of credit in industrial rehabilitation and the need for seeing that credit is made available not only to credit-worthy persons but also for credit-worthy purposes, every project area should have a special industrial credit committee on which the C.P.O., the District Industries Officer, the State Bank, the Cooperative Central Bank, the B.D.O. and the Cooperative Department are represented.

CHAPTER XIV

LOANS PROGRAMMES

65. In the community projects of the 1952-53 series, a large provision was made for loans. The project loans greatly increased the loan funds available for development purposes in these areas. But as there were already a number of loan agencies functioning in the project areas, a second result was addition of yet another agency. In several cases, project loans are reported to have competed with the cooperative loans, as these were available on more favourable terms. In any case, the possibilities of strengthening the cooperative structure with the large loan funds available in the project budgets have not been utilized to any significant extent in most of the project areas.

66. The loan funds provided in the project budgets have not been fully utilized, the percentages of utilization being considerably lower than those of non-loan funds. The project staff and Grama Sevaks had frequently to make considerable efforts to persuade villagers to avail of the loans. Utilization was especially poor in backward agricultural areas where the cultivators have very limited resources.

67. Lack of adequate staff for collection or lack of coordination between the advancing and the recovering agencies are the other factors leading to accumulation of large arrears, which has been reported from a number of projects.

68. Most of these loans have been available to the cultivators. Among the cultivators, cultivating owners have been the main

beneficiaries, and among them, those with medium and large holdings have been able to benefit much more than the small holders.

69. Continued availability of loans for irrigation and other land improvement measures in such areas where there are considerable possibilities of increase in agricultural production, and especially for ensuring fuller utilisation of the facilities being made available by the large irrigation works, will be a great advantage for the development of the areas concerned.

70. The easy availability of loan funds coupled with inadequate and defective arrangements for checking of existing liabilities and recovery is not a happy combination of factors. In fact, considering the way the loans have been given in some projects, the percentages of default may well prove to be substantial. Apart from the financial loss, the psychological effect of this on the people cannot also be beneficial.

71. Financial assistance from the State, mainly in the form of loans, has already become and will continue to be in future a very important instrument for stimulating development in rural areas. That loans should as far as possible be channelled through the co-operative structure is an objective on which there is general agreement. But it appears likely that at least for some time to come this objective may not be fulfilled to any large extent and, Government will have to give loans directly to cultivators, artisans and other villagers.

72. The need for a well defined and comprehensive policy for loan programmes cannot be over-emphasised. The purposes of the loans, the criteria for selection of beneficiaries, the manner of co-ordination between the different lending departments of Government, between the lending departments and the co-operative agencies should all be clearly defined. It is also important to ensure that the flow of loan funds not only contributes to the objective of economic development, but also assists, in particular, the under-privileged sections in the rural areas to contribute to the productive resources of the community.