

Delivery systems for rural development in India: a field view of institutional linkages

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SUMMARY

Important efforts have recently been made to re-orient grassroots administration and organisation with a view to delivering a synchronised package of inputs and services to the rural people at the local level. But the problems of building viable institutional linkages and managing complementarities between multiple delivery channels, do not appear to have been tackled adequately. The present paper, based on a field study in the Indian state of Karnataka, seeks to describe the complicated inter-connections of the local delivery system and to identify the problems of integration. Three specific delivery systems were studied: for agricultural development, local industry and poverty programmes. These were found to be too fragmented and in need of a better coordination mechanism at block level.

INTRODUCTION

A significant spatial dimension of rural development organisation in the State of Karnataka is the block or *taluk*. The block provides an institutional framework for participatory rural development activities, and for the organisation or coordination of a variety of development programmes. The core of the development organisation at the block level is the Taluk Development Board which operates through a team of extension officers headed by a Block Development Officer (BDO). Notwithstanding a recent de-linking of agricultural and some other services, the block agency continues to synchronize a number of development activities. The work of this institution includes crucial functions such as the promotion of cooperatives, support to village panchayats, organisation of adult literacy and similar social welfare programmes, the advancement of rural women, and allied community development. In the sector of production, the Development Board also has an important responsibility, not only in motivating and identifying beneficiaries and participants, but also in coordinating the provision of different complementary services for them.

The context of rural development administration is provided by the evolution of local administration in India since the colonial period. Under British rule, local administration was mainly oriented towards realising the operational needs of a colonial power, although a developmental focus slowly but perceptibly emerged.

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What we now call a local administrative system for rural development is really an extension and development of the earlier system to fit in with the needs of a large and variegated developmental effort. However, a preliminary observation which should be made here is that the system is not the product of any systematic planning intended to integrate administrative structures with the needs of the rural poor.

In the early years of community development, an organisational infrastructure was established in the blocks. An important segment of this infrastructure was an administrative team comprising several extension officers and village level workers drawn from various government departments, and working under the overall control of a BDO. The idea was to deliver a synchronised package of services and inputs, and therefore, to secure amidst vertical departmental boundaries a horizontal integration of development activities. The other segment was an institutional framework for popular control and supervision known as *Panchayati Raj*. The intention was to cut down bureaucracy and to create an agency that would permit mass mobilisation for development.

However, the early development process was not focussed on any key activity areas, nor had it any clear clientele. But since the late 1960s, there has been a marked departure from sectoral development, a concentrated effort for maximum use of local resources, and an active concern for the rural poor. The local administrative system has consequently undergone a certain reorientation. While new institutions have been set up in support of the new programmes, the existing system was suitably-re-formulated to facilitate their implementation. During the period of Janata rule it was decided to look beyond the frontiers of agriculture and to explore the possibility of encouraging the growth of cottage and small industries to augment income and employment opportunities in the rural areas. Therefore, District Industries Centres (DIC) were set up in several districts, so as to provide coordinated services in this sector.

The most important recently formulated programme is the Integrated Rural Development Programme (IRDP), which is discussed in more detail below. Its philosophy is to provide within the setting of a block the whole package of services considered necessary to lift the poorest families above the poverty line. Although a certain attention is given to infrastructure development and providing support to institutions, the maximum emphasis in the IRDP is placed on the individual beneficiary schemes. The launching of this programme has added to the existing district administration a new agency called the District Rural Development Society (DRDS). This society operates through a network of linkages with credit institutions, BDOs, DICs and other development institutions at block and district levels.

THE DELIVERY SYSTEM

By delivery system we mean a set of tasks and their corresponding institutional channels designed to stimulate changes in production and distribution in conformity with programmatic goals, priorities and targets.

As there is a multitude of institutional channels which are frequently inter-linked, the management of complementarities is a crucial task. This is all the more important as the different institutions may have very incongruous development

perspectives, and because rural power structures permeate organisational behaviour to a large extent. All this has an important bearing on the possibility of delivering a synchronised package of inputs and services to the rural poor at the ground level.

'Delivery system' as a concept has a contextual, an institutional and managerial dimension. The contextual setting is provided by the programmes being undertaken; institutionally, it comprises a diversity of delivery channels; and its managerial thrust is towards appropriately directing and coordinating institutional interactions.

Activities for rural development, in the spheres of both production and distribution, are extremely varied, and cannot all be reviewed here. By way of example, this paper examines the three main strands of the delivery system for rural development:

- i the delivery system for agricultural development;
- ii the delivery system for the development of local industries;
- iii the delivery system for poverty-focussed programmes.

The conclusions presented here are based on a case-study of the Channarayapatna taluk in the Hassan District of Karnataka.

DELIVERY SYSTEMS: THE CASE OF CHANNARAYAPATNA

Before the three strands are discussed it is necessary to provide a brief socio-political profile of the study area.

The spatial setting for the study was provided by the Channarayapatna block/*taluk*. It is one of eight blocks in the district of Hassan. The decennial population rise in this block is highest for the district. During 1971-81 the population growth was 27.9 per cent, whereas the district on average registered an increase of 26.4 per cent. The total population for the block is 1,351,923, of which 75,830 constitute the working population. The classification of the working population is as follows: 69.5 per cent are cultivators, 11 per cent are agricultural labourers, 1.7 per cent are engaged in household industries, and 17.9 per cent are in other activities. The small and the marginal farmers total 65.4 per cent of the cultivators.

Rice and a millet called *ragi* are the major food crops grown in the Channarayapatna block, while coconut is an important commercial crop. Rice and *ragi* under high yielding varieties take up 14.4 per cent and 84.4 per cent respectively of the total cultivated area. The ratio of irrigated to unirrigated land in the block is 1 : 2.7, and power consumption in agriculture is only 5.8 per cent of the district total. This is both a cause and an effect of widespread rural poverty in the Channarayapatna block. It was observed in the course of our field investigations that the bulk of the irrigated land and the pump set installations were possessed by the large and medium-sized farmers.

Channarayapatna block has a high level of literacy and is a major development activity area. The rate of literacy is slightly above 34 per cent. The block has attracted a number of anti-poverty programmes including the earlier small farmer development scheme and the continuing integrated rural development programme. This is partly because of a huge concentration of small and marginal farmers and

agricultural labourers, and partly because of the enormous influence of the local legislator. H.C. Srikantiah, who has represented this block in the state legislature for many years, is a powerful Congress (I) leader and has a strong local base. He belongs to the dominant local caste called *Vokkaliga* and has passed through several intermediary levels of political power. He was chairman of the Group Panchayat and later of the Taluk Development Board before he entered state politics. An important part of his political resource is derived from his membership of the powerful *Vokkaliga* caste and his capacity to feed continuously his constituency with major development programmes.

The study was designed to collect and analyse information in order to make a detailed institutional analysis of delivery systems for rural development at the block level. Extensive interviews with the district and block administrators, the field functionaries of the relevant financial and non-financial institutions and the village leaders were conducted to generate data. A part of the data was, however, collected from published documents and official files. Data thus collected about the working institutional structure in Channarayapatna were analysed to focus attention on key issues pertaining to the delivery systems created by block-level organisations for rural development.

The delivery system for agricultural development

The agricultural sector requires a delivery system that is both input- and output-related. In particular, it must relate to the following activities:

- transmission of new ideas and practices in agriculture to the field;
- provision of inputs such as seed, fertiliser, pesticide etc;
- provision of credit of various types;
- provision of storage and warehousing facilities; and
- provision of marketing.

In transferring new agricultural ideas and practices to the field, continuous interrelationships have been established between the University of Agricultural Sciences (UAS) in Karnataka, the Department of Agriculture and its extension organisation, the contact farmers and the ordinary farmers. New ideas emanate from various research stations controlled by the UAS. These ideas are transmitted by the University's department of extension largely through the extension staff of the agricultural department but partly through its own channels. Periodically there are meetings for cluster *taluks* in one of the research stations located there. Participants are Master Trainers from the UAS, research staff from the research stations in Hassan district, Assistant Directors of Agriculture of the cluster *taluks*, and subject matter specialists (SMS) of the cluster *taluks*. The University trainers initiate discussion and communicate research findings. The Assistant Directors and the subject matter specialists refer specific problems to the trainers for further research. The SMSs are trained by the University's Master Trainers.

But most significant are the monthly meetings presided over by the Assistant Director of Agriculture where the SMSs, the Assistant Agriculture Officers of the Block and the Agriculture Assistants discuss the problems of transmission to the field of new ideas and practices, and feedback from the field. This is frequently accompanied by demonstrations on the farm in the application of new farm technology. Agricultural knowledge is further transmitted under the Training and Visit System through 'contact farmers' who are mostly the locally influential and

progressive farmers. The UAS also has two evaluation proformas which are administered to ADAs and SMSs in order to obtain feedback about the adoption and maintenance of new agricultural practices and about the mini-kit trials conducted. In addition, there are training courses conducted for farmers at the UAS.

Thus, this part of the delivery system for agricultural development comprises the UAS trainers, the government functionaries at block and village levels, and the contact and ordinary farmers. The UAS plays a crucial role in transmitting new farm technology, and training the functionaries and farmers. The functionaries have an important role in bringing home to the multitude of farmers the application of new ideas and practices through a mix of group discussions and demonstrations. Contact farmers, if properly motivated, can act as a useful link between the extension staff and the farmers. The degree of effectiveness of this organisation depends, however, upon the adequacy of top-down and bottom-up communication processes between the UAS, the research stations, the field-level extension functionaries, the contact farmers and other farmers.

At the block level there is a plethora of agencies for the supply of physical inputs. The Taluk Agricultural Produce Cooperative and Marketing Society (TAPCMS) supplies agricultural inputs like seed, fertiliser, and insecticides to the primary cooperatives for sale to the farmers. Also, there are area offices of several firms, in both the private and public sectors. The Karnataka State Seed Corporation, the National Seed Corporation, as well as several private companies have their branches there. In the case of fertiliser, pesticides etc., similar arrangements are found. However, while the primary cooperatives are close to the clientele, the farmers have to travel to the block headquarters for buying their requirements from other sources. The Assistant Director of Agriculture, the Manager of the TAPCMS and the BDO cooperate on so-called 'Special Component Schemes' under which sprayers, fertilisers, pesticides, storage bins, etc., are supplied to scheduled caste and tribe farmers.

A number of funding agencies and institutions are involved in the provision of credit at the ground level. The Primary Land Development Bank (PLDB) dispenses long-term loans for various agricultural development activities such as sinking wells, buying tractors, installing irrigation pump sets, etc. The PLDB has provision for special loans for the economically backward sections of the people. The Bank is in touch with the Block Development Officer, since the latter has to give 'issue certificates' for the completion of wells, on the basis of which the final instalment of the loan is disbursed. Similarly, the PLDB and the *taluk* unit of the Karnataka State Electricity Board (KEB) must coordinate their operations: the PLDB provides loans for the installation of irrigation pump sets, but the responsibility for sanctioning power and drawing power lines to the field is vested in KEB.

The block unit of the District Central Cooperative Bank advances loans through service cooperatives to individual members. There are also local units of the nationalised banks, and in some blocks, of the State Bank of India. The development strategy evolved by these institutions comprises the simultaneous supply of both finance and technical advice to farmers. In addition, part of the rural development programmes of some commercial banks is used to finance the activities of service cooperatives and to rejuvenate the dormant ones. Recently, the National Bank for Agriculture and Rural Development was set up with a view to refinancing and supervising the administration of rural credit.

Equally important are warehousing, storage, and marketing facilities. In agricultural development, output delivery channels are of great significance. The growth of marketing facilities, for instance, should match the rise in production caused by an increasing use of improved technology, so as to reduce the dependence of farmers, particularly the small and marginal ones, upon exploitative trading practices by 'middle men'. Similarly, there should be adequate connecting roads and not too distant marketing centres in order to reduce transportation problems for the farmers.

In Channarayapatna *taluk*, the number of cooperative godowns remained at 22 for three successive years, 1977, 1978 and 1979, and there were only three regulated markets. On the other hand, due to an increasing use of modern inputs, agricultural production registered a big rise. Another aspect of the situation is the virtual de-linking of credit and marketing processes. The credit institutions including the cooperatives have not yet undertaken any measures for linking credit to marketing.

A large number of agencies and institutions are thus involved in activities oriented towards the delivery of agricultural inputs and services. This brings about the problem of synchronising and coordinating activities. For the clientele, particularly the uneducated rural poor, there is a critical problem of contacting so many spatially dispersed delivery points and securing the needed services.

In order to deal with these problems a number of Farmers Service Societies (FSS) have been set up at block level to cater to the needs of the small and marginal farmers. Through this institution, an attempt is being made to provide the rural disadvantaged with integrated credit combined with a package of services. However, in the Channarayapatna *taluk*, notwithstanding a large concentration of small and marginal farmers, there is no FSS. Out of 42,207 cultivators the small and marginal farmers constitute 24,163.

The delivery system for development of local industries

Since a large number of the rural poor are unemployed and cannot be absorbed into agriculture, a recent strategy of development planning has been to train them in some locally relevant industrial activities and to promote village and cottage industries. The purpose is to induce growth in income and employment opportunities in the rural areas. Of particular significance is the TRYSEM programme (Training Youth for Self-Employment) which was introduced by the Government of India during 1979-80. However, in Hassan district and particularly in Channarayapatna *taluk* there is a certain mis-match between the number of youth trained under the programme and the number of youth assisted to set up enterprises. Many of the trained youth have remained unemployed, and hence, a good deal of the expense incurred for training has yielded no return in terms of growth in rural income and employment.

In the industrial sector as in agriculture, there is a manifest need for the task activities and their institutional channels to be synchronised in a proper time sequence. These activities pertain to credit, inputs and raw materials, technical and managerial assistance and marketing. The District Industries Centre (DIC) is mainly responsible for providing coordinated services for the development of industries in the rural areas. However, it is the block authority which performs the task of identifying for the DIC the industry relevant to the block. The Industrial Extension

Officer (IEO), on the other hand, identifies the participants, and prepares technical notes and reports to the DIC.

Once technical clearance for the implementation of rural industry schemes is obtained from the DIC, the identified participants are put in touch with the banks which, on the basis of technical reports, sanction loans. The IEO provides technical assistance to the participants, and if specialised training is necessary, recommends their names for training at some industrial training centre.

The DIC thus performs its role through a network of relationships with the block authority, banks, DRDS and specialised institutions concerned with the development of cottage and small industries. The management of such relations is an extremely difficult task. It may, for instance, be possible to extend technical and financial assistance to the beneficiaries, but it is very difficult to ensure, say, the availability of bamboo and cane from the Forest Department throughout the year for them to manufacture cane and bamboo furniture or handicrafts.

The delivery system for poverty-focussed programmes

As has already been said, the Integrated Rural Development Programme aims at raising families above the poverty line. There are several schemes which can be taken up under this programme. They must be technically feasible, economically viable and, more importantly, acceptable to the beneficiaries. The IRDP thus includes minor irrigation works; the provision of agricultural implements and storage bins; dairy development; the distribution of milk and other animals, poultry, bullocks and bullock-carts; horticulture; rural industries and artisan programmes and other similar schemes.

Since the programme is intended to take the identified families beyond the poverty line, an extremely crucial administrative step is the identification of targeted families. For this a detailed survey of all households below the poverty line in the identified cluster is done by the cluster surveyor (usually the Village Extension Worker or the Agricultural Assistant) under the direction of the cluster supervisor (usually the Extension Officer of the Block Development Office). The Block Development Officer, with the assistance of VEws and Village Accountants and in consultation with the financing institutions, then selects the beneficiaries from amongst the surveyed families. The information about the selected beneficiaries is, at that point, updated by the BDO with the help of the Village Accountant, the *Gramsevak*, and the officials of cooperative societies and banks. Through this process, beneficiaries who have been lifted above the poverty line or wrongly identified are deleted.

The next step is to identify and formulate suitable economic programmes. For all able-bodied members of the selected beneficiary families a series of productive activities are programmed in order to enable them to be fully employed at an adequate income level. All these exercises are done by the Block Office and the banks jointly. The result is the 'Cluster Credit Plan'. This plan is submitted to the DRDS whose technical personnel consider the problems of linkages and infrastructural support for the programmed activities in order to initiate remedial action before funding commences in the cluster.

The next step is to organise a one-day credit 'camp' to which all heads of the beneficiary families are called, in order to build up loan records in their names. All

concerned block-level functionaries and representatives of financial institutions attend. Loans which fall within the authority of the local bank managers are sanctioned then and there, and loan applications which fall outside their purview are referred to higher authorities. Once the bank has sanctioned a given loan, the DRDS deposits a portion of the total subsidy component in the bank to be credited to the beneficiaries' loan account on the day when the loan itself is released.

All loans under IRDP are disbursed in kind only. Purchase Committees have been set up in every cluster, consisting of one representative each from the DRDS, the BDO's office, the Bank, and the concerned department (such as the Assistant Director of Animal Husbandry for the purchase of animals, or the Assistant Director of Industries for schemes relating to cottage industries and rural artisans). The members of the committee are obliged to take along with them at least one beneficiary, in whose presence all purchases are made.

Detailed monitoring is provided for at the block level. For this purpose, an identity-cum-monitoring card (IMC) has been devised. At the time of loan disbursal, one copy in the form of a Pass Book is handed over to the beneficiary. Two more copies are given to the Bank and the BDO. Other copies of printed post card size are distributed to village level functionaries of the revenue, agriculture and development departments. These cards are used for reporting to DRDS any problems that may come to their notice. Monitoring also takes place at the block, district and state levels. There exists a Block Consultative Committee of the banks, chaired by the Assistant Commissioner. The BDO is its secretary. Most of the problems which are discussed are sorted out on the spot. This is possible mainly because of the Assistant Commissioner's high official status. Critical problems, if any, are referred to the DRDS and the leading bank of the district who seek solutions through mutual discussion and refer unsolved problems to the District Level Consultative Committee which is chaired by the Deputy Commissioner.

PROBLEMS OF INTEGRATION

The foregoing analysis shows that at the block level there exists an extremely heterogeneous and complex organisational structure with multiple delivery channels. The block level units are actually the lower limbs of various vertically set institutions based on functional specialisation. Each of them has an independent chain of command. Each of them has its own history and its own institutional culture. Obviously, stupendous problems of organisational integration arise.

In agricultural development there are several delivery channels. The extension organisation comprises the UAS, the *taluk*-level extension staff of the Agricultural Department, and the contact farmers. Although through training of the subject matter specialists and participation by the UAS staff in cluster *taluk* meetings, a certain synchronisation of extension activities takes place, both the UAS and the extension staff have several independent channels and there is practically no communication between extension staff and staff of research stations. Besides, since the contact farmers are by and large the affluent and influential local farmers, there is an important question of how they can act as effective channels of communication between the extension staff and the poor farmers. Furthermore, extension is not effective unless it can be related to timely and adequately available inputs. While, on

the one hand, there are several input delivery channels, on the other, there is no institutional mechanism for their synchronisation and for relating input supply to extension work.

The credit organisation, too, does not seem to respond adequately to the field problems of agricultural or industrial production. There are a number of reasons for this. First, the IRD programme requires disbursement of Rs. 1.8 million of gross loans per year in every block. There are only eight bank branches, including the cooperative ones, in Channarayapatna *taluk*. So each branch has to handle over 200,000 rupees of loan per year. The large achievement gap found every year is due, mainly, to meagre staffing in village and block branches of the financial institutions and to their security-oriented culture which prevents them from assigning priority to the IRD programme.

Secondly, there is a lack of coordination among the bank branches. Not even mere informational exchanges take place. As a result, it is not possible to take an integrated view of credit needs and availability in a block.

Thirdly, credit and non-credit dimensions of rural development are not linked in a mutually supportive way. As we saw above, there are only three regulated markets in the Channarayapatna *taluk*, and this number has remained constant over a certain period, notwithstanding a steady rise in agricultural production. In consequence, the bulk of agricultural produce, particularly of the small and the marginal farmers, is marketed in the village itself, and the 'middle men' are there to buy at low prices. Hence, the virtual de-linking of institutional finance and marketing results in maintaining a traditional system which deprives the rural poor of the fruits of their labour. There are other instances of the gap. In Channarayapatna *taluk*, because of a severe power shortage, it is frequently impossible to energize the pump sets for which loans have been sanctioned. Similarly, the sanction of milk animal/animal husbandry loans is frequently not matched by the availability of sheep, goats or cross-bred cows locally, or veterinary facilities within easy reach of the beneficiaries' households.

Also, this complicated organisation with numerous institutional linkages, has the effect of confusing the mostly illiterate and improverished rural poor. They experience great difficulties in locating the necessary agencies and institutions, and securing their services in the exact sequence required. As there is no Farmers' Service Society in Channarayapatna *taluk*, and as the block level organisation has lately been curtailed in terms of both role and personnel, the problem of coordination both at organisational and clientele levels has assumed critical proportions.

Looking at the delivery system for rural development as a whole, it becomes clear that the high degree of differentiation is not matched by a desirable level of integration. The 'linking pins' in the form of Block Development Agency and the District Rural Development Society are not generally effective. The problem is one of the BDO extracting work from the staff of the various departments and institutions at the block level. Firstly, the BDO has no direct control over them. Secondly, his administrative rank is relatively low, and he sometimes receives a lower salary than the staff of specific departments. Lastly, the block agency has now a depleted staff too weak to ensure continuous supervision and effective coordination.

At the higher level, the DRDS, as we know, is intended as a coordinator and integrator. However, there are insufficient resources at the disposal of the DRDS.

Only the subsidy component of the total loan volume is directly controlled by the DRDS. Besides, the DRDS staff is too small to undertake efficiently the task of coordination and supervision, particularly when its purview of work is as wide as the district, and it has no block level staff. However, a marked advantage of the DRDS over the earlier SFDA is that the project director of the DRDS generally belongs to the Indian Administrative Service.

CONCLUSIONS

Thus the delivery system for rural development tends to be piecemeal and fragmentary, and there is no organisational machinery at the block level to reinforce the delicate institutional linkages. At present coordination operates at numerous levels, and the problems of coordination are treated one by one. The field staff of the agricultural department, for instance, conceive of coordination only at the level of extension. They do not consider it in the wider context of delivering a homogeneous package of services and inputs. Banks, if they conceive of coordination problems at all, do so at the level of credit alone; they are not interested in relating it to the delivery of services and inputs for agricultural operations.

All this emphasises the need for an administrative organisation at the block level which comprises as large a segment of the whole task as possible in the key rural development areas. Equally needed is a simple and transparent administrative structure which is likely to sort out the villagers' problem of locating the right agency. The existing Block Development Agency should, without doubt, be reformed in this sense.