

## Evaluation report on Border Area Development Programme (BADP), 1999

Absence of war and civil dissensions is a precondition for the success of any development initiative. For the greater part of the last fifty years, the 15,200 sq.km. of land frontier of India can not be said to have had the peace and security that is essential for socio-economic development. No wonder, therefore, the normal plan schemes were less effective in triggering socio-economic development and in reducing poverty in the border areas. It is also obvious that fragile peace and security conditions could not induce private initiative in development activities in the border areas. The planners realised that normal plan programmes alone could not trigger development activities in border areas and that creation of a congenial environment to impart a sense of security among the local people should constitute an integral part of any development strategy for border areas.

### **The Scheme**

The Border Area Development Programme (BADP) was introduced in the Seventh Plan as a Centrally Sponsored Scheme (CSS) with the objective of infusing a sense of security among the people and building the much needed social and physical infrastructure to propel normal development activities. BADP is to be seen as a Central Government intervention strategy to bring about a balanced development of border areas which encounter area-specific problems, like inaccessibility, remoteness, sense of insecurity arising out of threat perception from external aggression, cross-border terrorism, unlawful activities, etc.

Originally, the programme, was to be implemented in western border states under the administrative control of the Ministry of Home Affairs with an emphasis on development of infrastructure to facilitate deployment of Border Security Force. Subsequently, the scope of the programme was broadened to include within its purview, first the school and technical education of the Ministry of Human Resource Development (HRD) in November, 1986 and then the Indira Gandhi Nehar Pariyojana (IGNP) of the Rajasthan Government from 1987-88. In addition to these, issuing photo identity cards in the four western border states and conducting research on socio-economic aspects of border areas were also brought under its purview.

Subsequently, during the Eighth Five Year Plan, the area coverage was further extended to include the eastern states bordering Bangladesh. Since 1993-94, its scope, too, was extended to include many other schemes that are relevant for ensuring effective administration and balanced

development of border areas. The revamped BADP is being implemented by the concerned state governments under the overall administrative control of Planning Commission.

As per guidelines, the concerned state governments are required to conduct 'need assessment' surveys of border areas to identify and formulate specific schemes in the broad areas of concern of BADP. The programme lays emphasis on development of social and economic infrastructure, law and order, promotion of people's participation in development, elimination of the sense of alienation and insecurity from the minds of people, so as to create conditions conducive to social and economic progress.

The annual allocation under BADP is not very high (less than Rs. 100 crore in 1996-97) and should be considered an additionality to normal state plan funds. The scheme is designed to be implemented in the identified border blocks (units of planning) through the state governments. The funds available under the programme can be used only in identified blocks for creation of durable assets. The guidelines provide for use of 7.5 per cent of available funds on security related schemes, and that the total expenditure on administrative buildings, road construction and security should not exceed 40 per cent of the annual allocation.

## **Evaluation Study**

The BADP has been in operation in the Western Sector since the Seventh Plan and in Eastern Sector bordering Bangladesh since 1993-94. However, there has not been any systematic evaluation of the scheme to assess its impact on the well-being of the people and the effectiveness of the implementation methods adopted by the implementing agencies. Nor do the monitoring mechanisms adopted by the implementing agencies and the Planning Commission throw up information that could provide even a rough assessment of the performance of the scheme. Also occasional media reports on illegal activities, like smuggling, unaccounted trade, terrorist activities, etc., seem to indicate that BADP has not made the intended impact. Thus, the need for an evaluation study was felt in the Planning Commission.

At the instance of Planning Commission, the Programme Evaluation Organization (PEO) took up the evaluation study of BADP to assess/ examine:

- if the utilization of funds is in accordance with the guidelines;
- the physical and financial performance of the programme;
- the relationship between the implementation mechanisms adopted by different state governments and the performance of the scheme;
- the impact of the programme on the well-being of people living in border areas;

- if the scheme has generated a sense of security among the people for them to undertake normal economic activities; and
- the extent of people's participation in the implementation of the scheme.

Based on the findings of the study, PEO may make suggestions for modifications in design and implementation that could bring about improvement in the performance of the scheme.

## Methodology

To meet the aforesaid objectives of the study, information on a large number of parameters relating to design, implementation and impact was required to be collected. PEO collected the necessary information on design and implementation from the MLP Division of Planning Commission and from the state, district and block level authorities of the implementing agencies. The background materials relating to design and broad guidelines for implementation were obtained from the MLP Division of Planning Commission, while the detailed **information relating to flow of funds, utilization of funds, formulation of specific schemes, the role of various departments of states, etc. was collected through structured questionnaires canvassed at different nodes of the implementing agencies of the States, by the PEO field teams.**

Structured questionnaires were also designed to elicit the required village and household level information. Through the village schedule, information on the physical, social, economic and demographic characteristics of the village, and on the role of the Panchayat and people in the implementation of the programme was sought. The household schedule was designed to elicit information on the **socio-economic and demographic profile of the households and on the benefits being received by them under various schemes of BADP.** In addition to these structured questionnaires, **PEO field teams were required to write notes on their field visits** in a way that would enable the project director **to supplement the quantitative data base for meaningful interpretation/explanation for the results of the tests of various hypotheses of the study.**

**A large part of the data base of the study was generated through a sample survey.** A multi-stage stratified sample design was adopted. The first stage sample units were six states, viz. Assam, Gujarat, Punjab, Rajasthan, Tripura and West Bengal. The second stage units are eight districts chosen from the selected states on the basis of the area coverage under BADP. The third and fourth stage sample units are the blocks and villages. One block from each district on the basis of the size of the population (maximum) was selected. Four villages - one from among the villages close to the border and three among those villages where the BADP schemes are fully operational (as per records) were randomly chosen from each selected block.

The households constitute the fifth stage sample units. The households of a selected village were categorized into two groups, viz; (a) direct beneficiaries of BADP schemes and (b) others. Ten households -- four from the second and six from the first -- were selected following random selection procedures.

**Thus, 320 households spread over 32 villages in eight border blocks (districts) of six border states were selected for the evaluation study.** In addition, discussions with knowledgeable persons (sarpanch, teacher, gram sevak, doctor, etc.) and on the spot observation of PEO field officers were used to prepare state level qualitative notes to supplement the data base generated through structured questionnaires.

The field survey for the study was conducted during April to August, 1997. The PEO field teams encountered a number of difficulties in eliciting the required information from the implementing agencies, as data were not available readily and in an organised manner. In most of the cases, there was no coordinating agency at the district level. **The existence of multiple implementing agencies without a coordinating agency resulted in lack of monitoring of utilization of BADP funds. No data on flow of funds and their utilization could be obtained even at the State level for the period 1985-92.** The non-existence of a separate monitoring arrangement for utilization of BADP funds made the task of examining the flow of funds and their utilization pattern really difficult.

## **Planning, Administration and Monitoring**

At the national level, the programme is administered by the **Empowered Committee** in Planning Commission. The Secretary, Planning Commission is the Chairman and the Secretary, Ministry of Home Affairs, Secretary, Department of Expenditure, Ministry of Finance, Chief Secretaries of the states covered under the programme are its members. The Joint Secretary (State Plans) is the Secretary of this Committee whereas the Advisors (State Plans) are the permanent invitees to this Committee. **The Committee meets once in a year and decides on various policy matters relating to the execution of the programme.** Annual review is conducted by the Empowered Committee, whereas periodical **monitoring is done on the basis of quarterly progress reports by the MLP division and State Plan Advisers.** As per guidelines, execution of schemes under the programme can be assigned to implementing agencies of the state governments, central government, para military organizations located in the state and also to non-government organizations. (Para 3.2).

In the state, the **Screening Committee** is chaired by the Chief Secretary and other members include the Secretary, Planning Department, Secretary, Home Department, Joint Secretary, Ministry of Home Affairs, State Plan Advisors in the Planning Commission and a representative of the major paramilitary organization operating on the state border. **The Screening Committee is required to**

**meet at least twice a year and it identifies and approves area specific schemes for the state. It reviews the physical targets and achievements of the schemes being implemented** in the state under BADP and submits a list of schemes approved along with the expenditure incurred till the last quarter of the previous year by 1st May, every year.

Though, the Screening Committee is chaired by the Chief Secretaries, the **nodal department is not the same in all the states**. In Punjab and Tripura, the **Planning Department** was coordinating the programme, whereas in West Bengal, it was **Home Department**, in Rajasthan it was **Department of Special Schemes and Integrated Rural Development** and in Assam, the **Directorate of Border Areas**. It was only in Gujarat and West Bengal that the Screening Committee was holding meetings twice a year. In other states, it was only once a year. **Except in Assam and Tripura, they were also reported to be monitoring the Schemes. The function of coordination and issuing of guidelines for implementation was not performed by any of the Committees.** There was no proper programme planning. Due to lack of area specific planned projects, there was adhocism resulting in exclusion of need based projects. **Need assessment surveys were not conducted in a scientific manner. Manpower for administering and implementing programme is not specified.**

Two systems of coordination were prevailing among the states. **In Assam and Rajasthan, all the funds were placed under the district authorities to be released in instalments**, whereas in **Gujarat, Punjab, Tripura and West Bengal**, funds for the schemes **approved by the Screening Committee were released to the line departments/ agencies at the state level** which got the schemes executed through their field offices in the districts and blocks. The latter was found to be **quite effective in a small state, like Tripura but not in Gujarat, Punjab and West Bengal**. There was no coordination at the block level, which was the unit of planning and implementation of the programme. Even at the district level, coordination was not effective. There was no coordination even among the implementing agencies. The District Planning Office was not sufficiently equipped and empowered to ensure coordination. (Para 3.5).

The programme was being monitored from the point of view of physical and financial achievements vis-a-vis targets at the level of Empowered Committee, Screening Committee and at District and Block level. The methods of monitoring were personal visits, periodical reports and review meetings. Where all the methods were being used, monitoring was very effective. However, personal visits appeared to be the dominant mode of monitoring. In a small state like Tripura monitoring was found to be quite effective with review committee meeting. **Monitoring schedule was not notified anywhere. Grassroot level organizations, block level Panchayat Samiti, BSF, etc. were not involved in monitoring.** The monitoring authorities in the states did not identify the main indicators of monitoring that have a bearing on the objectives of BADP (Para 3.6).

## **Financial Allocation and Their Utilization**

The BADP is a 100 per cent centrally funded special area programme and its financial allocation is decided at the level of Deputy Chairman, Planning Commission. After the funds for Indira Gandhi Nehar Project (IGNP) of Rajasthan Government and Photo Identity Cards schemes of the Ministry of Home Affairs are pre-empted from the allocation of BADP funds, the balance is distributed amongst the beneficiary states on the basis of (i) length of international border (ii) population of border blocks and (iii) area of border blocks (sq.kms.), giving equal weightage to each of these criteria.

Since the enabling legislation is still pending in the Parliament, the amount meant for Photo Identity Cards scheme has been reallocated amongst the states towards the end of each year. (Para 4.2).

**The funds under BADP fall under non-lapsable category. The releases are made by the Department of Expenditure, Ministry of Finance, on the basis of recommendations of Planning Commission in two instalments.** Before the commencement of the financial year, the states are informed about the amount of funds to be made available to each state during the next year under BADP. A summary of schemes proposed to be executed within the ceiling communicated will have to be sent to the Planning Commission for release of funds to the state. The first instalment is released in the month of June and the second in February after reviewing the progress up to 31st December and adjusting unspent balance, if any (Para 4.3).

**The State Governments did not provide information on allocation and expenditure for the period 1985 to 1992.** From the information provided on allocation for the year 1993 to 1997, it was found that the allocation principles, as mentioned in the guidelines, were not meticulously followed. Further, allocations do not take into account factors, like topography, threat perceptions of people living in border areas and infrastructural deprivation. The limits prescribed for allocation and expenditure during a year on security, administrative buildings and roads were crossed by all the states, except Punjab. **The Empowered Committee must, therefore, review the past performance and evolve new criteria (Planning Commission).**

There was delay in the release of funds from Centre to the states. The reasons for these delays were **poor feedback from states, wrong coverage of schemes and untimely submission of the list of approved schemes.** From the states, the funds were allocated to districts on the basis of the same criteria of population, the area of border blocks and the length of border in the district. Project based approach was not being followed. In Assam and Rajasthan, allocation of funds from states to districts was being made directly, whereas in Gujarat, Punjab, Tripura and West Bengal, the funds from coordinating departments were going to **the heads of the line departments at the state level, who were further allocating them to the district level implementing authorities under their administrative control.** There was no set pattern of releases of funds from state to districts.

However, the **flow of funds was quite regular in the states of Punjab and Rajasthan. The State Governments were also delaying the release of funds to district authorities of line departments at the district level.** The reasons cited for such delays were: delayed receipt of funds from the Centre, not enough proposals coming from line departments and late submission of completion certificate from implementing agencies. (Page 4.4, 4.5, 4.6, 4.7,4.8).

The average utilization rate of BADP funds in the six states was found to be 69 per cent during the Eighth Plan and it varied between a maximum of 94 per cent in Punjab and a minimum of 59 per cent in West Bengal (Table 4.6). It has been observed that per capita and per sq.km. expenditures under BADP are quite insignificant compared to those under normal State Plan. During the Eighth Plan the per capita and per sq.km. expenditures under the State Plan were respectively four and nine times of those of BADP (Table 4.7). **Thus, BADP funds should be used only as an additionality to State Plan Funds.** It is, however, difficult to ascertain from the available information whether this principle is being strictly followed by all the Border States.

To ensure sectoral balance in allocation and expenditure, the guidelines imposed limits on the use of BADP funds for some sectors. However, none of the six sample States has observed these limits. It was noted that about 43 per cent of BADP funds was used for building roads and bridges, 15 per cent for security, 11 per cent for public health, 9.5 per cent for irrigation and 9 per cent for education (Table 4.8). Except in Rajasthan and West Bengal, the **observed allocation pattern is neither in keeping with the guidelines, nor in accordance with the felt needs of border areas. The Empowered Committee must examine the relevant issues and devise a set of criteria on use of BADP funds that are acceptable to the States and in keeping with the objectives of BADP.**

Another interesting aspect of the use of BADP funds by the States is that the utilisation rates vary greatly across sectors. While it is reasonably good for administration, health and education infrastructure, irrigation, roads and bridges and security, it is very low for sectors, like agriculture and allied, rural development, energy and other services (Table 4.8). Different reasons have been given by the states for under-utilization of BADP funds. Insufficiency of funds and delayed release of funds have been mentioned by the majority of the border states. Insufficiency of funds is, however, not tenable, as BADP funds are to be used as an additionality. The delay in receipt of funds was because of poor feedback from States, inappropriate schemes and late submission of the list of approved schemes.

## **Design, Implementation & Performance**

For the realisation of the objectives of a development programme, the quality of design and implementation is as important as allocation of funds. The Ninth Plan document (Vol.I) has noted that many development projects and programmes, having laudable objectives have failed to deliver results because of inadequacies in the implementation and delivery systems. An attempt was made in the study

to examine if the necessary steps for making the implementation of BADP effective were taken by the implementing agencies.

For effective implementation, the states were required to conduct 'need assessment' surveys of the border areas, so that suitable schemes in accordance with local needs could be identified and formulated, realistic targeting and phasing is done and the schemes be implemented with the co-operation of the locals. It was noted in the PEO survey that the need assessment surveys were not conducted in a scientific manner. In a majority of the cases, the schemes were identified in consultation with the local MLAs/ MPs, while in some others, no attempt was made to assess people's needs. Only in the case of Gauripur block (Assam), the PRIs were involved in such surveys (Table 5.1).

The implementation methods adopted by the States did not seem to have given due importance to the felt needs of the people. Wide deviations between the schemes under implementation and the felt needs of the locals were noticed (Table 5.2) in the case of most of the States. For example, in Assam, where the PRIs were taken into confidence in need assessment, priority was not accorded to schemes which the locals needed the most.

The inadequacies in design and implementation have affected physical performance of the scheme. During the Eighth Plan, sectoral targets were not achieved in a number of cases. In the transport sector which got a large share in the BADP funds, only about 60 per cent of the physical targets (roads and bridges) could be met during the Eighth Plan. Across the states, the variation in the gap between target and achievement ranges from 76 per cent in Tripura to 11 per cent in West Bengal. In the education sector, the overall gap is about 10 per cent, but it is 32 per cent in Rajasthan and 25 per cent in Assam. In the public health, the average gap was 12 per cent. But, it was 100 per cent in Tripura, 33% in Gujarat and 29% in Rajasthan (Table A6.1). An attempt was made to assess if the assets created under BADP were of good quality and being maintained. About 40 per cent of the 52, assets created so far were stated to be of 'average' to 'bad' quality (Tables 5.2 and 5.6) and poor maintenance was also reported by a section of knowledgeable persons.

The acid test of the effectiveness of the implementation and delivery systems is the 'satisfaction of the people'. This is more so for BADP, as it aims at removing the sense of insecurity among the people living in border areas and inducing people to undertake normal economic activities in border areas. It is noted in PEO survey that except in a few cases, the people in general are not satisfied with the implementation and delivery systems of the scheme (Table 5.5). The reasons for dissatisfaction are the oft-cited ones, viz; the inefficiency in public delivery systems and the mis-match between the schemes being implemented and the felt-needs of the locals.



## Impact

It is difficult to isolate the impact of BADP on the development of border areas and on the well-being of people, as BADP funds were used to supplement normal state plan funds. However, in the PEO study an attempt has been made to establish an association between the development efforts under BADP and their results. The methods employed for this purpose relate to “before-and-after” or “with-and-without” results. Along with PEO’s survey data, information from several published sources have been used for this purpose. At times, the opinion of knowledgeable people and observations of PEO field teams have been used to establish such correlations. Though such correlations are indicative of associations between inputs and results, these should be interpreted with the necessary caution and care.

Between 1991 and 1997, a change in the occupational pattern has been observed in border areas. Except for Punjab, the proportion of principal earners in agriculture shows a decline, while that in non-agriculture has risen. Most of the earners have shifted to petty trade and household industries. Abnormally low work participation rate was observed in Assam and Tripura, resulting in a very high dependency ratio. In these two states (border areas) both male and female work participation rates are much lower compared to the border areas of West Bengal and the Western border states. The work participation rate in the border areas of Assam and Tripura is also lower than that of the state averages (1991 Census).

However, some explanations for low work participation rate in Assam and Tripura could be found in the unremunerative agriculture and lack of diversification in rural economy activities in their border areas. The average size of land holding and the proportion of holding under irrigation are the lowest among the border areas of all border states. Perhaps, because of sluggish agriculture and consequently low purchasing power of people, non-agricultural activities have not developed. This is supported by the fact that a very low proportion of earners (Table 7.2) in these border areas are engaged in non-agricultural activities. While low participation in the border areas of Assam and Tripura can be explained partly by the sluggish economic activities in these areas, it is necessary to examine if factors like the relatively unrestricted cross border movement and unaccounted trade have any impact on the work participation rates of the local population.

It is interesting to note that except in Gujarat, agricultural productivity in border areas is comparable with the state average yields of crops grown in these areas. It has been observed that wherever irrigation facilities are available, the productivity in border areas is reasonably good (para 7.3). Thus, increased availability of irrigation, complementary inputs and other facilities could make agriculture in these areas remunerative.

An attempt was made in the PEO survey to arrive at an estimate of per capita income of people

living in border areas (para 7.2.3). The per capita income of the sample households in border areas for the year 1997-98 was found to be 67% of the per capita state income (for 1994-95) in the case Assam, 36.5% in Gujarat, 59% in Punjab, 51% in Rajasthan, 65% in Tripura and 52% in West Bengal. Except in Punjab (20%) and West Bengal (35%) the poverty ratio in border areas was found to be significantly high. It was about 57% in Assam, 47% in Gujarat, 56% in Rajasthan and 80% in Tripura.

It is interesting to note that the two north-eastern border states have done much better in the area of education than the western border states. The literate population among the sample households was found to be 79% in Assam, 36% in Gujarat, 57.3% in Punjab, 33.6% in Rajasthan 69.4% in Tripura and 67.7% in West Bengal. A comparison of these estimates with district level census statistics indicates that there has been significant improvement in the education participation rate in the eastern/north-east border areas, while no marked improvement is noticed in the case of western border areas.

The state governments were permitted to use BADP funds for improving the access to safe drinking water in border areas. A “before-and-after” comparison reveals that even though safe drinking water facilities were created in 19% of the villages under BADP, the access has not improved. Only 38% of the border villages were found to have adequate access, while in the remaining villages people were dissatisfied because of irregular supply of electricity and water, unsatisfactory quality of water and defunct/non-operational sources.

As per available information’ a large proportion of border villages have benefitted from the creation of physical, social and security related infrastructure under BADP. In Assam, 75% of the border villages benefitted from road construction and 25% from school projects. In Gujarat, 50% of the border villages were covered under road construction, 38% under security related infrastructure and 63% under water supply schemes. Fifty percent of Punjab (border) villages were covered under health infrastructure scheme (PHC, CHC etc.) And 75% in security infrastructure schemes. In Rajasthan, Tripura and West Bengal, too, a large proportion of border villages benefitted from the creation of physical, social and security related infrastructure.

In the opinion of knowledgeable people, construction for roads and bridges in Assam, Gujarat, Rajasthan, Tripura and West Bengal has increased mobility, provided easy access to other villages, markets, hospitals and reduced hardships of people. However, there are several inadequacies, like lack of maintenance, low-lying roads and delay in making roads operational due to lack of funds. The drinking water supply and irrigation projects implemented in Gujarat, Punjab and Rajasthan have increased supply of drinking water, reduced incidence of diseases and drudgery of women. However, the facilities created lack maintenance, resulting in erratic supply. In the case of schools and health centres, the complementary facilities are lacking, making these ineffective in some cases.

BADP funds have also been used for construction of additional rooms in primary schools, Bal

Utsav Kendras, play grounds and teachers' residential quarters. Funds were also used for augmentations of health services in Gujarat, Punjab and Rajasthan. However, shortage of staff in schools and lack of doctors, medicine and equipments were experienced in some cases. BADP funds were used for flood control measures in Assam, Gujarat, Tripura and West Bengal. These have been used primarily for small projects, like works for prevention of erosion of river bank and soil, and for shelter for the flood affected people.

## **Sense of Security & BADP**

One major objectives of BADP is to create an enabling environment for normal economic activities and impart a sense of security among the people so that normal economic activities and human development goals could be pursued. It is for this reason that 7.5 per cent of BADP funds was earmarked for security related schemes. This is over and above other schemes (like roads and buildings) which could be related to security measures.

PEO's field survey was designed to assess if the implementation of BADP has imparted a sense of security among the people living in border areas. For this purpose information relating to threat perception, steps taken under BADP, the economic behaviour of people as revealed by the production, investment and asset formation, their education and health care seeking behaviour etc. were collected. In addition, views of knowledgeable people, block development authorities, village level authorities and households were sought about the threat perception in border areas and the impact of measures taken under BADP.

Threat perception in border areas varied across states. In Assam and Punjab, neither the people nor the authorities perceived any major security threat from the border. In Assam, floods and occasional cattle lifting were viewed as the main threats to the livelihood of people. In Punjab, too, floods had led to loss of human lives, cattle heads, damaged crops and houses. Some farmers who have lands across the barbed fencing expressed that there were restrictions on their movement and type of crops they could grow. As a result, their economic interests are affected. Also, electricity supply in border areas being erratic, people prefer to stay indoor after sun set, particularly in West Bengal.

Under BADP, some measures were taken to improve the security in border areas. In Gujarat and West Bengal, border out posts and observation posts equipped with drinking water facilities, night vision equipments etc. were constructed. With these BSF patrolling and raids were intensified. A large majority of the households in Gujarat, Rajasthan, Tripura and West Bengal expressed satisfaction with the measures taken and felt that the security environment in the border areas has improved. However, in the other states, measures taken so far were inadequate and haphazard and more needs to be done.

The migration behaviour of people, among other things, is influenced by the security

environment. It was reported that during the past five years, only two persons from 40 households in Punjab and 5 persons from 80 households in Rajasthan out migrated for search of employment. On the other hand, 54 members of 80 households in Gujarat returned to their native places. This is an indication of improvement in security environment in the border areas.

The household investment behaviour is influenced by the security environment. An analysis of the survey information (Table 8.1 & 8.2) reveals that about 41 per cent of the households made investment during the last five years in items like purchase of agricultural land, tubewell, pumpsets, tractors, land development, building/extension of houses, business and livestock. This proportion varies across states, with Punjab leading the table with 72.5%, followed by West Bengal (70%, Gujarat (42.5%), Assam and Rajasthan (25% each) and Tripura (22.5%). A large proportion of this investment is in agriculture and related activities. The relatively low investment in Assam, Rajasthan and Tripura could partly be due to widespread poverty on the one hand and factors like, floods, inhospitable terrain etc.

Credit markets do not operate in an environment of uncertainty and insecurity. In the PEO study, information on loans taken by households, their purpose and sources were sought to assess if the activities were normal. It was noted that the proportion of households taking loans was very small. Only in West Bengal (37.5%), Tripura (25%), Gujarat (20%) and Punjab (20%) some households took loans, primarily from co-operative or Regional Rural Banks. The private credit market does not seem to have developed in the area. All this tends to suggest that whatever improvement in the security environment has taken place is not adequate to motivate people to undertake on-agricultural activities on a wider scale. Perhaps, it would be take place in the long run.