2. SELF EMPLOYMENT PROGRAMMES

SWARNAJAYANTI GRAM SWAROZGAR YOJANA (SGSY)

A : IRDP

The Integrated Rural Development Programme (IRDP) was aimed at providing self-employment to the rural poor through acquisition of productive assets or appropriate skills which would generate additional income on a sustained basis to enable them cross the poverty line. Assistance was provided in the form of subsidy and bank credit. The target group consisted largely of small and marginal farmers, agricultural labourers and rural artisans living below the poverty line. Within the target group, there was an assured coverage of 50 percent for scheduled castes/scheduled tribes, 40 percent for women and 3 percent for the physically handicapped. Priority in assistance was also given to the families belonging to the assignees of ceiling surplus land, Green card holders covered under the Family Welfare Programme and freed bonded labourers.

IRDP was a centrally sponsored scheme which had been in operation in all the blocks of the country since 1980. Under the scheme central funds were allocated to states on the basis of ratio of rural poor in a state to the total poor in the country.

Under the Ninth Plan Programme it was decided to convert IRDP into a holistic programme covering all aspects of self-employment, namely, organisation of beneficiaries and their capacity building, planning of activity clusters, infrastructure, technology, credit and marketing by merger of existing sub-schemes - Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA) and Ganga Kalyan Yojana (GKY) into IRDP. It was also decided to shift from an individual beneficiary approach to a group and cluster approach.

Keeping in view the Ninth Plan Programme a Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched with effect from April 1999 with the merger of IRDP, TRYSEM, DWCRA, GKY, SITRA, MWS (Million Wells Scheme) into it with the following objectives :

(i) focussed approach to poverty alleviation,
(ii) capitalising advantages of group lending; and
(iii) overcoming the problems associated with multiplicity of programmes.

The SGSY is conceived as a holistic programme of micro enterprises covering all aspects of self - employment which includes organising rural poor into Self - Help Groups (SHGs). It integrates various agencies like - District Rural Development Agencies, banks, line departments, Panchayati Raj Institutions (PRIs), non- governmental oganisations, and other semi- government organisations. The objective of SGSY is to bring the existing poor families above the poverty line by providing them income generating assets through a mix of bank credit and government subsidy and to ensure that an assisted family has a month net income of at least Rs. 2000/-. Subsidy under SGSY is uniform at 30 percent of the project cost subject to a maximum of Rs 7500/- .In respect of SCs/STs, it is 50 percent subject to a maximum of Rs 10,000. For groups, the subsidy of 50 percent subject to a ceiling of Rs 1.25 lakh. There is no monetary limit on subsidy for irrigation projects. SGSY is funded by the centre and states in the ratio of 75:25.

In this background IRDP, which had been in existence since 1980, has been merged into SGSY with effect from April, 1999. The study has evaluated the performance of IRDP - the main scheme for self-employment with an objective to suggest viable measures for successful implementation of SGSY.Analysis of the data has been made under the following four sections :

(a) Socio-economic condition of the beneficiaries.

(b) Economic structure and viability of the scheme.

(c) General observations and recommendations.

(d) Calculation of poverty indices and its analysis.

(a) : Socio-economic condition of beneficiaries :

Institutional factors had dominant role in the process of development. Out of 180 beneficiaries, 161 (89.4%) were male and 19 (10.6%) were female. The least participation of women was prevalent in all the three sample zones, i.e., North Bihar, Central Bihar, and Jharkhand.

61.1% beneficiaries were literate while 38.9% were illiterate. Out of 61.1% literate population, 35.5% had education below matriculation level, 21.6% had qualification of matriculation and above but below graduation level. Only 3.9% had qualification of graduation and above. Illiteracy level was higher in North Bihar where 66.6% of the beneficiaries were illiterate. And out of the remaining 33.4% literate population 28.3% had only primary education, only 5.0% had matriculation and above qualification but below the graduation level.

Out of 180 beneficiaries 5.0% were small farmers, 11.2% were marginal farmers, 29.5% were agricultural labourers, 7.2% were non-agricultural casual labourers, 37.2% were non-agricultural self employed, 2.7% were artisans, and 7.2% were others. Agricultural labourers and non-agricultural self-employed had taken maximum benefit of the scheme. Marginal farmers had taken benefit of the scheme only in Central Bihar zone, where 18 persons (30.0% of the beneficiaries) of the zone were marginal farmers(Table2A.1)

45.6% beneficiaries had the family size of 1-5 persons', 52.2% had the size of 6-11 persons and only 2.2 % had the size of 12 or more. Hence only 4 beneficiaries (2.2%) belonged to the combined family. The trend was almost similar in all the three sample zones.

70 (38.9%) beneficiaries belonged to scheduled castes and 100 (55.9%) belonged to OBCs. Only one (0.6%) beneficiary belonged to scheduled tribes and 9 (5.0%) belonged to other caste groups including minorities. Hence OBCs had taken maximum benefit of the IRDP followed by scheduled caste group. Scheduled caste population was very small in the Jharkhand region. 50 (83.3%) of three total beneficiaries of the region belonged to OBCs category.

Priority under the scheme was to be given to the freed bonded labourers and assignees of surplus land. But only 4 beneficiaries (2.2%) were freed bonded labourers and only 2 (1.1%) were assignees of surplus land. Remaining 174 (96.7%) belong to other categories. (Table 2A.2)

Only 11 (6.11%) beneficiaries had income below Rs. 6401. 31 (17.22%) beneficiaries had income in between Rs. 6401/- to Rs. 11000/-. 56 (31.1%) beneficiaries had income in between Rs. 11001 to Rs. 16000. and 43 (23.88%) in between Rs. 16001 to Rs. 21000. 22 (12.22%) beneficiaries had income above Rs. 21000 but below Rs. 32000. 17(9.4%) beneficiaries had income above Rs. 32000.Hence 39 beneficiaries had managed the IRDP loan by their skill, though they did not come under the purview of the scheme on the basis of their income. The most remarkable point was that not a single beneficiary from Jharkhand region had an income above Rs. 32000. In this region 6(10.0%) beneficiaries had an income below Rs. 6401, 22 (36.6%) had an income in between Rs. 6401 to Rs. 11000, 24 (40.0%) in between Rs. 11001 to Rs. 16000 and 6 (10.0%) in between Rs. 16001 to Rs. 21000. Only 2 (3.3%) beneficiaries had an income in between Rs. 21001 to Rs. 32000/-. It seems that the better-off section had taken the benefit of the programme in sizeable proportion in North Bihar and Central Bihar zones. (Table 2 A.3)

Out of 180 beneficiaries, only 45(25%) had non-institutional borrowing. Non-institutional borrowing was higher in Jharkhand region as 24 (53.3%) out of 45 beneficiaries who were in non-institutional debt belonged to that region. The main reasons for the non-institutional debt in the region are acquiring raw materials for the IRDP scheme and household consumption expenditure. Household consumption expenditure was the main reason for non-institutional debt in North Bihar and Central Bihar too. But the most significant aspect is that 135 (75.0%) beneficiaries had no outstanding non-institutional debt. (Table 2 A.4)

Out of 45 beneficiaries who were in non-institutional debt, 7 (15.5%) had debt in between Rs. 1000 to Rs. 2000, 25 (55.5%) in between Rs. 2001 to 5000, 11 (24.4%) in between Rs. 5001 to 10000. Only 1(2.22%) in between Rs. 10001 to 15000 and the last 1 (2.22%) above Rs. 15001. 66% of the debtor beneficiaries of the Jharkhand region had outstanding debt in between Rs. 2001 to Rs. 5000. (Table 2 A.5).

(b) Economic structure and viability of the scheme :

100% beneficiaries of IRDP had been selected through the V.L.W./ Block officials in North Bihar as well as in Jharkhand. But in Central Bihar only 16.6% i.e. 10 beneficiaries had been selected through the same. 58.3% (35) beneficiaries had been selected with the help of middlemen and remaining 25.0% i.e.15 beneficiaries through the Bank officials and others. Hence, middlemen had played a significant role in beneficiary selection in Central Bihar. Gram Sabha/Panchayati Raj Institutions played no role in the beneficiary selection in all the zones. (Table 2 A.6).

100% beneficiaries had reported about Mandays wastage in connection with the scheme. 52.2% i.e.94 beneficiaries reported the Mandays wastage of 1-4 days, 33.3% i.e. 60 reported the wastage of 5-9 days, 11.66% i.e. 21 reported the wastage of 10-15 days and only 2.77% i.e. 5 reported the wastage of 16 or more days. The trend was almost similar in all the three zones. 35 (34 from Central Bihar and only 1 from North Bihar) beneficiaries reported that there was no Mandays wastage at Block office level. The main reason was that these beneficiaries of Central Bihar had obtained IRDP help through the middlemen. 100% beneficiaries reported about Mandays wastage at the Bank level. 173 (96.1%) reported a Mandays wastage of 1- 4 days at the Bank level. 4(2.22%) reported a Mandays wastage of 5-9 days and 3 (1.66%) of 10-15 days. Only 8(4.44%) reported Mandays wastage of 1 to 4 days at other offices. 109 (60.5%) beneficiaries reported Mandays wastage at market, out of which 101 (56.5%) reported Mandays wastage of 1-4 days at market. In monetary terms only 37 (20.5%) reported Mandays wastage upto Rs. 100. 80 (44.44%) in between Rs. 101-200, 57(31.66%) in between Rs. 201-500 and 6 (3.33%) above Rs. 500 (Table 2 A.7).

Only 5 (2.77%) beneficiaries reported that they did not incur any expenditure on visit to block, bank, other offices and market. 7(3.88%) reported expenditure upto Rs. 25, 31 (17.22%) in between Rs. 26-50, 48 (26.66%) in between Rs. 51-100, 74 (41.1%) in between Rs. 101-500, 9(5.0%) in between Rs. 501-1000 and 6 (3.33%) above Rs 1000. Only 20 (11.1%) beneficiaries paid no amount as a speed money in the process of getting IRDP assistance. 57 (31.66%) reported payment upto Rs. 500, 42 (23.33%) in between Rs. 501-1000, 31 (17.22%) in between Rs. 1001-2000, 19 (10.55%) in between Rs. 2001-3000, 10(5.55%) in between Rs. 3001-5000 and only 1 (0.55) beneficiary of Central Bihar above Rs. 5000. Not even a single beneficiary of North Bihar and Jharkhand paid above Rs. 2000 as speed money (Table 2 A.8).

89 (49.44%) beneficiaries had taken the scheme for primary sector under which 9(5.0%) had taken for agriculture, 5(2.77%) for irrigation, 66(36.66%) for milch-animals, and 9(5.05%) for animal husbandry excluding milch animals. 44 (73.3% beneficiaries of the zone) of Central Bihar and 19 (31.66% beneficiaries of the zone) of North Bihar had taken IRDP scheme for milch-animals whereas only 3(5.0%) beneficiaries of Jharkhand had taken scheme for milch-animals. Only 18 (30.0%) beneficiaries had taken

scheme for secondary sector, 10 (16.6%) for village industries and 8(13.3%) for handicraft. The remaining 73 (40.55%) beneficiaries had taken IRDP scheme for tertiary sector. Out of which 19(31.6%) beneficiaries of North Bihar and 41 (68.33%) of Jharkhand had taken IRDP schemes only for shops. In Jharkhand region the maximum beneficiaries had taken IRDP scheme for business purposes. In brief, 66 (36.66%) beneficiaries had taken IRDP scheme for milch-animals, 67 (37.22%) for shops and the remaining 47 (26.11%) beneficiaries had taken the scheme for different other activities. (Table 2 A.9)

104 (57.77%) beneficiaries procured assets under the scheme, 46 (25.55%) did not procure any asset and in case of remaining 30 (16.6%) only working capital was required. 102 (56.66%) beneficiaries reported that the sanctioned amount of the scheme was adequate, 61 (33.88%) reported that the sanctioned amount was inadequate and 17 (9.44%) reported that the sanctioned amount was inadequate due to extra expenditure including payment of speed money. (Table 2A.10)

131 (72.77%) beneficiaries reported that they had received assets under the scheme as per their choice. All the 60 (100%) beneficiaries of the Jharkhand reported this as they had received the sanctioned amount in cash. Only 8 (13.33%) beneficiaries of Central Bihar reported that they had not received assets as per their choice. All the 39 (65.0%) beneficiaries of North Bihar who procured assets had reported that assets had been supplied as per their choice. 38 (63.33%) beneficiaries of North Bihar had received good quality of assets and only 1 (1.66%) had received average quality of assets. In Central Bihar 16 (26/66%) received good quality of assets and 16 (26.66%) received average quality of assets whereas 8 (13.33%) received poor quality of assets including defective machines. The question did not arise in Jharkhand region since all had taken cash for the purchase of assets. 139 (77.2%) beneficiaries accepted that the assistance covered entire cost of the scheme, 41 (22.8%) reported that the assistance did not cover the entire cost of the scheme. 26 (63.41%) amongst them had managed the remaining amount from own sources whereas 15 (36.58%) managed the amount through borrowing. (Table 2A. 10a).

The loan amount was distributed by the Commercial Banks in all the three zones. All the beneficiaries of Central Bihar and Jharkhand had received loan pass book. But this was not distributed in North Bihar (Table 2A.11).

Mode of repayment for IRDP loan was monthly in case of 160 (88.88%) beneficiaries, quarterly in case of 6 (3.33%) beneficiaries, bi-annual in case of 4(2.22%) beneficiaries and annual in case of 10 (5.55%) beneficiaries. 3(1.66%) beneficiaries had to repay in 1-5 instalments, 10 (5.55%) beneficiaries in 6-10 instalments, 6(3.33%) beneficiaries in 11-20 instalments, 48 (26.66%) beneficiaries in 21-36 instalments, and 113 (62.77%) beneficiaries in 37- 60 instalments. 62 (32.44%) beneficiaries had to repay within 36 months, 20 (11.1%) beneficiaries in 37- 48 months and 98 (54.44%) beneficiaries in between 49-60 months. Only 34 (18.88%) beneficiaries had repaid the instalments as per schedule and there was no overdues against them. Not even a single beneficiary in North Bihar came in this category whereas 21 (35%) beneficiaries of Central Bihar and 13(21.66%) beneficiaries of Jharkhand came under the category. 30 (16.6%) beneficiaries had overdues in between 1-10 instalments, 35 (19.44%) in between 11-20 instalments, 26 (14.44%) in between 21-30 instalments, 18(10.0%) in between 31-40 instalments and 37 (20.55%) in between 41-60 instalments. Not even a single beneficiary of Jharkhand had overdues in between 41- 60 instalments whereas 36(60.0%) beneficiaries of North Bihar had overdues in between 41-60 instalments. Only 3 (5.0%) beneficiaries of Central Bihar had reported that the first payment schedule was before the gestation period. Remaining 177 (98.33%) beneficiaries had reported that the 1st payment schedule was after the gestation period (Table 2 A.12).

Only 15 (8.33%) beneficiaries were satisfied with the terms and conditions of the loan, 101 (56.11%) were not aware of the terms and conditions and 64 (35.55%) were dissatisfied with the terms and conditions. Out of 64 dissatisfied beneficiaries 15 (23.43%) were dissatisfied due to high interest rate, 4(6.25%) were due to time consuming procedure, 4 (6.25%) were dissatisfied due to inadequate amount and 41 (64.06%) were dissatisfied due to money demanded by the officials and the middlemen. (Table 2 A.12a)

93 (51.66%) beneficiaries reported that the loan amount had been repaid by the income generated from the given assets under the scheme, 6 (3.33%) beneficiaries had repaid by disposal of old assets, 19 (10.55%) beneficiaries by old savings, 6(3.33%) beneficiaries by borrowing from the relatives and friends, 17 (9.44%) beneficiaries by amount received from second dose of IRDP loan. 1 (0.55%) beneficiary had given no response, 38 (21.11%) respondents had not repaid any instalment. (Table 2 A.12b).

4 (2.22%) beneficiaries had overdues upto Rs. 1000, 44 (24.44%) beneficiaries in between Rs. 1001-5000, 71 (39.44%) beneficiaries in between Rs. 5001-10000, 26 (14.44%) beneficiaries in between Rs. 10001-15000 and 1(0.55%) beneficiary above Rs. 15000. There was no overdues against 34 (18.88%) beneficiaries. (Table 2A.13)

24 (13.33%) beneficiaries reported that they couldn't repay the loan as the assets were perished, 8 (4.44%) beneficiaries had emphasized on the delay in income- generation of the scheme as the main reason for overdues, 51 (28.33%) beneficiaries reported that inadequate income from the asset was the main reason of overdues, 3(1.66%) beneficiaries had complained about lack of marketing facilities which caused overdues, 10(5.55%) beneficiaries had mentioned the unforeseen calamity as the main reason of overdues, 3(1.66%) beneficiaries could not repay the loan due to the burden of old dues. 47(26.11%) beneficiaries could not explain the exact reason of overdues. It seems that they were not serious about the repayment. (Table-2A.14).

Assets of only 77 (42.77%) beneficiaries were intact whereas assets of 103 (57.22%) beneficiaries were not intact. Out of 103 beneficiaries whose assets were not intact, 62 (34.44%) had not purchased the assets, 11 (6.11%) had sold the assets. Assets of 24 (13.33%) beneficiaries were fully perished. Assets of 1 (0.55%) beneficiary was defective and 5(2.77%) beneficiaries had given different reasons. (Table 2A.15).

Reasons for not intact were personal and natural calamites in case of 6 beneficiaries, inadequate income was generated in case of 13 beneficiaries, high maintenance cost in case of 1 beneficiary, defective assets in case 5 beneficiaries, compulsive immediate household consumption requirement in case of 11 beneficiaries and others in case of 5 beneficiaries and lastly 62 beneficiaries did not purchase the assets. (Table 2A.15a) 151 beneficiaries were not aware about the insurance for IRDP but 29 beneficiaries had awareness about the said scheme. Assets of not a single beneficiary of North Bihar and Jharkhand were ensured, but the assets of 50% beneficiaries of Central Bihar were ensured. (Table 2A.16)

Only 9 (5.0%) beneficiaries had received any training to develop their skill. 125 (69.4%) beneficiaries had not received any training. And training was not required for 46 (25.5%) beneficiaries. Out of 9 trained beneficiaries, only 1 (11.11%) beneficiary of Jharkhand had received training under TRYSEM and 8 had received informal training. 8 beneficiaries had termed the training useful whereas 1 beneficiary had reported that the training was not useful (Table 2A.17).

137 (76.11%) beneficiaries had reported that the availability of input was adequate but 43 (23.88%) had complained about inadequacy of input supply in their areas. 148 (82.22%) beneficiaries had expressed that the marketing of output of the services was adequate. but 32 (17.77%) beneficiaries had expressed about inadequacy of marketing facilities. 103 (57.22%) beneficiaries had expressed about the adequacy of repair and maintenance services/other care. But 77 (42.77%) beneficiaries had expressed that the repair and maintenance service/other care were not adequate in their areas. All the 180 beneficiaries had

expressed that there was no continuous support/guidance by the Govt. agencies on on-going basis. (Table 2A.18)

Beneficiaries had given various suggestions for improvement in the infrastructure facilities. The suggestions included development of road and electricity (by 108 beneficiaries), primary school with regular teachers (by 14 beneficiaries), opening of veterinary hospital (by 20 beneficiaries of Central Bihar), creation of purchase centre by 5 (2.77%) beneficiaries, control of recurring flood by 16 (8.88%) beneficiaries of North Bihar. 3 (1.6%) beneficiaries had given different suggestions whereas 2 (1.11%) had given no response (Table 2A.18).

The most shocking aspect about the performance of IRDP was that the schemes of 35 (19.44%) beneficiaries were non-functional and schemes of 46 (25.5%) beneficiaries were only on paper, 19 (10.55%) beneficiaries had shown income from asset/scheme upto Rs. 1000,41 (22.77%) in between Rs. 1001-2000, 24 (13.33%) in between Rs. 2001-3000, 8 (4.44%) in between Rs. 3001-4000, 5 (2.77%) in between Rs. 4001-5000. Only 2 (1.11%) beneficiaries of Central Bihar had shown their income in between Rs. 5001-6000. Not even a single beneficiary had shown income above Rs. 6000 per annum from the asset/scheme. (Table 2A.19).

103 (57.22%) beneficiaries had faced obstacles in getting IRDP loan while 77 (42.77%) had not faced any obstacle. The main obstacle was procedural delay and payment of speed money. 98 (54.44%) beneficiaries had alleged about it. Only 5 (2.77%) beneficiaries had mentioned about obstacle created by middlemen. 48 (26.66%) beneficiaries out of 180 had awareness about group/cluster beneficiary approach of IRDP. But none had taken benefit of that approach. (Table 2A.20).

(c) General observations and recommendation :

(i) Beneficiaries' suggestions :

23 (12.77%) beneficiaries had suggested that the beneficiary selection should be made through the credit camp. 85 (47.22%) beneficiaries had suggested that there must be a curb on speed money. They had suggested for procedural simplification and more transparency in the system. 5(2.77%) beneficiaries had suggested that the interest should be charged from the beneficiaries after deducting the subsidy amount. Hence, no interest should be charged on the amount of subsidy, even if the subsidy amount would be adjusted at the time of final payment. 8 (4.44%) beneficiaries of Central Bihar had suggested that the law and order situation must be improved for the better performance of the scheme. They were facing severe problems like kidnapping of animals and assets and payment of ransom against that due to poor law and order situation. 6 (3.33%) beneficiaries had suggested that training must be an essential condition for selection of beneficiary. 12 (6.66%) beneficiaries had suggested that ceiling on loan amount for the scheme should be raised to undertake more viable schemes and generate viable income. 14 (7.77%) beneficiaries had given different suggestions while 27 (15.0%) had given no suggestion.

(ii) Investigators' recommendations :

Following were the recommendations of the investigators :

(1) Strict action should be taken for loan recovery to create seriousness about the scheme. Due to the loan waving schemes adopted by the Govt. in the past, most of the beneficiaries took loan not to create any viable income generating activity. They treated the entire loan amount as 100% subsidy.

(2) More openness and simplification in the procedure were essentially needed to curb the speed money in the system. Credit camps might help in this regard.

(3) Mass awareness campaign should be launched regarding the poverty alleviation programmes.

Unfortunately common masses have little knowledge or no knowledge about the different dimensions of poverty alleviation programmes.

Investigators of North Bihar had recommended that effective steps should be taken to control the recurring flood problem, otherwise no viable scheme could be undertaken in the flood prone areas. They suggested that the pass book should be given to each and every beneficiary. They had identified that 20 schemes (33.3%) were completely fake. Beneficiaries had managed loan through payment of speed money not for the project but for the personal consumption. 15 (25.0%) schemes were not intact as the assets were perished. Only 25 (41.7%) schemes were genuine-schemes in the region.

Investigators of Central Bihar had further suggested that training should be essential condition for selection of beneficiaries. They had emphasised on strict law and order for proper utilization of the loan amount. They had identified that 18 schemes were completely fake, 12 schemes were non-functional as the assets were fully perished. Only 30 (50.0%) schemes were running as genuine schemes.

Investigators of Jharkhand had suggested that the loan amount should be raised to undertake viable schemes to generate viable income to the beneficiaries. They identified that 24 schemes were completely fake. This proportion was higher even in comparison with North Bihar and Central Bihar. Assets of 14 schemes were not functional due to various reasons including the perished assets. Only 22 schemes were genuine and functional. This proportion was the lowest as 25 schemes were genuine in North Bihar and 30 schemes were genuine in Central Bihar. In brief only 77 (42.77%) schemes were functional and genuine of 180 schemes surveyed by the investigators.

(d) Calculation of Poverty Indices :

Head-Count ratio (H)

$$H = \frac{q}{n}$$, where q = No. of beneficiaries below poverty line.

and n = Total number of beneficiaries.

$$= \frac{141}{180}$$

$$= 0.78$$

Income gap ratio (I)

$$I = \frac{g}{\pi.q}$$, where $g_i = p - y_i$ and $g = \sum_{i=1}^{n} g_i$ p = Poverty line Income.

Y_i = Income of i^{th} beneficiary.

$$= \frac{1096700}{21000 \times 141}$$

$$= 0.37$$

Ginni Co-efficient (G)

$$G = \frac{\text{Area of shaded region in fig.2A.1}}{0.5}$$

$$\approx \frac{0.16}{0.50} \approx 0.32$$

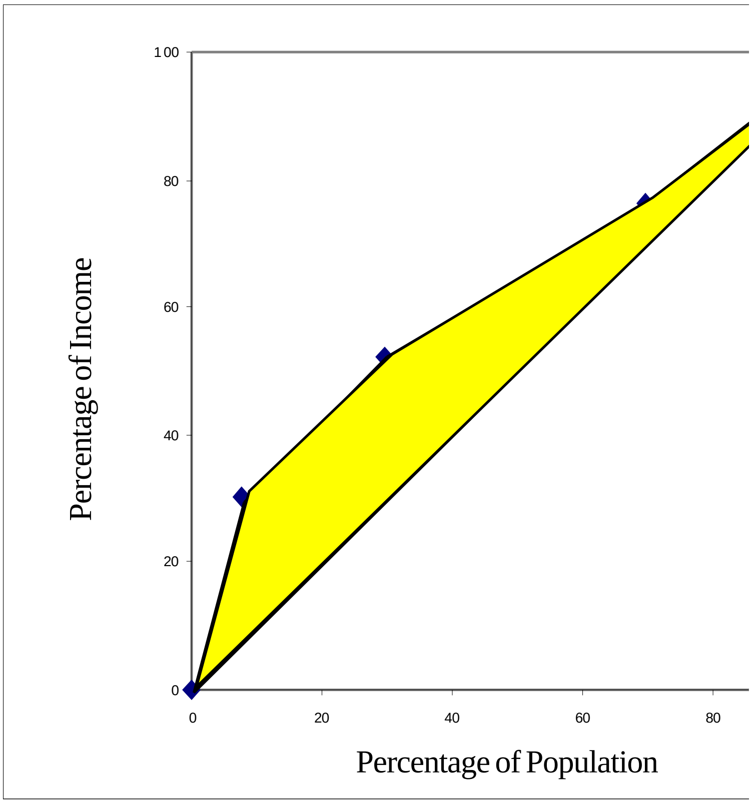
Note : Fig 2A showing income inaquality for IRDP beneficiary attached herewith.

Now, Sen Index (P)

$$
\begin{aligned}
P &= H\,\{I + (1-I)\,G\} \\
&= 0.78\,\{0.37 + (1-0.37) \times 0.32\} \\
&= 0.78\,\{0.37 + 0.63 \times 0.32\} \\
&= 0.78\,\{0.37 + 0.20\} \\
&= 0.78 \times 0.57 \\
&= 0.45
\end{aligned}
$$

Note : The calculations have been made by approximating the values, upto two digits after decimal points.

Fig. 2A : Income inequality for IRDP beneficiaries



Percentage of Population	Percentage of Income
0	0
7.8	30.48
29.78	52.38
69.5	76.19
100	100

The calculation of Head Count Ratio (H) shows that 78% of the beneficiaries were below poverty line. The value of Income Gap Ratio (I) comes out to be 0.37 which shows that most of the beneficiaries were in the upper income-slab below poverty line.

In the calculation of Sen-Index the value of Ginnie co-efficeint (G) is 0.32 which shows low degree of income disparity among the beneficiaries below poverty line. The value of Sen-Index (0.45) indicates that more beneficiaries were in the upper income-slab below poverty line, i.e., benefits are slightly skewed in favour of upper-income group below poverty line.

The Sen-Index value (0.45) gives a better picture as compared to Income gap ratio. This is due to the fact that the value of head-count ratio is much larger than the income-gap ratio.