DIPLOMA IN RURAL DEVELOPMENT

DRD-05

Inclusive Development

Block

6

Inclusive Development

Unit-1

Social Inclusion

Unit – 2

Financial Inclusion

Unit – 3

Development programmes for SCs, STs & Persons with Disability (PWD)

EXPERT COMMITTEE

RURAL DEVELOPMENT

Course Writer :
Unit-I & II
Ms. Nupur Pattanaik
Faculty, Ravenshaw University
Unit-III
Dr. Bhabesh Ch. Das
Asst. Prof., OUAT

Course Editor :
Dr. Bhabesh Ch. Das
Asst. Prof., OUAT

S T Rehman
Acad. Consultant, OSOU

Material Production
Dr. Jayanta Kar Sharma
Registrar
Odisha State Open University, Sambalpur

Printed by: Shri Mandir Publication, Sahid Nagar, Bhubaneswar

Unit-1

Social Inclusion

Learning Objectives:

After completion of this unit, you should be able to:

- *Explain different types of social inclusion practices*
- *Explain the Social Inclusion policies of India*
- *Differentiate between social inclusion and exclusion*

Structure:

1.1 Introduction

Social inclusion is the process of improving the terms on which individuals and groups take part in society—improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity. Including those who are most likely to be left behind is a complex global challenge, that affects developed and developing countries alike. But it can be planned and achieved. The World Bank Group prioritizes and commits to promoting social inclusion through a range of knowledge products, projects, and programs. In every country, certain groups—whether migrants, Indigenous Peoples, or other minorities—confront barriers that prevent them from fully participating in their nation's political, economic, and social life. These groups are excluded through a number of practices ranging from stereotypes, stigmas, and superstitions based on gender, race, ethnicity, religion, sexual orientation and gender identity, or disability status. Such practices can rob them of dignity, security, and the opportunity to lead a better life.

There is a moral imperative to address social exclusion. Left unaddressed, exclusion of disadvantaged groups can also be costly. And the costs—whether social, political, or economic—are likely to be substantial. One study found that exclusion of the ethnic minority Roma cost Romania 887 million euros in lost productivity. In addition, exclusion also has damaging consequences for human capital development. Acknowledging this, the United Nations has committed to "leaving no one behind" in an effort to help countries promote inclusive growth and achieve the Sustainable Development Goals (SDGs).Social inclusion is an integral part of—and vital to—achieving the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. The World Bank Group defines social inclusion as:

1. The process of improving the terms for individuals and groups to take part in society, and
2. The process of improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity to take part in society.

1.2 Types of Social Inclusion

Social inclusion is the act of making all groups of people within a society feel valued and important. the provision of certain rights to all individuals and groups in society, such as employment, adequatehousing, healthcare, education and training, etc. Social inclusion is the manner in which institutions understand and engage their communities, as well as how they explore, view, and challenge barriers, values, and behaviors. Social inclusion is also defined by how institutions develop, implement, and evaluate policies and procedures, how they provide equitable access to services, and finally, how they demonstrate the level of inclusion through tangible outcomes. According to Fourie (2007), social inclusion refers to all efforts and policies to promote equality of opportunity to people from all circumstances and from all socially-excluded categories. The circumstances and the categories of people mostly linked to social exclusion are therefore the circumstances and categories to be addressed by efforts to enhance inclusion. Social inclusion, the converse of social exclusion, is affirmative action to change the circumstances and habits that lead to (or have led to) social exclusion. The World Bank defines social inclusion as the process of improving the ability, opportunity, and dignity of people, disadvantaged on the basis of their identity, to take part in society.

Social Inclusion ministers have been appointed, and special units established, in a number of jurisdiction around the world. The first Minister for Social Inclusion was Premier of South Australia Mike Rann, who took the portfolio in 2004. Based on the UK's Social Exclusion Unit, established by Prime Minister Tony Blair in 1997, Rann established the Social Inclusion Initiative in 2002. It was headed by Monsignor David Cappo and was serviced by a unit within the department of Premier and Cabinet. Cappo sat on the Executive Committee of the South Australian Cabinet and was later appointed Social Inclusion Commissioner with wide powers to address social disadvantage. Cappo was allowed to roam across agencies given that most social disadvantage has multiple causes necessitating a "joined up" rather than a single agency response. The Initiative drove a big investment by the South Australian Government in strategies to combat homelessness, including establishing Common Ground, building high quality inner city apartments for "rough sleeping" homeless people, the Street to Home initiative and the ICAN flexible learning program designed to improve school retention rates. It also included major funding to revamp mental health services following Cappo's "Stepping Up" report, which focused on the need for community and intermediate levels of care and an overhaul of disability services. In 2007 Australian Prime Minister Kevin Rudd appointed Julia Gillard as the nation's first Social Inclusion Minister.

There are several types of social inclusion:

Economic Inclusion: Framing the policies and programme in such a way that gives coverage to all the people in the economic policies

Environmental Inclusion: Framing the policies and programme in such a way that gives coverage to all the people in the environmental policies; Sustainable Development

Social Inclusion: Framing the policies and programme in such a way that gives coverage to all the people in the social policies; without any form of discrimination

1.3 Social inclusion in practice

- Promote and support access to social networks.
- Resolve transport issues so that they do not prevent people from participating in the wider community.
- Build links with community projects, community centres and schools to increase levels of social contact between people from different generations.
- Identify, respect and use people's skills, including the skills of older people gained in previous employment.
- Give people ordinary opportunities to participate in the wider community through person-centered care planning.
- Involve people in service planning and ensure ideas and suggestions are acted upon.

Social inclusion is a process by which efforts are made to ensure equal opportunities for all. The multi-dimensional process aimed at creating conditions which enable full and active participation of every member of the society in all aspects of life, including civic, social, economic, and political activities, as well as participation in decision making processes. Social inclusion may also be interpreted as the process by which societies combat poverty and social exclusion. Social inclusion aims to empower poor and marginalized people to take advantage of burgeoning global opportunities. It ensures that people have a voice in decisions which affect their lives and that they enjoy equal access to markets, services and political, social and physical spaces bringing in' disadvantaged groups to major social institutions for the materialization of citizenship rights, with the goal of improving both the quality of life of individuals and the equity and cohesion of society. Definitions of social inclusion commonly include concepts like respect, diversity, shared goals and meanings and a feeling of belonging to a community Refers to the extent that individuals, families, and communities are able to fully participate in society and control their own destinies, taking into account a variety of factors related to economic resources, employment, health, education, housing, recreation, culture, and civic engagement.

Social inclusion aims to empower poor and marginalized people to take advantage of burgeoning global opportunities. It ensures that people have a voice in decisions which affect their lives and that they enjoy equal access to markets, services and political, **social** and physical spaces **Social inclusion** is the process of improving the terms for individuals and groups to take part in society by empowering poor and marginalized people to take advantage of global opportunities. Social Inclusion has become a bit of a buzz-phrase in society today. The term ‘social inclusion’ has come to replace older terminology, such as ‘community development work’. Social inclusion in practical terms means working within the community to tackle and avoid circumstances and problems that lead to social exclusion, such as poverty, unemployment or low income, housing problems and becoming housebound and isolated due to illness

Quite often, social inclusion is self-perpetuating and becomes long-term due to a number of factors exacerbating each other. It can sometimes lead to additional problems such as mental illness. This can be especially true for people with learning disabilities who have no support or co-operation from within their community, and no means to help themselves We live in the state and in society; we belong to a social circle which jostles against its members and is jostled by them; we feel the social pressure from all sides and we react against it with all our might; we experience a restraint to our free activities and we struggle to remove it; we require the services of other [people] which we cannot do without; we pursue our own interests and struggle for the interests of other socialgroups,whicharealsoourinterests.Inshort,we move in a world which we do not control, but which controls us, which is not directed toward us and adapted to us, but toward which we must direct and adaptourselves.

The concept of social inclusion from the perspective of sociology. In doing so, it aims to complement the work of historians, economists, psychologists, and natural scientists to better understand the origins of the social inclusion concept. It argues that action and efforts to include or exclude individuals and social groups are fundamental to society as forces that govern through the oppressive or liberating effectssuchinclusionaryorexclusionaryactionspromote. As a discipline from which to consider the social inclusion and exclusion concepts, sociology offers an excellent vantage. Sociology is well oriented to consider facets of social equality and inequality, social integration and stratification, social mobility as it relates to social inclusion and exclusion, and the functional contributions of the periphery relative to the social core. Sociology provides a needed vantagefromwhichtoconsidersocialinclusionasitlendsitself to extension beyond economic or natural fitness. In the social world, whether one is welcomed, represented, or whether one is ostracized, ignored, or bemired, the outcome is a collection of social practices. These social practices result from various degrees of intimacy and interactions between friends, strangers, families, colleagues, kinship groups, communities, cultures, and even whole societies—all of which lend themselves to sociological study.

1.4 Social Inclusion in India

In India, social exclusion has taken place in various policies programmes in the economic, political, social level, protection measures Social exclusion (also referred to as marginalisation) is a concept used in many parts of the world to characterise contemporary forms of social disadvantage and relegation to the fringe of society. It is a term used widely in the United Kingdom and Europe, and was first utilized in France It is used across disciplines including education, sociology, psychology, politics and economics. Social exclusion refers to processes in which individuals or entire communities of people are systematically blocked from rights, opportunities and resources (e.g. housing, employment, healthcare, civic engagement, democratic participation and due process) that are normally available to members of society and which are key to social integration. The resulting alienation or disenfranchisement is often connected to a person's social class, educational status, relationships in childhood and living standards. It also applies to some degree to people with a disability, minorities, to members of LGBT community, to the elderly, and to youth. Anyone who deviates in any perceived way from the norm of a population may become subject to coarse or subtle forms of social exclusion. The outcome of social exclusion is that affected individuals or communities are prevented from participating fully in the economic, social, and political life of the society in which they live. Material deprivation is the most common result of this exclusion. Ensuing poverty, emotional and psychological trauma, and its resulting diseases may result in catastrophic damage to lives, health, and psyche.

1.5 Policies for Social Inclusion

Some of the most vulnerable sections of India’s population such as, Scheduled Castes, Scheduled Tribes, religious minorities, women, children, and persons with disabilities, have lagged behind others in terms of several development indicators. There are numerous factors underlying this deep-rooted problem in the country like the unequal social structures, discrimination, and patriarchy, among others; however, gaps in public policies and poor implementation of some of the government interventions are also considered an important factor in this regard.

In this context, there is a need to recognise the concern that different sections of the country’s population have not benefited equally from public policies and public spending over the last six decades. Since the 1970s, the Government of India has acknowledged the need for making a distinction between 'incidental' benefits for a certain disadvantaged community and 'direct' policy-driven benefits for the community from public expenditure. This recognition had led to the adoption of policy strategies like, the Tribal Sub-Plan (TSP) for Scheduled Tribes, the Special Component Plan for Scheduled Castes (SCP for SCs), Prime Minister's 15 Point Programme for Minorities, and Gender Responsive Budgeting.

These strategies aimed to make planning and government budgeting in the country more responsive to the needs of the vulnerable sections by addressing the additional challenges confronting them in various sectors. However, a number of concerns have been raised with regard to the design of these strategies as well as their implementation. CBGA focuses on identifying both the gaps and the better practices in this domain, i.e. in the design of these fiscal policy strategies for vulnerable sections and the way these are being pursued by various government ministries/departments. Apart from analyzing these issues with in depth scrutiny of budgets, we also try to enhance public understanding of these important policy strategies

1.6 Social Inclusion and Development

A healthy mind in a healthy body no amount of development investment can bear fruit if the population is not healthy and fit, ready to take up the challenge of the hard work required to develop the nation. This section will provide you information about the Government of India's initiatives for ensuring basic health care facilities, focusing specifically on women, children, senior citizens etc. You can explore this section to know about the benefits of Yoga and the government's efforts to disseminate information about Yoga as the foundation for a healthy lifestyle, the plans and policies for Women & Child Development and Tribal Welfare. As there are programme for poverty reduction, involvement of minorities all round progressive policies which make development possible.

1.7 Social Inclusion and Exclusion

Social Inclusion: Social inclusion refers to the process where all individuals and groups in society are given the opportunity to engage in various social, economic and political systems.

The process involves engaging people. The diversity of people is respected and valued. Social inclusion promotes full participation.

Social Exclusion: Social exclusion refers to the process when individuals and groups are marginalized from social, economic and political systems of a particular society. The process involves shutting people out. The process involves shutting people out. Diversity is not valued. Social exclusion prevents full participation.

Check Your Progress I

Note: a) Use the space provided for your answers.

b) Check your answers with the possible answers provided at the end of this unit.

1) What are the different types of Social Inclusion process ?

Ans.

2) What are the aims of social inclusion?

Ans.

3) What is social exclusion?

Ans.

1.8 Let Us Sum Up

Social inclusion refers to the process where all individuals and groups in society are given the opportunity to engage in various social, economic and political systems. World Bank records highlight that the concept of social inclusion should not be merely seen as a process itself but as an outcome as well. This is because once inclusive policies are formulated and implemented in a particular society, the diversity of the people are valued, allowing all people to live happily in an engaged manner. It creates opportunities and abilities for all people and gives them respect to live in the society within their identity. Social inclusion is the opposite of social exclusion. It created positive changes in a particular social setting so that practices and circumstances that create social exclusion can be uprooted. In different countries, various steps are being taken that would lead to social inclusion. One of the first steps is to eradicate poverty so that people can embrace the opportunities around them. It also aims to allow people to actively participate in social settings and voice their opinions. Most experts believe that if these steps were carried out, they would enable people to enjoy access to all services and opportunities.

1.9 Key Words

Social Inclusion: Social inclusion is the process of improving the terms for individuals and groups to take part in society by empowering poor and marginalized people to take advantage of global opportunities.

Social Exclusion: Social exclusion refers to the process when individuals and groups are marginalized from social, economic and political systems of a particular society.

1.10 References

1.Tony Geudens(2003) “Social Inclusion”, Council of Europe

2.T. K. Oommen(2016)“Social Inclusion in Independent India: Dimensions and Approaches

1.11 Check Your Progress- Possible Answers

Check Your Progress I

1) What are the different types of Social Inclusion process?

Ans. Economic Inclusion: Framing the policies and programme in such a way that gives coverage to all the people in the economic policies

Environmental Inclusion: Framing the policies and programme in such a way that gives coverage to all the people in the environmental policies; Sustainable Development

Social Inclusion: Framing the policies and programme in such a way that gives coverage to all the people in the social policies; without any form of discrimination

2) What are the aims of social inclusion?

Ans. Social inclusion aims to empower poor and marginalized people to take advantage of burgeoning global opportunities. It ensures that people have a voice in decisions which affect their lives and that they enjoy equal access to markets, services and political, social and physical spaces Social inclusion is the process of improving the terms for individuals and groups to take part in society by empowering poor and marginalized people to take advantage of global opportunities

3) What is social exclusion?

Ans. Social exclusion refers to the process when individuals and groups are marginalized from social, economic and political systems of a particular society. The process involves shutting people out. The process involves shutting people out. Diversity is not valued. Social exclusion prevents full participation.

Unit-2

Financial Inclusion

Learning Objectives:

After completion of this unit, you should be able to:

- *Explain the meaning of financial inclusion.*
- *List the various measures adopted by RBI for greater financial inclusion*
- *Explain the benefits of financial inclusion*

Structure:

2.1 Introduction

Financial inclusion or **inclusive financing** is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to **financial**

exclusion where those services are not available or affordable. Financial refers to all types of financial services, including savings, payments and credit from all types of formal financial institutions. An estimated 2 billion working-age adults globally have no access to the types of formal financial services delivered by regulated financial institutions. For example, in Sub-Saharan Africa, only 24% of adults have a bank account even though Africa's formal financial sector has grown in recent years. It is argued that as financial services can be viewed in that are significant positive externalities when more people and firms participate. The availability of financial services that meet the specific needs of users without discrimination is a key objective of financial inclusion.

The term "financial inclusion" has gained importance since the early 2000s, a result of identifying financial exclusion and its direct correlation to poverty. The United Nations defines the goals of financial inclusion as follows:

- access at a reasonable cost for all households to a full range of financial services, including savings or deposit services, payment and transfer services, credit and insurance;
- sound and safe institutions governed by clear regulation and industry performance standards;
- financial and institutional sustainability, to ensure continuity and certainty of investment; and
- Competition to ensure choice and affordability for clients.

Former United Nations Secretary-General Kofi Annan, on 29 December 2003, said:”The stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector. Together, we can and must build inclusive financial sectors that help people improve their lives.” More recently, Alliance for Financial Inclusion (AFI) Executive Director Alfred Hannig highlighted on 24 April 2013 progress in financial inclusion during the IMF-World Bank 2013 Spring Meetings: "Financial inclusion is no longer a fringe subject. It is now recognized as an important part of the mainstream thinking on economic development based on country leadership." In partnership with the National Bank for Agriculture and Rural Development, the UN aims to increase financial inclusion of the poor by developing appropriate financial products for them and increasing awareness on available financial services and strengthening financial literacy, particularly amongst women. The UN's financial inclusion product is financed by the United Nations Development Programme

In the Indian context, the term ‘financial inclusion’ was used for the first time in April 2005 in the Annual Policy Statement presented by Y.Venugopal Reddy, the then Governor, Reserve Bank of India Later on, this concept gained ground and came to be widely used in India and abroad. While recognizing the concerns in regard to the banking practices that tend to exclude rather than attract vast sections of population, banks were urged to review their existing practices to align them with the objective of financial inclusion. The Report of the Internal Group to Examine Issues relating to Rural Credit and Microfinance (Khan Committee) in July 2005 drew strength from this announcement by Governor Y. Venugopal Reddy in the Annual Policy Statement for 2005-06 wherein he had expressed deep concern on the exclusion of vast sections of the population from the formal financial system. In the Khan Committee Report, the RBI exhorted the banks with a view to achieving greater financial inclusion to make available a basic "no-frills" banking account. The recommendations of the Khan Committee were incorporated into the mid-term review of the policy (2005–06).[Financial inclusion again featured later in 2005 when it was used by K.C. Chakraborthy, the chairman of Indian Bank. Mangalam, Puducherry became the first village in India where all households were provided banking facilities. Norms were relaxed for people intending to open accounts with annual deposits of less than Rs. 50,000. General credit cards (GCCs) were issued to the poor and the disadvantaged with a view to help them access easy credit. In January 2006, the Reserve Bank permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions, and other civil society organizations as intermediaries for providing financial and banking services. These intermediaries could be used as business facilitators or business correspondents by commercial banks. The bank asked the commercial banks in different regions to start a 100% financial inclusion campaign on a pilot basis. As a result of the campaign, states or union territories like Puducherry, Himachal Pradesh and Kerala announced 100% financial inclusion in all their districts. Reserve Bank of India’s vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a roadblock to financial inclusion in many states and there is inadequate legal and financial structure.

The government of India recently announced “Pradhan Mantri Jan DhanYojna,” a national financial inclusion mission which aims to provide bank accounts to at least 75 million people by January 26, 2015. To achieve this milestone, it’s important for both service providers and policy makers to have readily available information outlining gaps in access and interactive tools that help better understand the context at the district level. MIX designed the FINclusion Lab India FI workbook to support these actors as they craft strategies to achieve these goals. Several Startups are working towards increasing Financial Inclusion in India by organising various large unorganised sectors where payments primarily happen in Cash, instead of a bank transaction. Recently, the government of India came up with a policy under the name "rupee exchange" to exchange higher notes with the intent of: clamping down on tax defaulters, track down corrupt officers (by rendering valueless heavy cash stashed away secretly) and generally restoring sanity to the economic system. First off it is alarming that despite the fact that India's CRSISIL index is in excess of 40% and it is reputed to be heavy on technology, over 85% of its financial transactions are cash based. While income and inequality gaps will widen anyways, it is recommended that India embraces - proposed - as a matter of policy financial inclusion[

In India, RBI has initiated several measures to achieve greater financial inclusion, such as facilitating no-frills accounts and GCCs for small deposits and credit. Some of these steps are:

Opening of no-frills accounts: Basic banking no-frills account is with nil or very low minimum balance as well as charges that make such accounts accessible to vast sections of the population. Banks have been advised to provide small overdrafts in such accounts.

Relaxation on know-your-customer (KYC) norms: KYC requirements for opening bank accounts were relaxed for small accounts in August 2005, thereby simplifying procedures by stipulating that introduction by an account holder who has been subjected to the full KYC drill would suffice for opening such accounts. The banks were also permitted to take any evidence as to the identity and address of the customer to their satisfaction. It has now been further relaxed to include the letters issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.

Engaging business correspondents (BCs): In January 2006, RBI permitted banks to engage business facilitators (BFs) and BCs as intermediaries for providing financial and banking services. The BC model allows banks to provide doorstep delivery of services, especially cash in-cash out transactions, thus addressing the last-mile problem. The list of eligible individuals and entities that can be engaged as BCs is being widened from time to time. With effect from September 2010, for-profit companies have also been allowed to be engaged as BCs. India map of Financial Inclusion by MIX provides more insights on this.[14] In the grass-root level, the Business correspondents (BCs), with the help of Village Panchayat (local governing body), has set up an ecosystem of Common Service Centres (CSC). CSC is a rural electronic hub with a computer connected to the internet that provides e-governance or business services to rural citizens.

Use of technology: Recognizing that technology has the potential to address the issues of outreach and credit delivery in rural and remote areas in a viable manner, banks have been advised to make effective use of information and communications technology (ICT), to provide doorstep banking services through the BC model where the accounts can be operated by even illiterate customers by using biometrics, thus ensuring the security of transactions and enhancing confidence in the banking system.

Adoption of EBT: Banks have been advised to implement EBT by leveraging ICT-based banking through BCs to transfer social benefits electronically to the bank account of the beneficiary and deliver government benefits to the doorstep of the beneficiary, thus reducing dependence on cash and lowering transaction costs.

GCC: With a view to helping the poor and the disadvantaged with access to easy credit, banks have been asked to consider introduction of a general purpose credit card facility up to 25,000 at their rural and semi-urban branches. The objective of the scheme is to provide hassle-free credit to banks' customers based on the assessment of cash flow without insistence on security, purpose or end use of the credit. This is in the nature of revolving credit entitling the holder to withdraw up to the limit sanctioned.

Simplified branch authorization: To address the issue of uneven spread of bank branches, in December 2009, domestic scheduled commercial banks were permitted to freely open branches in tier III to tier VI centres with a population of less than 50,000 under general permission, subject to reporting. In the north-eastern states and Sikkim, domestic scheduled commercial banks can now open branches in rural, semi-urban and urban centres without the need to take permission from RBI in each case, subject to reporting.

Opening of branches in unbanked rural centres: To further step up the opening of branches in rural areas so as to improve banking penetration and financial inclusion rapidly, the need for the opening of more bricks and mortar branches, besides the use of BCs, was felt. Accordingly, banks have been mandated in the April monetary policy statement to allocate at least 25% of the total number of branches to be opened during a year to unbanked rural centres.

Financial Inclusion Index

On June 25, 2013, CRISIL, India's leading credit rating and research company launched an index to measure the status of financial inclusion in India. The index- Inclusix- along with a report, was released by the Finance Minister of India, P. Chidambaram at a widely covered program at New Delhi. CRISIL Inclusix is a one-of-its-kind tool to measure the extent of inclusion in India, right down to each of the 632 districts. CRISIL Inclusix is a relative index on a scale of 0 to 100, and combines three critical parameters of basic banking services—branch penetration, deposit penetration, and credit penetration—into one metric. The report highlights many hitherto unknown facets of inclusion in India. It contains the first regional, state-wise, and district-wise assessments of financial inclusion ever published, and the first analysis of trends in inclusion over a three-year timeframe. Some key conclusions from the study are:

- The **all-India CRISIL Inclusix score** of 40.1 is low, though there are clear signs of progress– this score has improved from 35.4 in 2009.
- **Deposit penetration** is the key driver of financial inclusion– the number of savings accounts (624 million), is almost four times the number of loan accounts (160 million).
- **618 out of 632 districts** reported an improvement in their scores during 2009-2011.
- The **top three states** and Union Territories are Puducherry, Chandigarh, and Kerala; the top three districts are Pathanamthitta (Kerala), Karaikal (Puducherry), and Thiruvananthapuram (Kerala).

Controversy

Financial inclusion in India is often closely connected to the aggressive micro credit policies that were introduced without the appropriate regulations oversight or consumer education policies. The result was consumers becoming quickly over-indebted to the point of committing suicide lending institutions saw repayment rates collapse after politicians in one of the country's largest states called on borrowers to stop paying back their loans, threatening the existence of the entire 4 billion a year Indian microcredit industry. This crisis has often been compared to the mortgage lending crisis in the US.

The challenge for those working in the financial inclusion field has been to separate micro-credit as only one aspect of the larger financial inclusion efforts and use the Indian crisis as an example of the importance of having the appropriate regulatory and educational policy framework in place.

Tracking Financial Inclusion through Budget Analysis

While financial inclusion is an important issue, it may also be interesting to assess whether such inclusion as earmarked in policies are actually reaching the common beneficiaries. Since the 1990s, there has been serious efforts both in the government agencies and in the civil society to monitor the fund flow process and to track the outcome of public expenditure through budget tracking. Organisations like International Budget Partnership (IBP) are undertaking global surveys in more than 100 countries to study the openness (transparency) in budget making process. There are various tools used by different civil society groups to track public expenditure. Such tools may include performance monitoring of public services, social audit and public accountability surveys. In India, the institutionalization of Right to information (RTI) has been a supporting tool for activists and citizen groups for budget tracking and advocacy for social inclusion.

Pradhan Mantri Jan Dhan Yojana

Indian Prime Minister Narendra Modi announced this scheme for comprehensive financial inclusion on his first Independence Day speech on 15 August 2014. The scheme was formally launched on 28 August 2014 with a target to provide 'universal access to banking facilities' starting with Basic Banking Accounts with overdraft facility of Rs.5000 after six months and RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh and RuPayKisan Card & in next phase, micro insurance & pension etc. will also be added. In a run up to the formal launch of this scheme, the Prime Minister personally mailed to CEOs of all banks to gear up for the gigantic task of enrolling over 7.5 crore (75 million) households and to open their accounts. In this email he categorically declared that a bank account for each household was a "national priority". On the inauguration day of the scheme, 1.5 Crore (15 million) bank accounts were opened

2.2 History of Evolution of Financial inclusion

Policy makers have grappled with the issue of reducing the scope of informal sector since colonial times. Nicholson report (1895) was the first to highlight the need to establish “LAND BANKS” as an alternative to dominance of money lenders resulting, the cooperative credit societies Act , 1904 was passed to provide , amongst other things , a legal basis for cooperative credit societies . Even after 70 years of independence, a large section of Indian population still remain unbanked. This malaise has led generation of ***financial instability*** and pauperism among the lower income group who do not have access to FINANCIAL products and services.

Historical Perspective

- 1954 : All-India Rural Credit Survey Committee report -suggested Multi-agency approach for financing the rural and agricultural sector;
- 1963 : Formation of Agricultural Refinance Corporation
- 1969: Nationalization of 14 major Private Banks – The flow of agricultural and rural credit witnessed a rapid increase
- 1972–Mandatory system of Priority Sector Lending (PSL)
- 1975 : Establishment of RRBs
- 1980 : Nationalisation of 6 more private banks
- 1982 : Establishment of NABARD through the transfer of RBI’s agricultural credit department Provision of bank credit under Govt. Sponsored Subsidy Schemes Linking Agricultural Credit Targets at 18% with individual bank’s net bank credit
- 1990–Implementation of the concept of Village level credit planning for 15 to 20

villages allotted to each of rural, semi-urban and urban branches of PSBs and RRBs under Service Area Approach

- Formulation of potential linked credit plan for each district annually by NABARD
- Agricultural Debt Relief Scheme and Financial Sector Reforms
- SHG-Bank Linkage as the most suitable model in Indian context a/c to NABARD
- 2000-Reforms sharply focused on Agricultural credit
- doubling the flow of agricultural credit – implementation of agricultural credit package
- Annual Special Agricultural Credit Plan
- Financial inclusion and financial literacy have been important policy goals for quite some time. The Finance Minister has emphasised inclusion in the budget speech. At various fora, the Reserve Bank of India (RBI) and senior government officials had been hinting at a "big-bang" action plan for financial inclusion to be announced by Prime Minister Narendra Modi in his Independence Day address to the nation. There were reports of the authorities getting ready with a Comprehensive Financial Inclusion Plan (CFIP) or Sampoorn Vittiya Samaveshan in Hindi, which will be breathtaking in scope and extremely ambitious.
- The Prime Minister did not disappoint. The Pradhan Mantri Jan-Dhan Yojana, which figured prominently in his speech, heralded the new plan of action. It will be based substantially on the CFIP. Details are, however, awaited.
- There is a long history of financial inclusion in India. It has traditionally been understood to mean opening new bank branches in rural and unbanked areas. Nowadays, however, financial inclusion is seen to be something more than opening bank branches in unbanked areas to take formal financial services across the length and breadth of the country. In the context of the various shortcomings in delivering subsidies, direct transfers using technology have been thought of. The beneficiary needs to have at least one bank account. Since in a logistics point of view it is impossible to open that many physical branches — the brick and mortar type — the accent will be on opening electronic accounts. Technology adaptation would be a key feature in this scheme for financial inclusion.
- The RBI has, in the recent past, taken several steps to further inclusion. Very recently, it circulated for public comment two sets of draft guidelines for issuing licenses to payment banks and small banks.

- These niche banks with lower entry-level norms than for normal commercial banks are meant to further inclusion. While it will take a while for these banks to come up, it is obvious that the RBI is betting on them to provide banking services to those who remain outside the purview of formal banking.
- Recently, the RBI Governor Raghuram Rajan outlined, in conceptual terms, what inclusion should be. "Simplicity and reliability in financial inclusion in India, though not a cure all, can be a way of liberating the poor from dependence on indifferently delivered public services and from venal politicians," he said. Further, "in order to draw in the poor, the products should address their needs — a safe place to save, a reliable way to send and receive money, a quick way to borrow in times of need or to escape the clutches of the money lender, easy to understand life and health insurance and an avenue to engage in savings for the old age."
- The RBI will accordingly nudge banks to offer a basic suite of services.
- While over the years the government has taken several steps to spread the banking habit, formidable tasks lie ahead. Of the 24.67 crore households in the country, 10.19 crore do not have access to banking services. In rural areas, 44 per cent households and in urban areas 33 per cent still do not have a bank account.
- The government's latest plan of action, as envisaged in the CFIP or Sampoorn Vittiya Samaveshan, hopes to extend coverage of basic financial services all excluded households. In the first phase, the CFIP will endeavour to provide universal access to all the beneficiaries through sub-service areas (SSAs). Each SSA will consist of 100-1,500 families in a cluster of villages and each SSA will be serviced by a BC agent (BCA) whose task it will be to facilitate account opening and smooth banking operation.
- The latest inclusion plan will have as its focus households rather than geographical areas. After satisfactory conduct of accounts it is proposed to offer reasonable need-based credit facilities for which overdraft facilities will be sanctioned. A smart card (RuPay card) will be issued to enable customers to operate their accounts even without BCs. Simultaneously suitable awareness will be created among the financially excluded.
- In the second phase, there is a proposal to make available a pension scheme for identified individuals in the unorganised sector and offer microfinance products through government-owned insurance companies.
- For the Jan-Dhan Yojana to succeed the following steps are indicated:

- (1) The business correspondent model should be extended to include entities such as kirana shops, corporates and others. It is obvious that BCs need to be properly remunerated and have the full support of banks. Banks have tied up with common service centres (CSCs) as BCs.
- (2) Insistence on KYC (know your customer) norms has hindered the opening of new accounts even in urban areas. Great significance is, therefore, attached to e-KYCs. The Aadhaar can play an extremely useful role.
- (3) Since mobile banking through phones is to play an increasingly important role in a scenario where physical bank branches will be few, greater co-ordination between mobile telephone companies and banks will be necessary.
- (4) It goes without saying that State governments' support will be crucial.
- (5) Commercial viability will be the key to the programme's success. Past experience suggests that without proper incentives, the facilities on offer will not be used by the really needy. Banks will be saddled with a large number of dormant accounts.
- By far the biggest challenge is one of altering the mindset — of banks, policy makers and bank customers, both potential and existing.

2.3 Why Financial Inclusion in India is important?

The policy makers have been focusing on financial inclusion of Indian rural and semi-rural areas primarily for three most important pressing needs:

Creating a platform for inculcating the habit to save money – The lower income category has been living under the constant shadow of financial duress mainly because of the absence of savings. The absence of savings makes them a vulnerable lot. Presence of banking services and products aims to provide a critical tool to inculcate the habit to save. Capital formation in the country is also expected to be boosted once financial inclusion measures materialize, as people move away from traditional modes of parking their savings in land, buildings, bullion, etc.

Providing formal credit avenues – So far the unbanked population has been vulnerably dependent of informal channels of credit like family, friends and moneylenders. Availability of adequate and transparent credit from formal banking channels shall allow the entrepreneurial spirit of the masses to increase outputs and prosperity in the countryside. A classic example of what easy and affordable availability of credit can do for the poor is the micro-finance sector.

Plug gaps and leaks in public subsidies and welfare programmes– A considerable sum of money that is meant for the poorest of poor does not actually reach them. While this money meanders through large system of government bureaucracy much of it is widely believed to leak and is unable to reach the intended parties. Government is therefore, pushing for direct cash transfers to beneficiaries through their bank accounts rather than subsidizing products and making cash payments. This laudable effort is expected to reduce government's subsidy bill (as it shall save that part of the subsidy that is leaked) and provide relief only to the real beneficiaries. All these efforts require an efficient and affordable banking system that can reach out to all. Therefore, there has been a push for financial inclusion.

2.4 Challenges to Financial Inclusion

There have been some recent reports of malpractices with respect to Jan Dhan accounts. In this context, it may be interesting to know the grass root level challenges that are impacting financial inclusion. In India, where nearly one-fourth of population is illiterate and below the poverty line, ensuring financial inclusion is a challenge. The two indicators, poverty and illiteracy, vary widely between different States in India. Rural poverty is above 30 per cent of population in places such as Assam, Bihar, Madhya Pradesh, Uttar Pradesh, Orissa, Jharkhand, Chhattisgarh, and Manipur. Rural poverty can be attributed to lower farm income, lack of sustainable livelihood, lack of skills, under employment and unemployment. Thus, ensuring deposit operations in these accounts is a challenge.

Fraud due to illiteracy

India has a literacy rate of 73 per cent with some States such as Bihar, Uttar Pradesh, Jharkhand, Madhya Pradesh and Rajasthan where the literacy rate ranges between 62 per cent and 70 per cent. The banks have devised ways to address limitations arising out of illiteracy by ensuring biometric access to bank accounts. However, Aadhaar seeding implies that some numericals have still to be punched in the machine to operate an account. As all the numerals are in English, only the banker or the business correspondent (BC) can punch in the Aadhaar number. Similarly, the messages that are received on mobile phones from banks are also in

English and therefore the illiterate person has to seek someone's assistance to understand and interpret the message.

In each of the above cases, the privacy of an individual's bank balance is breached. This makes the illiterates, and population confined at home – females and elderly – vulnerable to malpractices. There are also anecdotes that enterprising BCs, to ensure ease of business, give the same Personal Identification Number (PIN) to all the residents in a single village. This can further compromise privacy and cause embarrassment to the authorities when direct benefit transfers through bank accounts are implemented on a larger scale. Therefore, a financial inclusion strategy sensitive to regional, demographic and gender related factors, needs to be carefully crafted.

Further, it needs to be considered that why despite extensive efforts from authorities, the Prime Minister's Jan Dhan Accounts (PMJDA) have underperformed. This could be, in addition to poverty and illiteracy, due to the type of products being offered to the unbanked population. Illustratively, recurring deposits are products which are more suitable to the salaried income group rather than people in informal sector whose incomes are uncertain, seasonal and unplanned.

Making accounts operational

In the opening of PMJDA, mainly public sector banks (PSBs) rose to the occasion in ensuring that every unbanked household had a bank account. Now that 25 crore PMJDAs have been opened in the last two years, a feat unparalleled in history of financial inclusion, it needs to be considered whether is it also the responsibility of the PSBs to ensure that these are operational.

The opening of PMJDA was a mammoth task, as in March 2014 just before PMJDA, total accounts on books of commercial banks were around 1 lakh crore. As can be imagined, given the limited resources in banking sector, opening of such large number of PMJDA within 24 months in far flung areas diverted the attention of bankers from their principal activity of mobilising resources and lending to reliable borrowers.

The next challenge is monitoring existing borrower accounts. Therefore, to ensure that the banking industry is robust and existing banking assets safe, given that heavy lifting has been done by PSBs, should the newly opened PMJDA in rural areas and some in urban too, in a sequentially planned manner be moved to rural and urban cooperatives?

Further, at present, there are a number of regulatory authorities that have a role to play in financial inclusion – Reserve Bank, National Bank for Agriculture and Rural Development (NABARD), Securities and Exchange Board of India, Small Industries and Development Bank of India, and MUDRA bank. There is a need to fix responsibility on a single regulatory authority to ensure that JDAs are operational. In this context, given that NABARD has an extensive presence across the country and was formed for the purpose of development of agriculture and rural areas, it should be made the nodal and accountable agency for financial inclusion. NABARD may not have the existing capacity, as of now, to accept the challenge but can certainly be prepared in a phased manner in next few years. It has been investing in modernising, and infusing technology in cooperative institutions.

Moneylender's influence

There is also need for further research on why the moneylender despite persistent efforts by institutions in formal sector has continued to flourish in the financial market. Money lenders continue to account for nearly 30 per cent of total banking business. This then gives rise to an interesting related question: do interest rates matter?

After all, it is a fact that Chanakya's interest rate structure was risk weighted and banking business flourished even then – traders were generally charged 60 per cent per annum, if goods passed through forest then 120 per cent, and sea-borne cargo at 240 per cent.

In modern times, if interest rate matters, why do people prefer to go to moneylenders, despite a network of banks, cooperatives, MFIs and SHGs? Is it simply due to ease of doing business or some other factors? This is one area which requires grass-root level research.

2.5 Benefits of Financial Inclusion

In order to achieve inclusive development and growth, the expansion of financial services to all sections of society (financial inclusion) is important as global trends have shown. Financial exclusion results in widespread inequality in incomes and earning opportunities. Countries with low levels of income inequality tend to have lower levels of financial inclusion, while high levels of exclusion are associated with the least equal ones. In Sweden, less than two per cent to adults did not have an account in 2000 whereas in Portugal, about 17 per cent of the adult populations had no account of any kind in 2000. In GINI index of income inequality, both Sweden and Portugal have improved with higher financial inclusion. Well developed and widely spread financial system extends credit facility to those who do not have adequate finance themselves but have business ideas and zeal to carry entrepreneurial activities resulting in acceleration of growth.

On the contrary, absence of financial penetration and deepening results in absence of debt leverage to micro enterprises and they have to either borrow at very high rates of interest or have to be contented with their own capital. This leads to restricted growth in economic activities.

For micro enterprises, consequences of financial exclusion are many:

(i) susceptibility to cash flow disruptions;

(ii) inability to face business cycles ;

(iii) absence to benefits from leverage between income and interest outgo ;

(iv) lack of long-term financial security and planning ;

(v) vulnerability during emergencies like hospitalization and medical bills ;

(vi) lack of safety and security of capital; and many more .

The perceived benefits of urban financial inclusion can be sub- divided into two sub categories :**macro benefits and micro benefits.**

Major macro benefits are :

(i) higher and better productivity ;

(ii) faster growth in economy ;

(iii) reduction in income inequalities;

(iv) widespread development breaking the barrier of location specific and centers specific development ;

(v) global admiration and recognition ; reduction in poverty ;

(vi) likely increase in national income ;

(vii) increase in employment and income opportunities ;

(viii) help in more effective distribution of subsidies ;

(ix) helpful in implementation of social security schemes, such as old age pensions, window pensions and so on ;

(x) helpful in shifting to direct distribution of subsidies by way of crediting bank account of targeted beneficiary rather than indirect distribution of subsidies ;

(xi) helpful in plugging the leakage through distribution channels.

Major micro level benefits are :

(i) smoothing consumption;

(ii) buffer against avoidable expenditure;

(iii) safety of assets from major disruptions;

(iv) better incomes ;

(v) rational utilization of saving ;

(vi) freedom from clutches of moneylenders;

(vii) increase in risk taking ability;

(viii) enlarges livelihood opportunities;

(ix) saving of time in collection of periodic social security payments by state and central governments;

(x) improved self-esteem and sense of elevation.

The perceived benefit of urban financial inclusion can also be studied on the basis of various stakeholders:

Benefits to banker:

At the outset, banks may feel that urban financial inclusion is burden on them and it will make a dent on their profits but the ground reality is altogether different. The Dharavi experience should give them financial comfort. The benefits accruing to the bankers can be summarized as under:

- The low cost deposits will offer banks the opportunity to reduce their dependence on bulk deposits from corporates, HNI's and better help in the management of liquidity risks and asset liability mismatches;
- The low cost deposits will result in increased profits with the perspective of medium to long term;
- They will be able to benefit from the fortune at the bottom of the pyramid;
- Huge opportunity for the banks to cross sell asset products, micro insurance (both life & non-life), micro pension products, etc.

Benefits to users:

It is rightly said that business opportunity is dependent upon access to financial resources. Such access is especially useful in urban centers where opportunities are many. Financial inclusion provides opportunities to build savings, make investments and avail credit.

2.6 Importance of Financial Inclusion in India

India ranks second in the world in terms of Financially Excluded Households. In India even today loans are not available to about 135 million households. According to a report in The Hindu dated 8th December, 2012 the Deputy Governor of the Reserve Bank of India Dr K. C. Chakrabarty had remarked, "India needs strong measures for the financial inclusion of the poor and the marginalized." The main reasons for financial exclusion in India, from the demand side are lack of awareness, low income, poverty and illiteracy while from the supply side is distance from branch, branch timings, cumbersome documentation and procedures, unsuitable products, language, staff attitudes etc. Thus there is an immediate need to improve on the status of Financial Inclusion in our country and this has to start from the base levels. Financial Inclusion contributes to an all round development of the society. Financial Inclusion fulfils some economics objectives and also some social and political objectives. The economic objectives includes equitable growth of the society which implies integrating everyone in the development process mobilization of savings towards the needy larger markets for financial systems so that loans are available to the unprivileged class easily While the Social and Political objectives comprised of poverty elevation for the welfare of the general people sustainable development programs to be implemented channelizing governments programs in the right direction Thus to bring about an all-round development in the society we need to have a strong financial structure. It is only possible with both government interventions and also community participation. There has to be community indulgence at a very great extent. They have to come together and collaborate with the banks and take part in their initiatives to promote financial inclusion. There are innumerable loopholes which have to focus on and dealt with to bring about equitable growth. We now concentrate on two case studies which throw light on some of the issues discussed below:

Case Studies

We now narrow down our study and concentrate on two case studies which will help us analyse the problems of Financial Inclusion in India:

Case Study 1: The Economically Backward region of Jharkhand

Case Study 2: The Progressive Ras village of Gujarat

Case Study 1: THE ECONOMICALLY BACKWARD REGION OF JHARKHAND

The Reserve Bank of India being the apex bank in India had given guidelines to all the commercial banks to promote financial inclusion in rural India. We take up the case study highlighting the economically backward region of Jharkhand. Poverty in Jharkhand had had a prolonged chain and this could be escaped only through financial inclusion. The main reasons for it being -A very dense population, very low rate of literacy- about 53.6%Extremely poor state with the National Average of people below the poverty line being 40.2%The senior level executives in RBI were worried about the extremely low performance of the state in rural areas in Jharkhand and thus a branch of RBI was setup in Ranchi. The commercial banks were given direction to promote financial inclusion. The commercial banks tried to promote financial inclusion in this region by taking into account some other channels as involving the Self-Help Groups (SHGs), Micro-finance Institutions (MFIs), Non-Commercial Banks as National Bank for Agricultural and Rural Development (NABARD), various Non- Governmental organizations, some Non- Banking Finance Companies (NBFCs), Co-operatives and Co-operative banks.

Although a large chunk of the population in Jharkhand lives in rural areas the private banks have only 13% of the total number of branches in the rural areas. The commercial banks were very reluctant to open branches here as due to poverty, less demand for financial inclusion, insufficient manpower and inappropriate technology there were high chances of incurring losses. But it was thought to be the responsibility of the banks to induce into the people a sense of financial inclusiveness. It was Bank of India who was the first to come forward and served as a backbone of the public sector banks in the light of financial inclusion in Jharkhand. Bank of India set up 385 branches in Jharkhand. Bank of India had done a commendable job in Jharkhand in terms of number of branches it had opened keeping in view the highly dispersed and dense population of the country. The products offered were Kisan Credit Card, General Credit Card, loans to run micro-finance and micro-insurance. Also a working group was setup by RBI to internalize NGOs and SHGs as a potential intervention tool for doing banking business with the marginalised and poor. The NABARD too came up with a massive program called the SHG Bank Linkage Programme (SBLP). According to a report there were about 5265 new savings account which were opened through SHG interventions.

Though the initiative seems to be a success at a glance, but the real picture differs. The SHGs and NGOs themselves were not financially and technically sound. For successful community participation it was required to train the individuals, give them basic financial education and acquaint them with modern technologies. Thus technical empowerment could have been enabled by the commercial banks by training and development practices of banking and financial risk management. They also needed financial support. Jharkhand being largely dependent on agricultural and related occupations led to high irregularity of income. This made situations worse as in the years when agricultural and related business did not perform well all steps taken to promote financial inclusion failed. Farmers in Jharkhand do not have access to formal finance for growing crops because of the high risk associated with it. Thus there was need for creating avenues of insurance trade for the farmer to participate in the process of financial inclusion. Development of mobile banking services can be a great way in improving the condition of financial inclusion in the state. Jharkhand having very poor rate of literacy most of the masses know no other language than their vernacular language and in such situations technology based devises like ATM machines do not serve the purpose and becomes a hurdle in the way of financial inclusiveness. Thus there was a need for the RBI and the commercial banks to take up the issue with more intensive research and proper handling. Improving and better monitoring of the commercial banks by reporting at specifies intervals, it should be made mandatory for banks have to undergo a statutory audit every year apart from the internal audit system that they posses and also assessing them on their achievements in the process of promoting financial inclusion. Thus a better planning and better approach towards things were required to achieve the aimed goal.

Case Study 2: RAS VILLAGE IN GUJRAT

The next study concerns the Ras Village in Gujarat. This village unlike that of villages in Jharkhand is a much more developed and progressive village. The Ras Village contributes much to the revolutionary Amul Co-operative movement in Gujarat. The village had a well-functional Government Community Health Centre and branches of public sector banks. According to a report the total deposit base was 250 million dollars on 31 March 2007 where Non- Resident Indians constituted 50 % of the bank's deposit base. The above village was a pretty well off and a progressive village according to the Indian standards, where the dairy activity has helped to improve the living standards of the people. Ras village more or less had some kind of financial structure and was not totally absent as in the case of villages in Jharkhand. We now focus on the data regarding presence of bank accounts and availing credit facilities in these areas:

Economic Research (NCAER)

The above study shows that 75.2 per cent of the villagers have bank accounts and 26.7 per cent have availed credit. According to a report by the World Bank Rural Finance Access Survey (RFAS) of 2003 which indicated that on an average only 41 per cent of rural households have bank accounts and among that only 21 per cent have some access to formal credit avenues

(Bapat, 2010). Keeping that as a benchmark we can say that the Ras Village is an Ideal village as the number of people availing loans is 26.7 per cent and 75.2 per cent villagers having a bank account is a striking number in itself. The customers had a high rate of satisfaction in holding the bank accounts. The customer's perceptions were based on efficiency in the functioning of the banks, adequacy, timeliness, cost, security, convenience, staff and transactions Almost 66 per cent of the villagers were inclined towards future credit facilities. The villagers were urged upon taking cattle loans, business loans and also housing loans. There was clear indication of the villagers wanting to participate in rural credit and avail loans. There has been financial penetration up to a very extent and there was ample scope for further penetration. But there is another very important aspect which existed in the Ras village which led to these - the well-developed cooperative milk collection system. They were already at a stable condition as the community had come forward and formed the milk cooperative. The banks had collaborated with them which lead to the upliftment of the village. It was profitable for the banks to enter into an agreement with the clients and the village cooperative milk-collection centre. Not only the village concerned but the whole of Gujarat has developed very rapidly on all economics terms including banking. And to achieve this goal the community and the cooperatives banks have played a crucial role. There was a significant correlation between holding bank account and their income, education, asset holding status and living conditions. The villagers in this village were economically more or less stable with moderate asset holding and thus they could easily avail loans.

2.7 Financial Inclusion and Development

The financial system serves as a catalyst to economic development. The formal financial channels collect savings and idle funds and distribute such funds to entrepreneurs, businesses, households and government for investment projects and other purposes with a view of a return. This forms the basis for economic development in modern economic theory.

The financial system plays the role of inter-mediation and acts as a buffer in the mobilization and allocation of savings for productive activities in an economy. Managing the financial liquidity to avoid inflationary pressures and to flush out enough liquidity to sustain the growth are the functions of financial systems. It also assists in managing the risks faced by firms and businesses, improvement of portfolio diversification, availability of variety of financial instruments to suit the varied needs of the businesses, people and shock absorbing capacity from external economic changes. Additionally, the system provides linkages for the different sectors of the economy and economies of scale. An estimated 2 billion working-age adults – more than half of the world's total adult population – do not have an account at a formal financial institution. Financial inclusion efforts seek to ensure that all households and businesses, regardless of income level, have access to and can effectively use the appropriate financial services they need to improve their lives. Currently, the world's poor live and work in what is known as the informal economy. Even though they have little money, they still save, borrow and manage day-to-day expenses. However, without access to a bank, savings account, debit card, insurance, or line of credit, for example, they must rely on informal means of managing money. This includes family and friends, cash-on-hand, pawn-brokers, moneylenders, or keeping it under the mattress. Sometimes these choices are insufficient, risky, expensive, and unpredictable.

Being included in the formal financial system helps people:

- Make day-to-day transactions, including sending and receiving money;
- Safeguard savings, which can help households manage cash flow spikes, smooth consumption and build working capital;
- Finance small businesses or microenterprises, helping owners invest in assets and grow their businesses;
- Plan and pay for recurring expenses, such as school fees;
- Mitigate shocks and manage expenses related to unexpected events such as medical emergencies, a death in the family, theft, or natural disasters; and
- Improve their overall welfare.

The benefits of financial inclusion are not only significant for individuals but for economies as well. Financial inclusion is linked to a country's economic and social development, and plays a role in reducing extreme poverty. Recent research indicates that financial inclusion is not only positively correlated with growth and employment, but it is generally believed to causally impact growth. It helps in the development of a country.

2.8 Banking on Women: The Path to Financial Inclusion in India

We bank on women to raise the next generation, we bank on women to balance family responsibility with career or entrepreneurial demands, we bank on women to carry a double (or triple) burden with ease and grace, but we don't bank on women to be viable consumers of finance. Only 26% of women in India have an account with a formal financial institution, as compared with 46% of men. Less than 15% of women entrepreneurs in India have access to finance from a formal banking institution. Despite India leading the way, with prominent banks in both the public and private sector being headed by women, access to finance for women in India has remained low. Is it that we don't bank on women, or is it that they don't bank on financial institutions as approachable or relevant? Perhaps it is just a question of semantics and the blame lies on both sides. It is important to take a moment to say that this gap in finance is consequential but not a deliberate exclusion. While banks do not deliberately exclude women, something in the system is not working. A Goldman Sachs Global Investment Research Report that looked at loan rejection rates for small and medium enterprises (SMEs) found that rejection rates for women-owned SMEs in India were almost double than those owned by men. It is a much higher rate than other countries in the world, so something; somewhere isn't working and needs to be fixed. Women actually make 'good banking customers' and studies across the world show that women customers have many positive characteristics including lower risk behaviour that leads to higher profitability for a bank and better retention rates. Women tend to have deeper relationships with their financial institutions, allowing banks to cross sell additional products and services to them with much more success than to their male clients. Women tend to favour relationship banking and have fewer banking relationships, often preferring to meet their financial needs from one institution. These financial needs can include personal current and savings accounts, business accounts (working capital loans, lease finance and equity capital) insurance, home loans, and family-related finance, including student loans. This non-inclusion is also not a monopoly of India, and we see that developed economies face similar issues with a lower number of women consuming financial services from formal institutions than men. There are measures increasingly being put in place in India that should make us feel optimistic towards increased banking on women. The government's focus on financial inclusion, Pradhan Mantri Jan Dhan Yojana, is one step that will positively contribute towards increased financial inclusion for women. The government's recently launched Pradhan Mantri Mudra Yojana or Mudra scheme is another example. While the Mudra scheme is actually gender agnostic, it will have a much more significant impact on women entrepreneurs who have struggled with accessing finance due to a disproportional lack of collateral for decades in India. It is still early days and there are concerns with the scheme and the potential for non-performing loans (NPLs) to rise, but it is a significant step that will change the face of banking for women in India. It sends a message to the banking community to think differently about how to offer credit, products and services. In this year of women in India (and internationally, with Beijing promises due) and the government of India's recognition of the important role of women in society and growth of the nation, can women and financial institutions finally find a crossroads where they meet to serve each other? Financial literacy for women is a key, but awareness for all of us will play a big role in addressing the gap. This article is a small step towards raising awareness and interest in this issue.

Check Your Progress I

Note: a) Use the space provided for your answers.

b) Check your answers with the possible answers provided at the end of this unit.

1) What is the meaning of Financial Inclusion?

Ans.

2) What are the measures initiated by RBI to achieve greater financial Inclusion?

Ans.

3) Why financial inclusion is important in India?

Ans.

2.9 Let Us Sum Up

Empirical evidence shows that Financial Inclusion leads to Economic Growth. To have an inclusive growth we need to bring the under-developed regions of the country at par with the developed regions. The above case studies are an example of glaring disparity in our country which can only be bridged through initiatives from the banks and the community as well. Banks should move beyond traditional products as deposits and credits and rather introduce insurance, mutual funds and introduce better schemes for financially secluded people and have better risk managements. Also establishment of a rural infrastructure is a prerequisite for financial inclusion. There should be programs to initiate more of community participation by starting vocational training for the rural youth and have an improved workforce. Commercial banks have to draw a clear line between sound and unsound practices and chalk out a financial inclusion strategy so that it does not give rise to subprime crisis like situation. But we know that commercial banks always work with a profit motive. Thus the aim should be to enable the poor to get out of impoverished situations and in the process simultaneously enhance their own profitability. The dream of Inclusive Growth will not be complete until millions of micro-entrepreneurs are created across the country. All budding entrepreneurs have to face these challenges and find solutions. People working in the social sector should work for filling up the deficit existing in the economic and social arena. To sum up, Financial Inclusion is the road that India needs to travel toward becoming a global player. Financial access will attract global market players in India and that will result in increasing employment and business opportunities. Inclusive growth will act as a source of empowerment and allow people to participate more effectively in the economic and social process. Financial Inclusion has brought about development in our country, cutting across cultures, boundaries and given access to financial resources to each and every section of society has paved the way for women empowerment and overall development of our country.

2.10 Key Words

Financial inclusion :Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable.

Business Correspondents: They are intermediaries for providing financial and banking services.

2.11 References

1.N. Mani (2015), Financial Inclusion in India: Policies and Programmes", New Century Publications

2. S.V. Shinde (2014)"Financial Inclusion in India", Laxmi book Publication, Solapur

2.12 Check Your Progress-Possible Answers

Check Your Progress I

Q1) What is the meaning of Financial Inclusion?

Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable. Financial refers to all types of financial services, including savings, payments and credit from all types of formal financial institutions**.**

Q2) What are the measures initiated by RBI to achieve greater financial Inclusion?

Opening of no-frills accounts:

Relaxation on know-your-customer (KYC) norms

Engaging business correspondents (BCs)

Use of technology

Adoption of EBT:

GCC:

Simplified branch authorization

Opening of branches in unbanked rural centres

Q3) Why financial inclusion is important in India?

Creating a platform for inculcating the habit to save money –

Providing formal credit avenues

Plug gaps and leaks in public subsidies and welfare programmes

Unit-3

Development programmes for SCs and STs

Learning Objectives:

After completion of this unit, you should be able to:

- Define SC and ST
- Explain the historical back ground of caste system in India
- Explain the role Public Sector Banks for development of SCs and STs
- List the Developmental Programmes for SCs

Structure:

3.1 Introduction

The main aim of this unit is to acquaint you with some of the important aspects, related to the development of Scheduled Castes. However, before discussing the main theme we have, in the earlier part of this unit, explained to you the meaning of caste – system, barbaric character of the practice of untouchability and the constitutional status of scheduled castes. Scheduled castes constitute the most deprived and oppressed section of Indian society. Historically, they have experienced extreme forms of exploitation, degradation and inhuman treatment. For centuries, they were subjected to barbaric treatment of untouchability and were forced to live in abject misery and poverty.

It was only during the freedom movement that a serious human concern was displayed by our national leaders to improve their socio-economic conditions. The constitution of free-India ended all sorts of discriminations based on religion, caste, creed or race. The slavish practice of untouchability was also abolished. The erstwhile untouchable and members of lower castes were raised to the status of free and equal citizens of the land. Besides that, they were also conferred with the constitutional status of 'Scheduled Caste'. Various safeguards were provided in the Constitution for protection and upliftment of these castes. Since then the 'Development of Scheduled Castes' has remained on the agenda of Indian State and society.

Dimensions of Caste:

Caste system is a distinct feature of Indian society. It refers to the hierarchical division of society. Basically structured upon the notion of 'purity-pollution', it has been legitimatized through religious sanctions and ideology. On the whole, caste system is a pattern of graded inequality of corporate groups i.e. castes. In social terms, these castes have been ascribed superior or inferior status.

A caste is the basic constituent of the caste system. A caste has the following main features.

i) it is an endogamous group;

ii) it has usually a hereditary occupation;

iii) it is bound by tradition;

iv) it has usually a caste council constituted by the elders of the caste, and

v) castes are arranged a hierarchical order, thus having high or low social status and so on.

The social interaction between various castes is usually peripheral. Different castes live together without maintaining close and regular social relations. For social scientists, caste is basically an analytical or descriptive category of social stratification. By analysing 'caste-system', they try to understand the functioning of society.

3.2 Historical Background:

During the ancient period, Indian society was divided into four ranks. The Brahmans were at the top of the hierarchy. They were usually priests and devoted themselves to learning and interpretation of religious scriptures. This was considered a superior and noble profession. Next in the hierarchy were the 'Kshatriyas'. They enjoyed the privilege of wielding arms and basically formed a warrior class.

The third rank in the caste-hierarchy was that of the Vaisya. The predominant occupation of Vaisya was agriculture or trade. Sudras had the lowest position in society. The majority among them were the agricultural labourers or slaves. Included among the Sudras were also artisans, craftsmen, artists, dancers and musicians.

A vast amount of social science literature has been produced to understand the unique characteristics and complex dynamics of caste system. Some scholars have attributed its origins to the existence of different races or tribes which later on came to be known as different castes. It is held that hierarchical arrangement of Indian society, during the initial phases, was structured upon racial purity. This practice of racial purity, over a period, turned into ritual purity which was further strengthened through religious sanctions. On the other hand, many scholars hold the view that material needs of society posted the need for the division of labour. This led to the differentiation of hereditary occupations. The practice of hereditary occupations ultimately consolidated in the form of different castes.

The rise Buddhism had seriously questioned the hierarchical system of castes based on rituals. The egalitarian principles of Buddhism gained popularity among the masses. It posted critical challenge to the hegemony of the Brahmanical order. To sacraments attempted to re-establish the ancient system of Varna hierarchy. Manusmriti was the reflection of the resentment of Brahmanical elites against Buddhism. In this process women and Sudras were the main victims. Manu emphasized that the main occupation of a Sudra was to serve the 'twice-born' people i.e. the Brahmans.

Despite the rigidity of caste system, instance of transformation of one caste into another are also available in history. New castes emerged due to change of occupation, migration or purification of customs. Whatsoever upward or downward social mobility occurred, it mainly happened in the concerned caste as a whole. The chances of a particular individual for changing his caste were extremely rare. On the whole, the traditional system allowed particular castes upward or downward mobility but the caste system as such remained unaltered. The structure of caste system remained intact whereby the lower castes were hardly left with any scope of change.

Untouchability:

Historically, Sudras have been subjected to extreme forms of exploitation, degradation and inhuman treatment by upper castes. They have experienced barbaric and slavish treatment that was perpetuated in the garb of untouchability. The practice of untouchability was the creation of 'twice-born' castes for keeping Sudras in abject misery and poverty.

The untouchability was kept at the bottom of the caste hierarchy. They had the lowest socio-economic and ritual position in the society. Traditionally, they were subjected to all kinds of social and civic discriminations. They earned their livelihood by doing such mental jobs as execution of condemned criminals, cleaning of villages, removal of dead animals, tanning and leather work and so on.

While they were subjected to all forms of discriminations, they hardly enjoyed any privileges. The nature, content and incidence of maltreatment of untouchables might have varied in time and space; however, some of the most pronounced and common features of this barbaric practice have been as follows:

i) Residential segregation by keeping them outside the village;

ii) Denial of entry into temples, shrines or other places of worship. They were forbidden to learn the Vedas;

iii) Restrictions on the use of public facilities such as wells, schools, roads, courts and so on;

iv) Denial of services as provided by barbers, washermen, shopkeepers etc;

v) Restrictions on style of life; use of separate utensils;

vi) Exhibition of slavish respect towards higher castes; and

vii) Subjugation to unpaid labour and so on

Throughout in the past, untouchables have faced severe forms of exploitation and maltreatment. They were systematically degraded and subjected to ruthless controls and victimization. Thus for centuries they have experienced perpetual slavery without any hope of salvation.

After independence the practice of untouchability was continuously abolished. In order to stop this barbaric practice, the untouchability (offences) Act, 1955 came into being. This Act was amended in 1976 to make the practice of untouchability a cognizable offence. The amended act also provides for stricter penal provisions. This amended Act is known as the Protection of Civil Rights Act, 1955.

After more than four decades of independence, the practice of untouchability still persists in overt or covert forms. However, its occurrence and intensity vary from state to state. It is not much pronounced in Assam and Kerala. In Punjab and Bengal, it is not so conspicuous. In the rest of the country, particularly in rural areas, lower castes still face various discriminations. However, since Indian State is committed to work towards total eradication of untouchability this inhuman practice is one the reason of declining.

Scheduled Castes:

Scheduled Castes is basically a constitutional concept. The term ‘Scheduled Castes’ was coined and used by the British Government for legal and administrative purposes. The constitution of India further standardized and adopted the term. In April, 1936, the British Government issued an order specifying certain castes, races and tribes – communities earlier known as depressed classes – as scheduled castes. This was applicable to the then provinces of Assam, Bengal, Bihar, Bombay Central Princes and Berar, Madras, Orissa, Punjab and United Provinces. These castes, races and tribes were socially and economically depressed; they were listed in the ‘Schedule’ so as to ascertain their accurate numbers. The purpose was also to provide special benefits to them through legislative and executive means.

Depressed classes, according to the 1931 census report, were identified on the basis of the following criteria; denial of services of Brahmins, barbers, water-carriers, tailors and so on; denial of the use of Hindu temples and public conveniences such a roads, ferries, wells or schools. In addition to these was the criterion of ‘pollution by contract’ by virtue of which these castes or races were labelled as untouchables.

The Constitution of India does not define the term ‘Scheduled Castes’. It is essentially a Judicial category. Article 341 of India Constitution, empowers the President to notify by an order “the castes races or tribes or parts of or groups within castes, races or tribes which shall for the purposes of the constitution be deemed to be ‘Scheduled Castes’ with respect to individual states and union territories”.

Constitutional Safeguards:

In pursuance of the recognition of scheduled castes as vulnerable group, the Constitution has incorporated certain provisions and safeguards for the protection and upliftment of scheduled castes. These are as follows:-

i) Social Safeguards

Article 17 of the Constitution abolishes untouchability and forbids its practice in any form. Article 23 prohibits traffic in human beings and forced labour or beggar. Bonded labour is an extreme form of forced labour and majority of bonded labourers belong to the Scheduled castes. Article 24 prohibits child labour. Again a good proportion of child labourers also belong to scheduled castes. Under Article 25(2) (b) scheduled castes have access to all temples of any sect. Article – 15(a) provides for removal of any disability, restriction or condition with regard to access to shops, restaurants tanks, bathing ghats, roads, places of public convenience and so on.

ii) Educational Safeguards

Under Article 15(4) special provisions have been made for educational advancement of scheduled castes. These provisions exist in the form of reservation of seats in educational institutions and scholarships, etc.

Article 29(2), in general, safeguards access to educational institutions maintained by the State or those receiving grants out of state funds.

iii) Economic Safeguards

The constitution also enjoins the state to promote with special care the economic interests of scheduled castes and protect them from social injustice and all forms of exploitation.

iv) Political Safeguards

Article 330, 332 and 334 of the Constitution provide for special representation for scheduled castes candidates in Lok Sabha and State Vidhan Sabhas. The period of political reservations was initially conceived to be ten years. However it has been repeatedly extended at intervals of ten years.

v) Services Safeguards

Article 16(4) provides for reservations in services in favour of persons of backward classes which are inadequately represented therein. You may please note, that "backward classes" is a generic term adopted in the constitution. This generic term also includes scheduled castes (applicable to scheduled tribes also) shall be taken into consideration, consistently with maintenance of efficiency of administration, in the making of appointments to Government services and posts.

vi) Other Safeguards

Article 338 has the provision that President of India shall appoint a special officer, commonly known as "Commissioner for Scheduled Castes'. The duty of this special officer is to report to President about the working of all the safeguards. The Constitution has also special provision for the administration and control of scheduled areas.

3.3 Development Efforts

Since the beginning of planning era, efforts have been made towards the welfare of 'Backward Classes Sector' through Five Year Plans. Various plans included schemes for the welfare of this sector viz a) educational schemes; b) economic development schemes and c) schemes for the improvement of health and housing. Included in the plans were also other schemes for the welfare and development of scheduled castes and scheduled tribes.

The outlays for the development of this sector were supposed to be supplemental. It was expected that benefits of normal developmental programmes would be received by the scheduled castes and tribes. However, over a period, it was realized that benefits accruing from these general programmes to SCs and STs were negligible. Further, the outlays under this supplemental sector were also inadequate. Therefore, Tribal Sub-Plans were introduced in the Fifth Plan for the development of scheduled tribes. Similarly, Special Component Plans were incorporated in the Sixth Plan for the development of scheduled castes.

Special Component Plans

By the end of the Fifth Plan it was realised that the strategy for the development of the scheduled castes should be based on a comprehensive economic and human resource development. It was also realized that this oppressed section of society should be made to participate in the developmental process on equal terms and receive a reasonable share of the fruits of general economic development. To achieve this objective the strategy of Special Component Plan (SCP) was evolved during the Sixth Plan with emphasis on family and beneficiary oriented developmental schemes.

The SCP was to be financed from four sources:

i) State Plans;

ii) Central Sector and Centrally Sponsored Schemes;

iii) Special Central Assistance; and

iv) Institutional finance.

The SCP envisaged identification of schemes in the general sectors of development for the benefit of the scheduled castes. It also envisaged quantification of funds from all programmes under each sector and determination of specific targets in terms of number of families to be benefited from these programmes. The effort has been to enable the scheduled castes to cross the poverty line. SCPs have been formulated by 20 States and 4 Union Territories with sizable scheduled castes population. In these 24 States/UTs the flow to the SCPs during the Sixth Plan was Rs. 3614.66 crores (7.67% of the State Plan outlays totalling Rs. 47149.99 crores). The total expenditure on the SCPs was Rs. 2978.90 crores (82.14%). During the Seventh Plan the flow was Rs. 6205.67 crores (7.76% of the state plan outlays totalling Rs. 79990.10 crores) The Central Ministries and the State Governments were also required to prepare SCPs in respect of the Centrally Sponsored Schemes.

Special Central Assistance was envisaged in addition to the States' SCPs and it was not tied to specific schemes. Being supplementary its aim remained to motivate the State Governments for providing larger outlays in their SCPs. It was meant for the State sponsored efforts for the development of Scheduled Castes. The only condition laid down was that this fund had to be used by the States only for income generating developmental schemes. This developmental effort was aimed at strengthening directly relevant training, back-up services and arrangements for implementation, supervision, monitoring and evaluation. An amount of Rs. 600 crores was released during the Sixth Plan and a tentative allocation of Rs. 930 crores was made for Seventh Plan. Till the end of the Sixth Plan the total expenditure under the Special Central Assistance was Rs. 553 crores.

In the Sixth Plan the Central Ministries were asked to identify schemes under each sector having direct relevance to the development of scheduled castes. They were also directed to earmark funds from the Ministries' Plans in proportion to the population of the target groups. Only 8 Ministries/Departments are reported to have formulated their SCPs.

3.4 Scheduled Castes Development Corporations

`Scheduled Castes Development Corporations' have been constituted in 18 States (Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal) and 3 Union Territories of Chandigarh, Delhi, Pondicherry so as to vigorously pursue economic development of scheduled caste families living below the poverty line. The main function of these corporations has been to mobilise institutional credit for economic development of scheduled castes entrepreneurs. They are supposed to act as catalysts, promoters and guarantors of entrepreneurship. The main objectives of Scheduled Castes Development Corporation are:

i) identification of scheduled castes clusters through social surveys;

ii) identification and modification of eligible scheduled castes beneficiaries;

iii) assessment of their felt needs and financial requirements;

iv) preparation of suitable economic development schemes for different occupational groups of the scheduled castes; and

v) bringing the scheduled castes in contact with financial institutions and Governmental development agencies etc.

This promotional role demanded interaction with various institutions and agencies and intervention at crucial points so as to provide massive inputs necessary for economic development of the target groups. These Corporations have acted as partners along with banks in financing scheduled castes entrepreneurs. Loan, subsidy and margin money are to be routed through one window, preferably the bank.

The total amount contributed by various State Governments to the SCDCs (from 1978-79 to 1986-87) was Rs. 126.06 crores. The amount released by Government of India was Rs. 111.16 crores. During the Sixth Plan period these Corporations economically assisted about 28.65 Iakh scheduled castes families. They provided margin money loans amounting to Rs. 106.59 crores which enabled additional bank-financing amounting to Rs. 370.84 crores. The Corporations also distributed subsidies amounting to Rs. 100.53 crores.

Strategy during the Seventh Plan

The margin money loan programme had not succeeded in generating institutional finance to the tune of required magnitude. This was because of the conceptual and operational problems inherent in the scheme. Therefore, a new pattern of assistance to scheduled castes families through SCDCs was adopted during the Seventh Plan. The families below the poverty line were covered at three levels in the following order of priority : very very poor, very poor and poor families. Income brackets have been fixed for each level both for rural and urban areas separately. The programme aims to achieve this objective by integrating self-employment and wage-employment approaches. For assessment of income the occupation of the would-be beneficiary is taken as the main criterion. The margin money loan programme has been discontinued. Clubbing of subsidies from different sources has been stopped. The project cost is not to exceed Rs. 12,000. The maximum limit of subsidy of each eligible family is to be Rs. 4,000. The credit provided under the scheme is to bear a concessional rate of interest of 1 per cent per annum. Any economically viable scheme can be taken up under the programme in primary, secondary or tertiary sector.

3.5 Poverty Alleviation Programmes

Right from the inception of the Integrated Rural Development Programme in 1978-79, special emphasis was laid on the coverage of SC and ST families. In the beginning the guidelines provided that at least 20 per cent of families selected for assistance should belong to SCs/STs. Also that at least 20 per cent of subsidies, loans, etc., should go to SC/ST beneficiaries. Since 1981-82 the minimum target of SC/ST families to be covered under this programme was raised to 30 per cent. Keeping in view the high proportion of SCs and STs among agricultural labourers, the bonded labourers and families below the poverty line, a number of States raised the minimum target to 50 per cent SC and ST beneficiaries under the IRDP. During the Sixth Plan the number of SC/ST beneficiaries covered under this programme was 64,62,349 (39.02% of the total number of beneficiaries). The expenditure on this programme is equally shared by the Central Government and the State Governments.

The **National Rural Employment programme** was launched in October 1980 with the following objectives:

i) generation of additional gainful employment for the unemployed and underemployed persons in rural areas;

ii) creation of productive community assets for strengthening rural economic and social infrastructure; and

iii) improvement of overall quality of life in rural areas.

The programme is implemented by District Rural Development Agencies (DRDAs). Ten per cent of the resources are earmarked for direct and exclusive benefit of SO and STs. Fifty per cent of the wages are given in kind (food grains). The expenditure related to this programme is equally shared by the Central Government and the State Governments. During the Sixth Plan a total amount of Rs. 1834.25 crores was utilised and 1775.18 million man-days of employment were generated.

The employment generated for SCs and STs was about 45% of the total employment generated. **The Rural Landless Employment Guarantee Programme** was started in August 1983 with the following three objectives as:

i) to improve and expand employment opportunities for the rural landless so as to provide guarantee of employment, for at least one member of every rural landless labour household up to 100 days in a year;

ii) creation of durable assets for strengthening rural economy; and

iii) to improve the overall quality of life in rural areas. The programme is entirely funded by the Central Government.

The works can be divided into four categories:

i) construction of micro habitats and housing units for SCs, STs and freed bonded labourers under Indira Awaas Yojana;

ii) works of social and farm forestry;

iii) construction of rural sanitary latrines; and

iv) other works like minor irrigation schemes, roads, watershed projects, and other land based projects, etc.

During the Sixth Plan an expenditure of Rs. 384.74 crores was incurred against the released amount of Rs. 500 crores. Employment was generated to the tune of 262.75 million man-days against the target of 300 million man-days. The Seventh Plan outlay was Rs. 1743.78 crores. Since the programme is meant for the poorest of the poor, a very large percentage of this category in rural areas consists of SC/ST landless families below the poverty line.

Besides the above programmes, some State Governments are implementing Employment Guarantee Schemes. In some states the educated unemployed are awarded monthly stipends until they are able to secure employment.

3.6 Role of Public Sector Banks

According to the guidelines furnished by the Reserve Bank of India to the Public Sector banks, 40 per cent of the, credit should go to the priority sector and 25 per cent of priority sector advances should go to weaker sections (SCs, STs and other categories based on economic consideration). During the period ending December 1985, the percentage of advances made by all the public sector banks to the priority sector had reached 42.9 per cent. Out of this 5 per cent advances were made to scheduled castes beneficiaries and 1.5 per cent to scheduled tribes beneficiaries. The number of accounts of SC/ST borrowers during that year was 56.81 lakhs and the total amount of advances to them was Rs. 1350.29 crores.

The banks are also required to advance under the DRI (differential rate of interest) scheme a minimum of 1 per cent of their aggregated advances as at the end of the previous year. During 1986 there were 47.97 lakh accounts under this scheme and the total advances were to the tune of Rs. 560.83 crores. Out of these the number of accounts of SGST beneficiaries was 23.11 lakhs and the advances to them amounted to Rs. 282.01 crores (50.3 per cent of the total advances).

Twenty-Point Programme

The 20-Point Programme which was introduced by the Central Government in 1975 was revitalised in the form of a new 20-Point Economic Programme.

Point 7 of the programme stipulated to accelerate schemes for the development of SCs and STs. In 1986 a revised 20-Point Programme was announced which became effective from April 1, 1987. Point 11 of this programme provides for justice to SCs and STs. Besides Point 7(3), Point 14(3) and Point 16(2) provide for special attention to the development of SCs and STs.

The Government has issued instructions to the 'Central Ministries', 'Public sector Undertakings' and the 'State Governments' for providing reservations for SCs and STs in the allotment of quotas, permits, etc. It is an important 'step for raising the socio-economic status of SCs and STs. The reserved quotas or permits are related to fair price shops, dealerships in fertilizers, petroleum products including cooking gas, catering and vending contracts by Railways.

Non-Governmental Organisations

Non-Governmental Organisations play a significant role in the socio-economic progress of the community in general and that of SCs and STs in particular. Some agencies of all-India character or at least working in more than one State are given grants-in-aid directly by the Ministry of Welfare for various programmes related to the welfare and development of SCs and STs. During the period 1981-82 and 1986-87 a total amount of Rs. 4.13 crores was sanctioned to 21 organisations working for the development of scheduled castes. Some of the prominent organisations are Harijan Sevak Sangh, Indian Red Cross Society, Servants of India Society, Hind Sweepers Sevak Samaj and Ramakrishna Mission. The state governments also give grants-in-aid to Non-Governmental Organizations working at State and even district levels for the welfare and development of Scheduled Castes.

3.7 Development Programmes for Scheduled Castes

A) Appointment of a National Commission for the welfare of Scheduled Castes:

A National Commission for the SCs and STs has been set up by the Central Government to safeguard the interests of the SCs and STs. It functions as an advisory body on issues and policies related to the development of the SCs and STs. The State Governments have separate departments to look after the welfare of the SCs and STs. Their administrative set up varies from State to State.

B) Educational Opportunities:

Due attention is paid to extend the educational opportunities of SCs and STs and hence special provisions have been made in this regard. Free education, free distribution of books, stationery, uniform etc., giving scholarships, banking loan facilities, providing mid – day meal, arranging for free boarding and lodging facilities, reserving seats for SCs and STs in all the government and government aided institutions, etc. are some of the concrete steps which the Government has taken in this regard.

- **Centrally Sponsored Schemes :**

  In addition to the above, there are some centrally sponsored schemes also for the educational benefit of both SCs and STs.

(a) Free Coaching and Training for various competitive examinations to increase their representation in various services.

(b) Book Bank Scheme is intended to provide text books required for the students belonging to SC/STs pursuing medical and engineering degree courses. From 1991 – 92, agricultural, veterinary and polytechnic courses have also been included under this scheme.

(c) Post-matric Scholarships for providing, financial assistance for higher education. The UGC and the Ministry of Education had earmarked 15% of their budget for this purpose during the 6^{th} plan.

(d) Construction of hostels for providing residential facilities to SCs and STs studying at college and university level.

(e) Financial assistance to those SC and ST students going to reputed research institutes for research work.

(f) Providing text books to these studying in medical and engineering courses.

(g) National Overseas Scholarships and Passage Grants to selected meritorious students for pursuing higher studies abroad in specified fields of Masters Level Course, Ph.D. and Post Doctoral Research Programmes in Engineering, Technology and Science only.

(C) Expansion of Economic Opportunities:

Government has taken up economic programmes also for the benefit of SCs and STs. Landless SC labourers are allotted land. Land reforms have been undertaken to bring benefits of land ownership for them. Poor SC farmers are supplied with seeds, agriculture implements, fertilisers, pesticides, interest-free loans, pair of bullocks for ploughing subsidy for developing dairy farming, poultry farming, animal husbandry, handicrafts, spinning and weaving. The "loan – mela" programme of Rajiv Gandhi Govt. also provided small loans for the poorer section to help them to earn money through some secondary sources such as toy making, basket making agarbati, tailoring etc.

(D) Expansion of Employment Opportunities and Reservation:

In order to enhance the economic position of the SCs and STs the constitution has provided for the reservation in services. Reservation of jobs operates in the All India Services, Central Government, State Governments and Government owned and managed public sector units and institutions. Reservation exists in all these for the SCs and STs to the tune of 15% and 7.5% respectively.

In government services, special quotas are also allotted to them. The reservations are also extended to promotion to higher positions to facilitate their adequate representation. Concessions such as relaxation of age limit, relaxation in the standards of suitability, relaxation of the qualification and experience, have also been provided to them.

(E) Upliftment of SCs through Five Year Plans:

The welfare of the SCs has been given special attention in the Five Year Plans. The size of investment on the special programmes has been increasing from plan to plan. The State Governments have also been spending a sizeable amount on the welfare of these people.

Development Strategies in the Five Year Plans.

The Central Government sponsored a comprehensive three-pronged strategy for the development of the SCs during the 6^{th} Five Year Plan. This consisted of three schemes:-

(a) Special Component Plan (SCP)

The main objective of this plan is to assist the SC families to substantially improve their income. This plan envisages identification of schemes of development which would benefit SCs, qualification of funds from all programmes and determination of specific targets as to the number determination of specific targets as to the number of families to be benefited from these programmes.

(b) Special Central Assistance (SCA)

The main purpose of this scheme is to provide additional assistance to the States from the centre to help the economic advancement of the maximum possible number of Scheduled Caste families living below the poverty line. This assistance is given through the SCPs.

(c) Scheduled Caste Development Corporation (SCDC)

The SCDCs have been set up in 18 States and 3 Union Territories. These SCDCs provide money and loan assistance to these families, thereby helping to increase the flow of funds from financial institutions to SC families. There corporations established in the States are expected to interface between the SC families and financial institutions including banks. Both the central and the State Governments are contributing grants to these SCDCs.

(F) Other Welfare Programmes

a) Drinking Water Facility:

In SCs colonies and in the areas where they are found in large number, drinking water facility is provided through the construction of wells and borewells.

b) Medical Facility:

Free medical check – up facility is provided for the SCs. They are given financial assistance for purchasing medicines.

c) Janata Houses:

In various State the SCs are given financial assistance to have their own houses. In States like Karnataka and Tamilnadu, low caste houses having all minimum required facilities, known as “janata” houses are built for them at State expenses.

d) Liberation of Bonded Labourers:

A large number of bonded labourers particularly belonging to the SCs bonded labourers particularly belonging to the SCs have been liberated. In 1983 about 1.13 lakh bonded labourers were liberated from their bondage with the Governmental assistance.

e) Sulabh Sauchalaya for the liberation and rehabilitation of scavengers :

This has been launched in several states for converting dry latrines into water – borne latrines in order to liberate SC scavengers and rehabilitate them in alternative occupations.

(f) Baba Saheb Ambedkar Foundation :

The foundation was set up 24 March, 1992 as a registered society initially to implement/administer four schemes, viz.

(i) Dr. Ambedkar National Public Library,

(ii) Dr. Ambedkar Award,

(iii) Dr. Ambedkar Overseas Fellowship, and

(iv) Dr. Ambedkar Chairs in Universities.

The foundation has been reconstituted to include eminent persons in the fields of education, social work and development of scheduled castes.

(G) Voluntary Organisations :

In addition to the Governmental Schemes and instruments, some of the voluntary organisations are also playing an important role in promoting the welfare of the SCs. The Central Government has been giving financial assistance to these organisations for their Harijan Welfare activities.

The Government also provides grants in aid to voluntary organisations of local character working among Scheduled Castes.

Some other organisations which are not getting any financial help from the Government are also rendering yeomen service to the Scheduled Castes.

3.8 Scheduled Tribe

Tribal societies have a unique and distinct type of social existence. For centuries, they remained isolated from the outside world and have survived in their natural environment. For long, they evoked considerable interest among administrators, missionaries and social scientists. Social researchers have thoroughly studied their socio-cultural, economic, legal and political institutions.

Notwithstanding the initial interest of colonial administrators, development of scheduled tribes per se is a relatively recent phenomenon. Since Independence, considerable effort has been made by the Indian State for the upliftment of tribal communities. This theme i.e. 'Development of Scheduled Tribes' is the main concern of this unit. However, as a pre-requisite to understand the developmental aspects of tribal people, we will also acquaint you with the basic elements of tribal social structure.

At the very outset, you will learn about the difference between the concepts of `tribe' and 'scheduled tribe'; meaning of scheduled areas and the attendant relevance of socio-political autonomy of tribal areas. In the next section, we will deal with the elementary aspects of tribal social structure viz. clan, family, kinship, religious beliefs and so on.

After that we will discuss the different levels of socio-economic development among scheduled tribes belonging to four (i.e. the North-North-Eastern, the central, the western and the southern) zones of India. You will learn that scheduled tribes have not attained the same level of development throughout India.

Meaning of Scheduled Tribe

In order to understand the various developmental aspects relating to scheduled tribes, it is of paramount importance for you to know about the difference between a ‘Tribe’ and a 'Scheduled Tribe'. Let us begin with the discussion of these concepts.

Concept of Tribe

A Tribe is an anthropological concept. It is referred to by certain authors as `Animistic' or 'Aboriginal'. The term `Adivasi' has gained popularity while referring to the tribe in recent years. Tribals are thought of as semi-civilised people residing in hills, forests or considered as special groups of agriculturists. A tribe is generally defined as a social group usually with a definite area, dialect, cultural homogeneity and unified social organisation.

Tribe is also defined as a 'social group' usually comprising of a number of sibs, bands, villages or other special groups and is normally characterised by the possession of a definite territory, a distinctive dialect, a homogeneous and distinctive culture; it is either a unified political organisation or at least has some sense of common solidarity vis-a-vis outsiders. Thus a tribe is a territorial group with its own language, religion, culture and unified social organisation.

Now, as the tribal communities living in different parts of the country have reached different levels of socio-economic development, there are very few among them which strictly fulfil the requirements of the above definition. For instance, we have the tribes like Onge and Andamanese of Andaman & Nicobar Islands, the Birhor of Bihar or the Kattunayakan of Kerala which are very backward and even today eke-orn an existence through hunting, fishing and food gathering. On the other hand, there are tribes like the Khasi or the Lushai or Meghalaya which are fairly advanced both economically and educationally. The tribes such as Bhumij of West Bengal, Dhodia of Gujarat or the Mina of Rajasthan are hardly distinguishable from their neighbours in regard to their way of life.

Despite these cultural and economic disparities a tribe as a social entity continues to be a reality. Its characteristic features as indicated in the above definition still, by and large, make it distinguishable from the general population.

Scheduled Tribe — A Constitutional Concept

A 'Scheduled Tribe', on the contrary, is primarily an administrative and constitutional concept. It refers to a tribal community which is enlisted under Article 342 of the Indian Constitution. According to Indian Constitution,' a tribe alone can be specified as Scheduled Tribe. But at the same time, the word tribe is nowhere defined in the Constitution. Furthermore, the Constitution is also silent about the principles or policies to be adopted for specifying a tribe as a scheduled tribe. According to Article 342 of the Constitution, "the President may with respect to any State or Union Territory and where it is a state, after consultation with the Governor thereof, by public notification specify the tribes or tribal communities or parts of or groups within tribes or tribal communities or parts of or groups within tribes or tribal communities which shall for the purpose of this Constitution be deemed to be Scheduled Tribes in relation to that State or Union Territory as the case may be".

Thus, the Article 342 only clarifies that for any ethnic group to become eligible to be specified as a Scheduled Tribe, it should necessarily be a tribe in the first place. In other words, non-tribal castes or communities are not eligible to be specified as Scheduled Tribes.

Despite the difficulties which stood in the way of identification of tribes as Scheduled Tribes there has been complete awareness about the extreme social, educational and economic backwardness of the tribal communities among the policy makers, planners and administrators of the country. But before introducing protective and amelioratory measures there was a need to draw a list of such tribal communities as required care and protection for their growth and development. The first list in this regard was drawn in the year 1931 under the name "primitive tribes". Subsequently under the Government of India Act, 1935 a list of "Backward tribes" was specified for the provinces of India. In fact the list of tribes specified under the Constitution (Scheduled Tribes) Order, 1950 was drawn by making additions to the list of "Backward Tribes" under the Government of India Act, 1935.

In regard to the identification of tribes which qualify to be specified as Scheduled Tribes, the Backward Classes Commission in the preamble to their questionnaire has observed:

"The Scheduled Tribes can also be generally ascertained by the fact that they live apart in hills and even where they live in plains, they lead a separate and excluded existence and are not fully assimilated in the main body of the peoples. The Scheduled Tribes may belong to any religion. They are listed as Scheduled Tribes because of the kind of life led by them."

Similarly, the Advisory Committee on the Revision of the lists of Scheduled Castes and Scheduled Tribes, popularly known as the `Lokur Committee" has taken primitive traits, distinctive culture, geographical isolation, shyness of contact with the society at large and backwardness as the important criteria for testing the eligibility of a tribe as Scheduled Tribe.

Thus, in short, for specification of a tribe as a Scheduled Tribe it should fulfil the following criteria:

1) It should have its distinct language, religious beliefs and culture which should qualify to be considered as primitive.

2) It should have an isolated existence. In case it lives in close proximity to other castes or communities, it should not have assimilated with them.

3) It should be extremely backward both educationally and economically.

It may be noted that the concepts of 'Tribe' and 'Scheduled Tribes' are often complementary and not contradictory.

Constitutional Status of Scheduled Tribes

In this section, we will acquaint you with the constitutional status of Scheduled Tribes in India. You will learn about the various legal provisions and safeguards which have been adopted in the Constitution for the protection and amelioration of Scheduled Tribes. We will also discuss the meaning and importance of 'Scheduled Areas.' You will also learn that tribals in these scheduled areas enjoy considerable socio-cultural and political autonomy.

2.3.1 Constitutional Provisions and Safeguards

The Constitution of India provides for a number of safeguards for the Scheduled Tribes mainly to facilitate the implementation of the 'Directive Principle' contained in Article 46 of the Constitution which reads as follows:

"The State shall promote with special care the educational and economic interests of the weaker sections of the people and, in particular, of the Scheduled Castes and Scheduled Tribes and shall protect them from social injustice and all forms of exploitation."

The important safeguards provided in the Constitution include Article 46 (Promotion of Educational and Economic Interests of Scheduled Castes, Scheduled Tribes and other weaker sections); 244 (Administration of the Scheduled Areas and Tribal Areas); 275 (Grants from the Union-to certain States); 330 (Reservation of seats for Scheduled Castes and Scheduled Tribes in the House of the People); 332 (Reservation of seats for Scheduled Castes and Scheduled Tribes in the Legislative Assemblies of the States); 335 (Claims of the Scheduled Castes and Scheduled Tribes to Services and Posts); 338 (Special Officer for Scheduled Castes, Scheduled Tribes etc.); and 339 (Control of the Union over the Administration of Scheduled Areas and the Welfare of Scheduled Tribes).

Article 46 empowers the State and Union Territory Governments to frame necessary rules that are required to promote the educational interests of Scheduled Tribes including reservation of seats in professional colleges.

Article 164 provides for a Ministry of Tribal Welfare in each of the State of Bihar, Madhya Pradesh and Orissa which have large concentration of Scheduled Tribes poptdaiton. These Ministries are required to look after the welfare of the Scheduled Tribes in their respective States.

Article 244 provides for the inclusion of a Fifth Schedule in the Constitution for incorporating, provisions for the administration of Scheduled Areas and Tribes of the States which have sizeable tribal population (other than those of Assam).

Article 275 provides for the grant of special funds by the Union Government to State Government for promoting the welfare of Scheduled Tribes and providing them with a better administration.

In pursuance of Article 338 of the Constitution which lays down, that "there shall be a Special Officer for the Scheduled Castes and Scheduled Tribes to be appointed by the President," a Commissioner for Scheduled Castes and Scheduled Tribes is required to be appointed by the Union Government. The Commissioner investigates all matters relating to the safeguards provided for the Scheduled Tribes under the Constitution. He also submits annual reports to the President on the implementation of these safeguards. His reports are discussed in each House of the Parliament. To assist the Commissioner in his task, Deputy Commissioners have also been posted in various States.

In most of the States which have tribal population, there are separate departments to look after the interest of Scheduled Tribes. These are, however, mostly coordinating departments which formulate schemes for the welfare of Scheduled Tribes. The welfare schemes are generally implemented by the Departments of Education, Health, Industry etc. depending upon the nature of the scheme.

Scheduled Areas

`Scheduled Areas' have been declared in the States of Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Orissa, Himachal Pradesh and Rajasthan. The scheme of administration of Scheduled Areas under the Fifth Schedule visualises a division of responsibility between the state and union governments. The state governments have been given the responsibility of screening the legislations which are unsuitable for extension to the tribal areas. They are also responsible for framing regulations which are necessary for the protection of the tribals land and for prevention of exploitation of the tribals by the money-lenders. It implements schemes for the welfare of the tribals living within its boundary.

The Union Government provides guidelines in regard to the administration of Scheduled Areas. It also provides necessary funds that are required to raise the standard of administration and for the improvement in the quality of life of the tribal communities. The Union Government also have the power to give directions to the State Governments about matters relating to the welfare of the Scheduled Tribes.

The Governors of those States which have Scheduled Areas are empowered under the Fifth Schedule with the right to modify Central and State laws so as to make them applicable to tribal areas. They may also frame regulations that are essential for the care and protection of tribal communities. As per para 5 of the Fifth Schedule, the Governor is required to submit an annual report to the President of India regarding administration of Scheduled Areas. According to para 4 of the Fifth Schedule, Tribes' Advisory Councils have been set up in those States which have Scheduled Areas or which have large concentration of tribal population (as is in the case of West Bengal). Its function is to advise the Governor on matters which relate to the welfare and protection of the Scheduled Tribes in the concerned State. At least 3/4th members of the Council are representatives of the Scheduled Tribes which are drawn from Legislative Assembly of the State and/or from other representatives of the tribal communities.

Socio-Political Autonomy of Tribal Areas

The Sixth Schedule of the Constitution attached to Article 244 (2) and 275 (1) grants considerable degree of social, cultural and political autonomy to the tribal areas of Assam. This has been achieved through the creation of the Autonomous Districts and Autonomous Regions with District Councils and Regional Councils respectively. These Councils make laws related to land allotment, use of forests and canal waters, regulation of shifting cultivation, establishment of Village or Town Committees and their powers, marriage and other social customs. The Councils also administer justice under the All India Civil and Penal Codes, as modified by social customs. They can establish primary schools and raise funds by assessing and collecting land revenue and by imposing taxes. These councils issue licenses for the purpose of extracting minerals. The District Council can regulate money-lending and other trading activities by nontribals. Regional and District councils can also prohibit or restrict the application of Parliamentary or State laws to their areas.

The tribals in India have some sort of traditional councils or bodies in a village or a group of villages. Their functions in many places are primarily to decide social, economic and religions matters in the light of their customary laws. In some areas, they also decide judicial matters on the basis of the consent of the tribal people. Some tribes have elected chiefs while others have hereditary chiefs for presiding over the council meetings. The powers of chiefs vary from tribe to tribe.

These councils were quite powerful institutions in the past. But now in most cases this institution is languishing and it mainly deals with matters pertaining to social and religious affairs of the tribe. In some case, as in Arunachal Pradesh where the Tribal Councils function within the general framework of the Assam Frontier and Administration of Justice (Regulation of 1945) Act these traditional councils are quite powerful. The Nagaland has recognised Village Councils, Range Councils and Tribal Councils which have wide powers related to administration, developmental matters and cases involving breaches of customary laws and usages. In most of the tribal areas statutory panchayats are functioning at village levels which discharge administrative, economic and social functions

3.9 Nature of Development Strategies

In the following section; we will discuss various developmental efforts which have been made, particularly after independence, for the upliftment of scheduled tribes in India.

Background

Since Independence, the country has achieved considerable progress and prosperity through planned development. The First Five Year Plan was launched in 1952. Since most of the population of India has been living in villages, special emphasis was laid on rural reconstruction in each Five Year Plan. This was, however, sought to be achieved initially through Community Development Programmes. To achieve this objective 52 Projects were started in 1952 in the First Five Year Plan. But the developmental inputs included under the Community Development were of intensive nature. It was soon realised that it would not be possible to bring the entire rural areas under the ambit of these projects within a reasonably short period. It was, therefore, decided to adopt a comparatively less intensive and modest model of Community Development Blocks for the rapid development of rural areas.

It was envisaged that the Community Development Blocks would create a new thrust for the development and self-sustained growth in rural areas. Therefore, every aspect of community life was brought under the purview of this programme. The Community Development Blocks initiated a wide spectrum of services for the development of agriculture, animal husbandry, education, health, communication, cottage industries, etc. in rural areas. But at the same time, all the geographical areas which were brought under the purview of Community Development Blocks had not yet reached the same level of development. Therefore, for each Block such development plans had to be drawn as matched with the specific needs and economic potential of the Block. To give proper directions to the Blocks for drawing and implementation of different schemes and to ensure involvement and participation of people in the process of development, District Advisory Committees were formed.

The primary objective of the Community Development Programme was to achieve rural development. This was envisaged by making available the required services at the doors of the people. But remote areas where inaccessible and there was almost total absence of additional infrastructural facilities. Therefore, special efforts and greater financial investment were required to extend the services available under the Community Development Programme to tribal areas. In keeping with this view, it, was decided in 1954 to substitute the programme of Community Development Blocks in tribal areas. Initially 43 such Blocks were selected for this purpose. Soon it was realised that is would not be possible to sustain such an intensive development approach for long. It was also realized that it may not be possible to bring other areas under the purview of the new programme within a short period.

Tribal Development Blocks

Thus a less intensive and more practical view of Tribal Development Block which was comparable with the Community Development Blocks was introduced for the development of tribal areas. The Tribal Development Blocks were, however, required to serve smaller geographical areas and less population, than the Community Development Blocks. All those areas with two-thirds tribal population were to be brought under the Tribal Development Blocks. By the end of Third Five Year Plan there were more than 500 such Tribal Development Blocks serving around 40 per cent of the total tribal population in the country. Other areas of concentration with less than two-thirds but more than 50 per cent tribal population were continued to be served by the Community Development Programme. But no further expansion of the Tribal Development Blocks to other areas of tribal concentration took place after the Third Five Year Plan.

The progress achieved in rural areas during the first two decades of planned development after independence, especially in specific fields like agriculture, animal husbandry, education, public health etc. has been quite spectacular. There was also a imperative need to make the country self-sufficient in regard to foodgrains with the result that most of the developmental programmes introduced in earlier decades were oriented to agriculture. This approach obviously benefited the rich farmers who owned most of the available agricultural land in rural areas. The rich farmers became economically better than the small or the medium farmers. The landless agricultural labourers suffered adversely. The disparity between 'haves' and have-nots became more pronounced than what it was before the introduction of Development Blocks. This unhealthy situation, however, could not be continued indefinitely — hence posing the need for just and equitable measures.

Tribal Development Agencies

In the Fourth Five Year Plan, a series of programmes with focus on specific target groups were conceived and implemented. These programmes included the Small Farmers Development Agencies (SFDA) and Marginal Farmers and Agricultural Development (MFAL). Thus, with the introduction of these new schemes the attention was shifted from area development to the identification of individuals requiring special assistance. Drought Prone Areas Programme was another effort.

Again though problems generated by drought, etc. were confronted by the entire population of an area, yet specific target groups were identified for assistance.

The above mentioned programmes were introduced on an experimental basis in tribal areas. Tribal Development Agencies were identified on the same pattern as that of the Small Farmer's Development Agencies. The level of investment in the new programmes was, however, much higher than the Tribal Development Blocks. During the Fourth Plan, six Tribal Development Agencies were started and another two were added during the Fifth Plan.

Each Tribal Development Agency covered a group of Tribal Development Blocks. These Agencies were expected to incorporate elements of economic development, social services and other prospective measures. However, in actual practice the Tribal Development Agencies catered to Agricultural Development with added substantial investment in the construction of roads. This programme could not outlive its pilot phase. The development efforts in tribal areas, therefore, had to continue largely in the form of Tribal Development Blocks. But the experience gained from the Tribal Development Agencies proved valuable for evolving better policies and programmes for the advancement of Scheduled Tribes.

Reconsideration

The approach and strategy for tribal development was reviewed comprehensively on the eve of the Fifth Five Year Plan. A Committee popularly known as the Shilo Ao Committee was already appointed for this purpose by the Planning Commission during the Fourth Plan. The Committee had already recommended that the Tribal Development Blocks as instruments of tribal development were unsuitable to 'tackle complex problems of tribals. It also noted clearly that no single programme was adequate to resolve their problems. Furthermore, the situation in tribal areas in terms of resources, target groups, infrastructural facilities, local priorities etc. was entirely different from non-tribal areas.

Even within the tribal areas, developmental problems faced by all the tribal people were not of uniform nature. The problems of those areas which have more concentration of tribals are different than other areas having dispersed tribal population. An important distinguishing feature of the areas having tribal concentration and those inhabited by dispersed tribal groups is the ownership of resources. In the areas having tribal concentration the contact with the external world has increased over the years because of better communication and other facilities. This has also partially affected their owner: hip pattern of economic resources. In case of tribal groups, which live in remote areas in a dispersed fashion, their command over economic resources has become extremely limited because of different checks and controls introduced by the Government.

In case of dispersed tribal groups, it was envisaged that various schemes of growth and development should be drawn keeping in view the tribal community or the family as the unit of development. Further, since most of the dispersed tribal groups are either landless labourers or unskilled labourers their development should be based on non-agricultural activities. Most backward of these dispersed tribal communities such as the Onge, the Birhor or the Abujhmaria are still in a pre-agricultural level of economy and survive through hunting, fishing or food gathering. The population size of such tribal communities is also comparatively very small and they are generally considered as pre-literate. Such extremely poor and backward groups, therefore, naturally required special assistance in the tribal development efforts.

Tribal-Sub-Plan

To tackle the above-mentioned problems effectively, a comprehensive programme of development called Tribal Sub-Plan was prepared under the Fifth Five Year Plan. Accordingly, all areas with more than 50 per cent tribal population were treated as Sub-Plan areas. Industrial and urban enclaves were, however, excluded from the purview of this new scheme. A development block was taken as the smallest unit of development under this new strategy. The Tahasil (generally comprising of a number of blocks) was taken as the basic unit for planning and development. This unit is known as the **Integrated Tribal Development Project (ITDP).**

There has been a practical difficulty for the delineation of Sub-Plan areas. This difficulty stemmed from the differences in the pattern of concentration of tribal population in different, States and Union Territories. For instance, in the States like Madhya Pradesh, Orissa and Bihar, it was possible to bring a substantial tribal population under the Sub-Plan areas. But in most of the other States and Union Territories there were only a few areas which could he delineated as Sub-Plan areas i.e. having more than 50 per cent tribal population. 'Therefore, for such areas the criteria of 50 per cent and more tribal population had to be modified while demarcating Sub-Plan areas. In states like Maharashtra, Andhra Pradesh and Assam a minimum tribal population of 20,000 was accepted as the smallest unit of development. In states of Tamil Nadu, Kerala and Uttar Pradesh this norm was further relaxed to 10,000 tribal populations. In the case of West Bengal and Tripura the criteria were further relaxed whereby villages with tribal concentration were identified for introducing this special development programme. In Karnataka and Daman because of the absence of villages with tribal concentration, the programmes which were drawn for the development of dispersed tribal communities had to be initiated.

The work relating to the delineation of areas of tribal concentration was taken up in the beginning of the Fifth Plan and completed by the end of 1976. The Tribal Sub-Plan concept became the main programme for tribal development. This programme covered 17 States and 2 Union. Territories namely Andhra Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal, Maharashtra, Manipur, Orissa, Rajasthan, Andaman and Nicobar Islands and Goa, Daman and Diu. The programme covered 26 districts fully and 97 districts partially. In tribal majority States and Union Territories of Meghalaya, Mizoram, Nagaland, Arunachal Pradesh, Dadra and Nagar Haveli and Lakshadweep, this programme is not in operation as their respective Plans are primarily meant for the development of the local tribal population.

The Tribal Sub-Plan approach includes:

a) Integrated Tribal Development Projects comprising generally administrative units like Sub-Divisions/Districts/Tahsils/Taluks with 50 per cent or more Scheduled Tribe population.

b) Pockets of tribal concentration having a total population of 10,000 or more and a Scheduled Tribe population of 50 per cent or more.

c) Primitive Tribal Group Projects.

During the Seventh Five Year Plan clusters having a total population of 5000 with 50 per cent or more Scheduled Tribe population were identified. Till 1986-87, 47 such clusters covering a total tribal population of 1.7 lakhs were covered in Bihar, Gujarat, Madhya Pradesh, Maharashtra, Orissa and Rajasthan.

The Tribal Sub-Plan has remained the main instrument, in recent times, for the development of Scheduled Tribes. The Sixth Plan attached primary importance to poverty alleviation among the Scheduled Tribes. It was envisaged that with the massive developmental efforts under the Tribal Sub-Plan, it would be possible to raise atleast 50 per cent of the tribal families above the poverty line. It had sought to achieve this objective by providing adequate infrastructure, elimination of exploitation and removal of illiteracy. The major objectives of tribal development have remained as follows:

i) to take up family oriented beneficiary programmes in order to raise productivity levels of the beneficiary families in the fields of agriculture, horticulture, animal husbandry, small scale industries, etc.

ii) to liberate tribals from the exploitation of land grabbing, money-lending, debt-bondage, forest-labour, etc.

iii) to improve the quality of life through education and training programmes; and

iv) to provide infrastructural facilities in tribal areas.

The Tribal Sub-Plan is financed through the resources drawn from:

i) State Plans;

ii) Special Central Assistance of Ministry of Home Affairs (now Ministry of Welfare);

iii) Central and centrally sponsored programmes; and

iv) Institutional Finance.

The Tribal sub-plan has been able to cover more than 75 per cent of tribal population living in about 19 States/Union territories. The problems related to the overall development of scheduled tribes are complex and manifaceted. The development of tribal people is an ongoing process and much more needs to be done in the future.

3.10 Development Programmes for STs

The Tribals constitute a sizeable proportion (8.2% in 2001) of the total population of India. Not only the Central and the State Governments have undertaken various steps in this regard, but also various voluntary organisations have evinced interest in this task. The Government through its Department of Tribal Welfare and through its Five Year Plans has been trying to elevate the tribals from the State of ignorance, illiteracy and poverty.

(A) Committees and Commissions:

In addition to the constitutional provisions, the government appoints committees, commissions and study teams from time to time to look into the way in which the target groups are making use of the constitutional provisions, the problems faced by them and to suggest measures for further improvement.

(B) Special Central Assistance:

Special Central Assistance is given to States and Union Territories to supplement their efforts in tribal development. This assistance is basically meant for family oriented income horticulture, minor irrigation, soil conservation, animal husbandry, forests, education, co-operatives, fisheries, village and small scale industries and for minimum needs programme.

(C) Economic Programmes and Facilities:

Majority of the tribals are extremely poor and economically backward. Various economic programmes and projects have been undertaken to improve their economic position.

Development through Five Year Plans

Since the beginning of planning era, efforts have been made towards the welfare of 'STs' through Five Year Plans. Integrated Tribal Development Projects (ITDPS) evolved for the tribal development during the 5^{th} Plan cover today 19 States/UTs and 374 lakh tribal populations.

Specific objectives set forth under the tribal sub-plan strategy were:

(i) raising production in the field of agriculture, small industries, horticulture and animal husbandry,

(ii) elimination of exploitation of tribals in money lending,

bondage, forest, liquor vending etc.,

(iii) development of education and training programmes,

(iv) development of tribal areas,

(v) upgradation of environment of tribal areas.

Establishment of "LAMPS"

These "LAMPS" (large – sized Multi-Purpose Co-operative Societies) are established in the tribal areas for giving productive and unproductive loans, for sale of surplus produce and purchase of necessities of life to the tribal people. Through these societies the tribals are supplied with improved seeds, modern agricultural equipments, chemicals and fertilizers, pesticides etc. These societies are striving to relieve the tribals from the exploitation of middlemen, contractors and money-lenders.

Tribal Co-operative Marketing Development Federation of India (TRIFED)

TRIFED was set up by the Government of India in 1987 with a prime objective of providing marketing assistance to ST communities. The TRIFED also provides remunerative prices for the minor forest produce and surplus and agricultural produces of the tribal communities so as to protect them from the hands of the exploitative private traders and middlemen.

The 20 Point Programme

On the development of the STs, including assisting the tribal families economically to enable them to cross the poverty line.

Vocational Training in Tribal Areas

Scheme under the Central Sector introduced in 1992 – 93 aims at developing skills of the tribal youth in order to gain employment/self employment opportunities. The scheme envisages setting up of Vocational Training Centres (VTCs).

Encouragement to Crafts and Home Industries

Encouragement is given to the existing crafts and home industries among the tribals and such new endeavours are also encouraged. Like in Bihar, M.P., Orissa and West Bengal, Wax industry is encouraged among the tribals of these provinces.

Agriculture mode stable

The tribals are persuaded to give up their system of "shifting cultivation" and to settle permanently in a place of their selection by making agriculture their occupation. Thosuands of tribals in Assam, Bihar, M.P., Orissa and Tripura have been made to settle down permanently for agriculture.

Promotion of Labour Interests of Tribals engaged in Mining Industry and Tea Plantations

Attempts have been made to protect the labour interests of the tribals in Bihar, West Bengal, MP and Orissa who are engaged in mining industry and of the tribals such as sandals, gonds, khodas and others who are working in tea plantations of Assam.

(D) Educational Facilities

Measures to provide educational facilities to the ST have been taken by the Government. Schools are established in some tribal areas. Education upto 10^{th} standard has been made completely free for them. The students belonging to ST are getting various concessions such as free tuition, stipends, scholarships, free supply of text books, stationery and other equipments. In some places mid – day meals are also supplied. Free boarding and lodging facilities are provided for them. For the ST and SC, 20% of the seats are reserved in technical education and relaxation is made in respect of age limit and qualifying marks.

Education of ST Girls in low literacy pockets

This scheme launched in 1993 – 94 aims at raising the literacy level of tribal females in 48 identified tribal districts in 8 States with female literacy below 2%. This scheme was revised in July, 1998. This scheme envisages residential educational complex from 1st to 5th standards. The scheme is to be implemented through the voluntary organisations and State Governments/UTs.

There are Ashrama Schools for providing basic education and vocational training for ST. In these schools education and training is given in areas such as agriculture, forestry, animal husbandry, poultry, farming, bee=keeping, handicrafts etc. There are 600 Ashrama Schools of residential character situated in AP, Gujarat, HP, Madras, Karnataka, Orissa etc.

Pre-Examining Training Centres for SCs and STs

Are established in some places to help them to appear for UPSC Examinations and for I.A.S. and I.P.S. Examination.

Girls/Boys Hostel for STs

Girls Hostel Scheme was started in the Third Five – Year Plan with the aim of providing residential facilities to tribal girls in pursuit of education. Boys Hostel Scheme was started in 1989 – 90 under the same pattern of the scheme.

(E) Medical Facilities

Various medical facilities have been provided for the tribals in the tribal areas. In some place, hospitals are established and in many places mobile hospital facilities have been provided. Many preventive and curative measures to combat the diseases like malaria, leprosy, forest fever, typhoid, small pox, skin diseases etc. are undertaken. Medical camps are organised in the tribal areas to enable the tribals to realise the importance of modern medical facilities.

(F) Research work into the problems of the Tribals

Tribals Research Institutes, which undertake intensive studies of tribal art, culture and customs and problems, have been set up in Bihar, MP, Orissa, Gujarat, Kerala, Maharastra, Tamilnadu, AP, UP, Rajasthan and West Bengal. The research work done in this field has thrown light on the tribal life and problems.

The research institutes are engaged in providing planning inputs to the State Governments, conducting research and evaluation studies. Some of these institutions are also having museums exhibiting tribal artefacts.

(G) Role of Voluntary Organizations

The tribal welfare is not the concern of the government alone. Private organizations and individuals interested in the task of tribal upliftment must also be given due encouragement in this regard.

The Ministry gives grant-in-aid to voluntary organizations working for the welfare of the scheduled tribes for projects like residential schools, hostels, medial units, computer training units, short – hand and typing training units.

Check Your Progress I

Note: a) Use the space provided for your answers.

b) Check your answers with the possible answers provided at the end of this unit.

1) What are the features of Caste?

Ans.

2) What is Special Component Plan?

Ans.

3) What is the meaning of Schedule Tribe?

Ans.

3.11 Key Words

Tribe: A Tribe is an anthropological concept. It is referred to by certain authors as `Animistic' or 'Aboriginal'. The term `Adivasi' has gained popularity while referring to the tribe in recent years.

Scheduled Tribe: A 'Scheduled Tribe', on the contrary, is primarily an administrative and constitutional concept. It refers to a tribal community which is enlisted under Article 342 of the Indian Constitution. According to Indian Constitution,' a tribe alone can be specified as Scheduled Tribe.

LAMPS : "LAMPS" (large – sized Multi-Purpose Co-operative Socities) are established in the tribal areas for giving productive and unproductive loans, for sale of surplus produce and purchase of necessities of life to the tribal people.

3.12 Reference

Chaudhari, B. (Ed); Tribal Development in India, Problems and Prospects, Delhi: Inter-India Publications, 1982.

Chaurasia, B.P., *Scheduled Castes and Scheduled Tribes,* Allahabad: Chugh Publications, 1990.

Freeman, James, M., *Untouchable,* London: George Allen & Unwin, 1979.

Pati, R.N. and Jena, B.; Tribal Development in India, New Delhi: Ashish Publishing House, 1989.

Raha M.K. and 'Coomar, P.C. (eds); Tribal India Vol I 4 II, New Delhi : Gian Publishing House, 1989.

Roy, Ramashray, and Singh V.B., *Between Two Worlds: A Study of Harijan Elites* Delhi: Discovery Publishing House, 1987.

Saksena, H.S., *Safeguards for Scheduled .Castes and Tribes*, New Delhi: Uppal Publishing House, 1981.

Singh, K.S.; Tribal Society in India, Delhi: Manohar. 1985.

3.13 Check Your Progress- Possible Answers

What are the features of Caste?

A caste is the basic constituent of the caste system. A caste has the following main features.

vi) it is an endogamous group;

vii) it has usually a hereditary occupation;

viii) it is bound by tradition;

ix) it has usually a caste council constituted by the elders of the caste, and

x) Castes are arranged a hierarchical order, thus having high or low social status and so on.

What is Special Component Plan?

The main objective of this plan is to assist the SC families to substantially improve their income. This plan envisages identification of schemes of development which would benefit SCs, qualification of funds from all programmes and determination of specific targets as to the number determination of specific targets as to the number of families to be benefited from these programmes.

What is the meaning of Schedule Tribe?

A 'Scheduled Tribe', on the contrary, is primarily an administrative and constitutional concept. It refers to a tribal community which is enlisted under Article 342 of the Indian Constitution. According to Indian Constitution,' a tribe alone can be specified as Scheduled Tribe.