

Transforming Rural India: An Economic Analysis Of Government Schemes

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Abstract

This research study background of the planning process lays great stress on addressing the problem of rural development in all its dimensions. The spectre of rural poverty, infrastructural gaps, unemployment, and provision of basic amenities, low asset base are issues that warrant appropriate interventions. Rural development must be viewed against the fact that more than half of the population in Tamil Nadu (56 per cent) still live in rural areas spreading over 12,618 village panchayats. Hence, this paper examine to relationship between budgetary allocation for rural development and total budgetary expenditure in Government of Tamil Nadu.

Secondly, broad view of analyse to the functions of major central and state rural welfare development schemes in Tamil Nadu. This study makes use of secondary data relating to budgetary expenditure on Tamil Nadu, various development schemes related data in Tamil Nadu from Rural Development and Panchayat Raj Reports, Budgetary Documents, Tamil Nadu Development Report and Planning Commission Reports. This present study attempts to contextualize regression work in budgetary expenditure on rural development. The last section concludes the discussion.

Keywords: Digital Transactions, Regression, Employment.

Introduction

A district of dichotomy exists between rural and urban areas. The dichotomy finds expression in terms of social dualism, technological dualism and financial dualism. The governments both at the centre and the state have been initiating a number of schemes and programmes and redoubling their efforts to make the rural sector more dynamic, vibrant and resilient. The efforts taken by the Government paid much dividend in the field of education, health, water supply, rural connectivity, tele-density, communication network, technology, distribution of banking services, poverty reduction and employment generation. The idea of providing urban facilities in rural areas is gaining much currency and momentum. Provision of basic amenities in rural areas occupies a centre stage in the planning of rural development.

Scope of the Study

The present study attempts to examine the socio-economic impact of the rural welfare schemes in Tamil Nadu. It examines how far the programmes have helped in raising the income and levels of living of the rural poor and in enabling them to overcome the poverty line. The study would provide a framework for drawing suitable guidelines for the empowerment of rural people through various welfare schemes in Tamil Nadu.

Objectives of the Study

1. To examine relationship between budgetary allocation for rural development and total budgetary expenditure in Government of Tamil Nadu.
2. To analyse the functions of major central and state rural welfare development schemes in Tamil Nadu.

Sources of Data

This study makes use of secondary data relating to budgetary expenditure on Tamil Nadu, various development schemes related data in Tamil Nadu from Rural Development and Panchayat Raj Reports, Budgetary Documents, Tamil Nadu Development Report and Planning Commission Reports.

Statistical tools Used

Frequency tables were used to understand the divergence in various levels of growth of MGNREGA Scheme Self Help Groups Scheme. Various functional forms of Linear Regression Model were used to estimate the cause and effect relationship between the dependent and independent variables.

Infrastructure Development

The village panchayats are vested with powers to develop infrastructural facilities in the villages to bridge the urban rural divide in respect of standard of living, availability of facilities like education, health, basic amenities and housing. The target group being the rural poor, efforts is taken up to get them out of the miasma of poverty by providing all their needs. To improve the infrastructure development of the villages in the Stat as a whole, Government of India has framed Central and State schemes such as Mahatma Gandhi National Rural Employment Guarantee Act, Indira Awaas Yojana, like Swarna Jeyanth Gram Swarazgar Yojana (SGSY) and Anaithu Grama Marumalarchi Thittam (AGMT), etc.

Public Expenditure on Rural Development

The endeavor of both state and central Governments has been to alleviate poverty and uplift the poorest of the poor through various programmes o income generation, wage employment and asset building. The strategies for providing self-employment generation income imparting technology and skill upgradation constitute the core of the rural development programmes. The state is providing substantial funds in addition to central allocation to rural areas to carry out rural development activities.

Table – 1 : Budgetary Expenditure on Rural Development (Rs. in lakhs)

Year	Rural Development	Total Expenditure	Year	Rural Development	Total Expenditure
2010-11	60851	531890	2015-16	145327	1243926
2011-12	56381	584105	2016-17	178006	1627510
2012-13	84918	708832	2017-18	202935	1783350
2013-14	75091	828584	2018-19	359254	2046477
2014-15	117258	967585	2019-20	300620	2353502

Source : Annual Financial Statement (various reports), Government of Tamil Nadu.

The state budgetary expenditure for rural development for the year 2010-11 constituted Rs. 60,851 lakhs which accounted for 11.44 per cent of the total budgetary allocation. This trend increased to for the year of 2019-20 in rural development expenditure Rs. 3,00,620 which contribute for 12.7 per cent of the total budgetary allocation.

Table - 2 : Budgetary and Rural Development Expenditure – Linear Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig	R ²	F
	B	Std. Error	Beta				
(constant)	-33708.846	26137.1	-	-1.290	0.233	0.893	66.517
Butoexp	.151	.019	.945	8.156	0.001		

Dependent Variable : Budgetary Rural Development Expenditure (in Rs. Lakhs).

Independent Variable : Butoexp : Budgetary Total expenditure (in Rs. Lakhs).

$$Y_i = \beta_1 + \beta_2 X_i + U_i$$

$$\widehat{RuDe_Exp}_i = \beta_1 + \beta_2 (Butoexp) + e_i$$

$$\widehat{RuDe_Exp}_i = -33708.846 + 0.151(Butoexp) + e_i$$

$$\text{sig (0.001)} \quad t \quad (8.156) \quad r^2 = 0.89$$

$$F = 66.57$$

First, let us interpret this regression. As expected, there are no perfect linear relationships between total budgetary expenditure and rural development expenditure by Government of Tamil Nadu. If total expenditure went up by additional rupees one lakh in total budgetary expenditure, the estimated increase in the mean or average rural development expenditure amounts to Rs. 15,000. If total budgetary expenditure were zero, the average rural development expenditure would be about Rs. -33708.84 lakhs. Because of zero budgetary expenditure value is out of the range of values, government are working with many development projects in rural area if budgetary expenditure goes to zero the rural development works need to additional amount for Rs. 33,708.84 lakhs in subsequent years. Of course, this mechanical interpretation of the intercept may not make much economic sense. The value of r^2 of 0.89 means that about 89 per cent of the variation in the rural development expenditure and budgetary expenditure is highly positively correlated.

Review of Centrally Sponsored Schemes

Mahatma Gandhi National Rural Employment Guarantee Scheme

This is one of the flagship programmes of Government of India. The main objective of this scheme is to enhance the livelihood security in rural areas by providing 100 days of guaranteed wage employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The MGNREGA was launched in Tamil Nadu in February 2nd 2005 as per provisions of the National Rural Employment Guarantee Act 2005. The scheme had been implemented in the State in phased manner covering all the 30 districts. The phase – I covers six district in the state. The phase – II was introduced and implemented covering four districts from 1st April 2008. In the phase – II, the remaining 20 districts were covered except in the Chennai in the state.

Table – 3 : MGNREGA Funds Released, Expenditure and Mandays Generated

Year	Allocation (Rs. in crores)	Expenditure (Rs. in crores)	Number of Mandays		% of Achievement
			Target	Achievement	
2016-17	1757.76	1005.15	2152.00	1203.60	55.90
2017-18	2355.08	1676.37	2391.95	1963.00	82.10
2018-19	2997.10	2354.56	2895.00	2685.63	92.80

Source : Department of Rural Development and Panchayat Raj (various reports), Chennai.

The MGNREGA in Tamil Nadu which is a wage employment programme has been getting a higher allocation year after year and the expenditure incurred for this scheme was also on the increase. This scheme is intended to generate employment the target had been fully achieved during 2018-19. As of March 2019, a total number of 77.47 lakh households were cumulatively registered and job cards were issued by the village panchayat council's concerned. A total number of 49.69 lakh households had received wage employment under this scheme. Nearly, a sizeable portion of 83 per cent of total employment generated under MGNEGA was shared by women during 2018-19

Indira Awas Yojana (IAY)

The IAY is a scheme for rural BPL families and has been in operation since May 1985. Initially the IAY was under the Jawagar Rozgar Yojana (JAY) as a sub scheme and became independent since 1997-98. The basic objective of the scheme is to help construction of new dwelling units as well as conversion of unserviceable kutcha houses into pacca/semi pacca houses to the marginalized sections of the society who are living below the poverty line by extending them grants-in-aid. The scheme is funded by the center and state in the ratio of 75:25. This unit cost each house is fixed by the Government of India Rs.33,750 and state contribute Rs. 11,250. Besides, the Government of Tamil Nadu gives an addition amount of Rs. 55,000 for cement concrete roofing of the house form 2010-11. Thus, the unit cost of the house had been increased from Rs. 45,000 to Rs. 1,00,000 and also subsidy of Rs. 2,200 out of the total sanitation funds provided to enable each beneficiary to construct a toilet in the IAY house. This scheme had gone a long way in reducing the problem of acute housing shortage in rural areas.

Swarna Jeyanthi Gram Swarozgar Yojana (SGSY)

This is implemented since April 1999 as a major anti-poverty and self-employment scheme for the rural poor, by organizing them into Self Help Groups (SHGs), providing them the skill development training and helping them to get credit linkage with financial institutions, to make them self-employed and providing infrastructure and marketing support for the products produced by them. The Government of India and State Government share the cost in the ratio of 75:25.

The SGSY fund is used to provide subsidy for revolving fund assistance and economic loan assistance to Self Help Groups. Part of the scheme component is also utilized for formation of groups and conduct of training for capacity-building and skill upgradation. After the first grading, the SHGs are provided with a revolving fund of Rs. 10,000 for first linkage, Rs. 1,00,000 for second linkage and Rs. 1,50,000 for third and subsequent linkages; after the second grading, the successful SHGs are provided with economic loan assistance.

Table – 4 : Year- wise Allotment under SGSY in Government of Tamil Nadu

Year	Financial Allocation (Rs. in Crores)
2012-13	62.56
2013-14	69.39
2014-15	105.87
2015-16	125.16
2016-17	128.14
2017-18	148.04

Source : Rural Development & Panchayat Raj Department Report, 2017

In 2017-18, a sum of Rs. 148.04 cores was allocated for the implementation of this scheme with a credit target of Rs. 243.936 crores. A major portion of the scheme component was utilized for the disbursement of the subsidy component of revolving fund to the eligible SHGs formed under Mahalir Thittam. Encouragement was provided for the marketing of products produced by SHGs. There were 5.35 lakh SHGs with 82.84 lakh members having a total savings of Rs. 3,225 crores in Tamil Nadu. They obtained Rs. 15,015 crores of assistance under Mahalir Thittam.

Pradham Mantri Garam Sadak Yojana (PMGSY) – Rural Road Connectivity

This was launched in 2000 to provide all weather access to unconnected habitations. PMGSY is a centrally sponsored scheme. The objective programmes are to provide round the year connectivity by all weather roads with necessary culverts and cross drainage structures. In the year of 2001 to 2008 for 4,949 roads had been taken up for a length of 9,984.32 kilometer at a cost of Rs. 2,204 crores. Out of this 4801 works had been completed. The remaining works would compete shortly in various villages around Tamil Nadu.

Review Government of Tamil Nadu Rural Development Schemes

Annaithu Grama Anna Marumalarchi Thittam (AGAMT)

This is a State scheme which aims at a substantial injection resources into the Village Panchayats in the stat in five years so that they can provide the statutory services and provide infrastructure in rural areas. The scheme was formally inaugurated in 2007.

Table – 5 : AGAMT Fund Allotment in Year-wise

Year	Funds Allotted (Rs.in crores)	Village Covered (in numbers)
2014-15	513.08	2540
2015-16	511.87	2534
2016-17	509.04	2520
2017-18	507.02	2510
2018-19	507.83	2514

Source : Tamil Nadu Rural Development & Panchayat Raj Report : 2018-19.

Under this scheme, priority is given to the poorest village panchayats in terms of per capita income. In the year 2014-15, the scheme was taken up in 2,520 villages at an outlay of Rs. 507.02 crores. During the year 2018-19, the scheme was implemented in 2,514 village panchayats at an outlay of Rs. 507.83 crores.

Member of Legislative Assembly Constituency Development Scheme (MLACDS)

This is a scheme fully funded by the State Government. The main objective of the scheme is to take up works to bridge the critical infrastructural gaps in the Assembly Constituencies. Under this scheme, each MLA proposes the works that are to be executed in his constituency. The District Collector gives administrative sanction for the works. The allocation per constituency was Rs. 1.70 crores, 50 per cent of the allocation is earmarked for priority works specified by government. Out of remaining 50 per cent MLA can choose works of their choice not falling within the negative list prescribed in the guidelines. During the year 2011-12, a sum of Rs. 470.54 crores had been allotted under this scheme and 13,776 works had been taken up.

Namakku Naame Thittam

This is being implemented as a state sponsored scheme with a minimum of one third amount as public contribution and two third contributions from government as grants in both rural and urban areas. Under this scheme, the public themselves can select works as they need and execute it as per the provisions and guidelines of the scheme. Constriction of local body Government School buildings, Libraries, Primary Health Centers (PHCs), etc., are some of the predominant works. A worth of Rs. 50 crores work completed for financial year of 2011-12.

Recommendations

1. On the lines of industrial estate development, Government should develop SHGs estates so that infrastructure like building, water, electricity, warehouse etc., should be made available to the SHGs.
2. To bring more land under cultivation in rural areas.
3. The government should remove the exploitation of tenants, and should distribute surplus land small marginal farmers in such a way that there would be some degree of equality and justice in the rural areas.
4. Banking sector should be ensuring timely and adequate flow of credit to the self help groups.
5. It should be extent on the linkages between MGNREGA and other development programme.
6. Providing only unskilled manual labor work through the scheme does not seem to be a health idea in the long-run. Provision for the semi-skilled and skilled workers should be incorporated into the Scheme. Some mechanism should be evolved to restrict political interface in the programme and the 100 days ceiling limit may be re-considered for the benefit of workers regularly engaged with MGNREGA.

Conclusion

The health of the whole economy depends on the rural and urban sectors. Going by the socio economic indicators, urban sector is well placed as compared to rural sector. Proactive strategy includes convergence and synergy in programme implementation through dovetailing of programmes, pumping of sizeable resources into the rural sector by the Government, public private sector partnership and involvement of the people in programme implementation, honouring of the salient features of the 73rd constitutional amendment in letter and spirit, tackling of waste lands which is heart of the ecosystem for productive farming, establishment of knowledge centers for the villages and rural connectivity, building up of sound social and economic infrastructure, changing of the negative mindset of the people, translation of the PURA into practice, etc.,

Every village has to possess knowledge centre. This will ensure connectivity, the key to empowering rural India. Horizontal connectivity is needed between villages to harness and share local resources and best practices. Vertical connectivity is indispensable at the administrative level. Links are to be created between villages and the information and communication technology is to be pervasive.

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