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Impact of Dalit Bandhu Scheme on the Incomes of Beneficiaries: Research Study of Yadadri Bhuvanagiri District

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ABSTRACT

This study explores the impact of Dalit Bandhu Scheme (DBS) on income growth of beneficiaries. The research analyses data from beneficiaries of the DBS in Yadadri district, revealing a 2.5-fold increase in their income growth fostering a savings culture and creation of assets. Notably, the scheme has shortened the average time taken for doubling of income to 1-2 years instead of 5-6 years and 8-9 years at state and national levels respectively. Beyond economic dimensions, DBS has also positively influenced the social indicators - empowering women and promoting community cohesion among the beneficiaries. These findings underscore the multifaceted positive effects of DBS, highlighting its potential to create inclusive development.

Keywords: *Income, Entrepreneurship, Welfare, Policy, Dalit, Telangana, India, Assets, Research.*

I. INTRODUCTION

Dalit Bandhu is a flagship scheme, spearheaded by the Government of Telangana, to uplift the SC households by providing substantial financial support for income generation, economic growth and self-reliance. The scheme includes one-time capital assistance of ₹10 lakhs provided as 100% grant to the beneficiary for establishing a suitable income-generating unit as per their choice. To ensure that the beneficiaries under the scheme don't fall back into poverty due to any unforeseen circumstances, Dalit Rakshana Nidhi (Protection Fund) acts as a safety net for the beneficiaries and assists them to start afresh.

The genesis of this innovative idea lies in the historical plight of the scheduled castes, who have for long endured social marginalisation along with economic deprivation and are regarded as

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the depressed communities representing the bottom of the socio-economic spectrum Moreover, empirical evidence reveals caste-based differences and ensuing discrimination in access to formal credit, participation in labour market and representation in Self-Help groups. (Raj SN and et al, 2018); (Singh and Pattanaik 2020) (Jain et al 2022).

Recognizing the systemic injustice faced by vulnerable sections, the Government of Telangana has introduced the Dalit Bandhu Scheme (DBS) as a path-breaking intervention to disrupt the cycle of inter-generational poverty. This visionary program not only seeks to drive economic growth, but also aims to ensure social dignity and equality for the Scheduled Caste communities. Besides, the capital assistance is registered in the name of the woman head of the household, thereby reinforcing their role as decision makers and strengthening their position in the family as well as community. By providing substantial financial support without any bank linkage and the burden of repayment, Dalit Bandhu is an inclusive, easily accessible scheme and poised to make a substantial impact on the lives of SC families, offering them an unprecedented opportunity for economic empowerment.

II. IMPLEMENTATION

The Dalit Bandhu Scheme, launched in 2021, is meticulously implemented through a well-structured administrative framework led by Telangana State Scheduled Castes Co-operative Development Corporation Ltd. (TSCCDL)³ at the state level, monitored by the Committee of Persons (COP) chaired by the Secretary, SC Development Department. At the district level, the operational intricacies of the scheme are efficiently carried out by the Executive Director, under the keen supervision of District Collector.

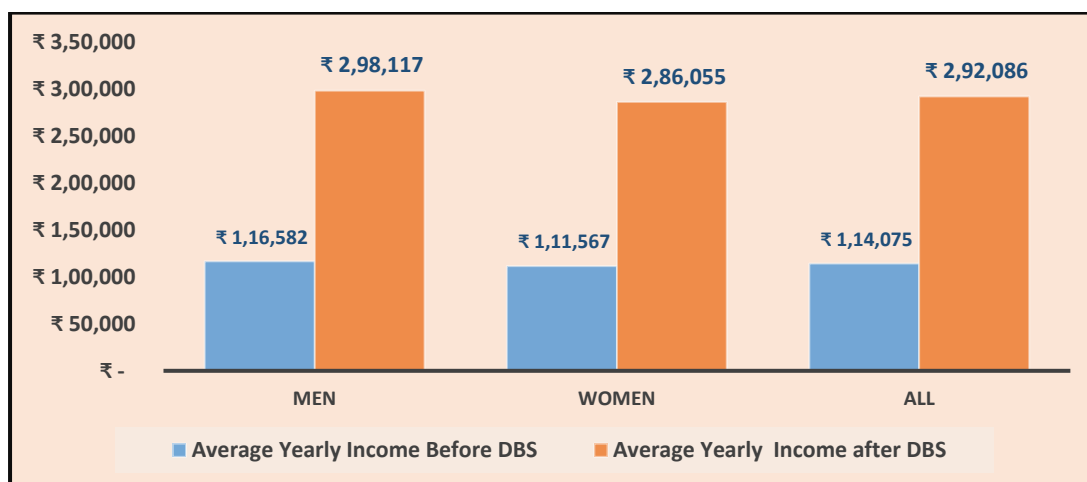


Figure 1: Income Increase of DBS Beneficiaries

³ Telangana Scheduled Castes Co-Operative Development Corporation Ltd (TSCCDCL) was set up in the year 2014 with a view to take up programmes for the Economic Development of Scheduled Caste families in the State.

The Beneficiary families are imparted with numerous orientation sessions, trainings and workshops on the diversity of the business sectors. This helps them to broaden their outlook and take an informed decision while choosing a business enterprise. Mini Detailed Project Reports are prepared for each of the beneficiaries and they are further trained on book-keeping, accounting and other requisite skills for running a successful business. Based on the sector chosen by the beneficiary, the concerned department and subject heads at the district level handhold their grounding and monitor their progress periodically.

Over the decades, the development programmes often fell prey to ‘elite capture’⁴ where the benefits from the programme were either captured by the community leaders or the more influential members of the community (Mansuri and Rao, 2012). Hence DBS seeks to mitigate the occurrence of elite capture by actively engaging government officers and public representatives, such as Members of the Legislative Assembly. In many administrative units, the scheme is taken up in saturation mode covering all residing SC households, to avoid bias in selection process and bridge the economic disparity.

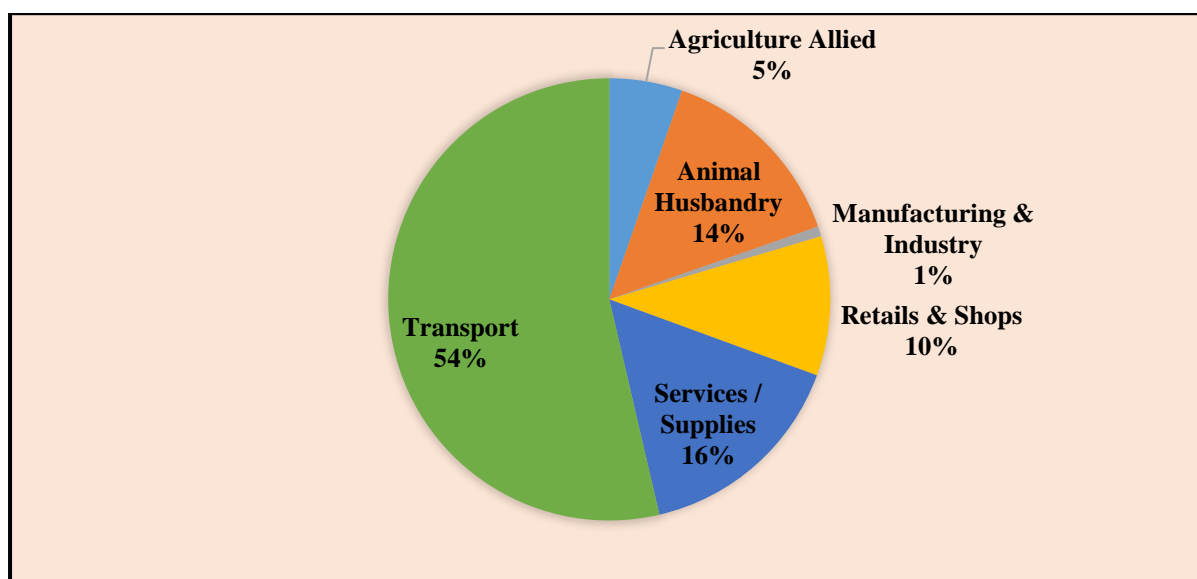


Figure 2: Count of DB Beneficiaries Sector-wise (in percentage)

The scheme is designed to ensure that the most vulnerable and economically disadvantaged Scheduled Caste households in the district are enlisted as the beneficiaries. A rigorous and comprehensive survey and verification process is put in place so that the assistance is directed precisely to those who are in dire need of support.

Nevertheless, it is essential to acknowledge that certain degree of subjectivity may prevail in

⁴ Elite capture results in the target beneficiaries of development or livelihood programmes being excluded from receiving benefits. The Radhakrishna Committee on Credit Related Issues Under SGSY (2009) highlights the elite capture of groups by influential persons in villages across most states

the beneficiary selection process and it is a pertinent challenge to overcome the same.

III. STUDY AND FINDINGS

A cross-sectional survey⁵ was conducted to ascertain the impact of the Dalit Bandhu Scheme (DBS) on the incomes of the beneficiaries. For this purpose, the survey has been conducted in Yadadri-Bhuvanagiri District where the scheme was launched in 2021. More than 400 beneficiaries took part in the survey and contributed to the data collection and scrutiny.

The findings from the data analysis⁶ of the Dalit Bandhu Scheme (DBS) are insightful and highlight the impact of the program on the income generation and financial empowerment of the beneficiaries:

- 1) **Income Growth:** The intervention of the Dalit Bandhu Scheme has led to a remarkable increase in the incomes of the beneficiaries, with their average incomes rising by 2.5 times. Before the scheme, the average income of individuals stood at ₹1,14,075 which is less than the national per capita income – ₹1.46 lakh (Telangana Socio-Economic Outlook, 2023). After availing of the benefits from the scheme, the average income of the beneficiaries has surged by 250% to ₹2,92,086. An encouraging fact of the income growth is its similar pattern of growth across all blocks and villages where the scheme has been implemented.
- 2) **Women-Centric Impact:** The scheme is notably women-centric with approximately 80% of the beneficiaries being women. It is pertinent to note that, the average income growth rate among women-led households is marginally higher than that of men. These observations imply that the role of women in decision-making in households has improved which has also been substantiated by the impact of microfinance programmes on women's decision-making abilities (Banerjee, Karlan and Zinman, 2015). Furthermore, it is observed that the DBS has ignited and nurtured the entrepreneurial spirit among women. Women, who were previously engaged in domestic and agricultural labour, have now transitioned into business owners by establishing viable entities such as chilli powder-making units, flour mills, water plants, and disposable

⁵ A cross-sectional study is a type of research design in which data is collected from many different individuals at a single point in time. It involves sub-set comparisons of the data.

⁶ The data analysis has been done using T-Static – Mean of Sample averages. The average incomes of beneficiaries in 14 mandals of the Yadadri-Bhuvanagiri district is taken in the prima and dopo scenarios of the DBS. The paired one-tailed (right tailed) distributions were validated by T-static value of 12.813 indicating that there is significant difference between the two paired distributions i.e., the average incomes of the beneficiaries in prima and dopo scenarios of DBS.

cutlery manufacturing units etc. Thus, women as active participants in the scheme have gained not only financial independence but also a stronger voice in societal matters.

- 3) **Sector Diversity:** The scheme provides beneficiaries with the flexibility to choose any enterprise according to their imagination, skills and competence. Most of the enterprises opted fall into one of these major sectors– Agriculture, Animal Husbandry, Manufacturing, Retail, Services and Supplies, and Transport. Notably, the majority of beneficiaries have chosen the Transport sector, particularly for purchasing motor vehicles for goods and passenger transport. Among the chosen sectors, beneficiaries in the Transport sector reported the highest average income of ₹3,15,723, while those who established manufacturing entities have experienced the highest growth rate, at around 400% in average income. The disparity in the sector selection could be attributed to the longer gestation period for projects in agriculture and allied sectors, manufacturing, retail and shops; in contrast to the instant gratification achieved through investments in the transport sector where the vehicles are swiftly acquired.

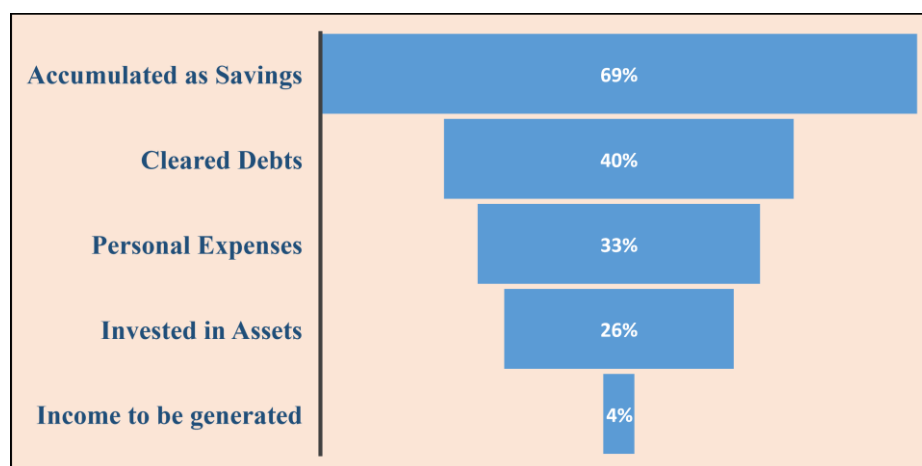


Figure 3: Utilisation of Increased Incomes by the beneficiaries

- 4) **Education and Experience:** In the context of education, the study reveals a positive correlation between education levels and income growth. People with higher education qualification such as post-graduation are very few and have primarily invested in the manufacturing sector, resulting in income growth of more than 500%. It is noteworthy to understand that 70% of the beneficiaries have educational qualifications of SSC or below, have consequently chosen conventional sectors such as Agriculture, Animal Husbandry, and Transport which witnessed income growth of around 200%. This observation underscores the significance of education and competence in complementing and building upon the DBS grant.

Another analysis has been done from the perspective of the previous occupation of the beneficiaries. It is observed that the majority of the beneficiaries and their family members were day-wage labourers with an average income slightly above one lakh per annum. Today, with the support of DBS, these individuals have utilised their core competence and transformed into owners of businesses like welding units, engineering works, flour mills, pharmacy, poultry farms, grocery and general stores across different sectors and experiencing significant income growth, with their average income now at ₹2,81,486, representing a 2.8-fold increase. The psychological impact of this paradigm shift in the socio-economic status of a beneficiary family within a single generation, from mere employees under an enterprise to its very owners; is unprecedented in scale.

- 5) **Income Utilization:** The impact of DBS extends beyond income growth. The usage of increased income by the beneficiaries has been studied in detail. It is found that DBS has helped more than 40% of the population to come out of the debt trap as these individual households were able to clear the debts they had accrued in the past. The scheme also fostered a savings culture among the people, with almost 70% of the beneficiaries accumulating the increased incomes as savings. Additionally, 26% of the households invested the funds in valuable assets like gold, land, and machinery. Furthermore, one-third of the beneficiaries have also used their increased incomes to meet their contingent expenses like healthcare bills, marriages, ceremonies and home improvements.

IV. CHALLENGES

Though DBS is seen as an effective welfare scheme to enhance the economic and social life of the downtrodden, it faces a few constraints that are related to the behavioural aspects of the people and the ecosystem. For instance, unlisted beneficiaries often harbour feelings of resentment and exclusion resulting in disruption of cohesiveness within the community and 'double deprivation'. It is witnessed that villages like Vasalamarri wherein the scheme was rolled out in saturation mode, there is a sense of fairness and strong social cohesion among the community members. On the other hand, villages where the scheme was implemented through phase-wise beneficiary selection, reported lower levels of satisfaction as compared to the saturation mode.

Another major challenge pertains to the beneficiary preference in selecting an enterprise. Majority of the beneficiaries are inclined towards investing in automobiles making the scheme skewed towards the transport sector and attaining rapid saturation with increased supply. Many

beneficiaries opt for purchase of automobiles, primarily due to the perceived ease of starting and operating a transport-related business. However, it is important to acknowledge the challenge of operating commercial vehicles in India since they tend to depreciate rapidly, resulting in relatively shorter lifespans and potential long-term viability issues. Moreover, the beneficiaries have often used these vehicles more for personal purposes than as a business unit. Thus, not generating much income out of the vehicle and converting it into a liability rather than an asset. It is thus a necessity to persuade and channelise the beneficiaries towards schemes with higher growth rate in incomes.

V. WAY FORWARD

The above findings indicate that DBS is an effective income-accelerator for people from low-income strata. The fact that DBS beneficiaries are able to double their incomes in 1-2 years, while it takes 5 to 6 years for an average person in Telangana and 8-9 years for an average person in India to achieve similar income growth (Telangana Socio-Economic Outlook, 2023), underlines the scheme's effectiveness in addressing economic disparities, promoting rapid income growth and delivering economic empowerment among the marginalized communities. In addition, DBS has also made a profound impact on social cohesion among community members. There have been instances where families have come together, to pool their grants to invest in a high value asset for increased business opportunities. This collaborative approach not only strengthens the financial resources available with these families but also fosters a sense of unity and shared purpose within the community. With these multi-faceted results, DBS delivers a commitment to efficient governance, transparency, and equitable distribution of resources; ultimately striving to create positive and lasting impact in the lives of the Scheduled Caste communities in Telangana and serve as a model for similar schemes aiming to uplift disadvantaged communities in other parts of the country.

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