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THROUGH FARMERS' ORGANIZATIONS

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INTEGRATED RURAL DEVELOPMENT THROUGH FARMERS' ORGANIZATIONS
Case Study of A Rural Electricity Cooperative

Gurvant M. Desai and Shreekant Sambrani*
Centre for Management in Agriculture
Indian Institute of Management, Ahmedabad, India

To accomplish integrated rural development, a substantial amount of energy is required for various activities. Electricity is, at present, perhaps the most efficient and convenient source of this energy. Therefore, electrification of rural areas is an important precondition for their development in an integrated manner. On a priori grounds, cooperatives are ideal agencies for rural electrification. Therefore, in this paper, we have made an attempt to understand the problem of integrated rural development through farmers' organizations by doing a case study of a rural electricity cooperative in western India.

Part I brings out the area of congruence between programmes of rural electrification and integrated rural development. It also points out why electricity cooperatives are ideally suited for the task of rural electrification. Part II is a case study of a rural electricity cooperative located in western India. In Part III we have made an attempt to draw some lessons from the case study for integrated rural development.

We have benefitted in writing this paper from our association with a project to undertake evaluation studies of rural electrification schemes in Gujarat State. This project is sponsored by Rural Electrification Corporation Ltd., and conducted by Professors Shreekant Sambrani, Gurvant M. Desai, V.K. Gupta and P.M. Shingi. The views expressed in this paper, however, are entirely our own.

Paper presented at the Conference "Integrated Rural Development Projects Through Farmers' Organizations in Asia," at Kuala Lumpur, Malaysia, from November 20 to December 4, 1973.

PART I

INTEGRATED RURAL DEVELOPMENT AND ELECTRICITY COOPERATIVES

The ultimate objective of rural development is, albeit in an oversimplified fashion, to raise the standard of life in rural areas. In the context of underdevelopment, this improvement could not be obtained through the simple expedient of redistribution of existing assets ~~and~~ incomes. If the poverty of the rural masses is to be alleviated, additional output is needed, along with a justifiable distributive system. For a harmonious process of rural development, it would be necessary to minimise the divergence between production and distribution. A link between production relationships and distributive measures, therefore, becomes essential. A more specific statement of the objective of rural development, therefore, would be to bring about such upward shifts in the production surfaces obtaining in rural areas as are accompanied by, simultaneously, a just distributive system.

While such a statement may provide policy guidelines, it must, nonetheless, be translated into a strategy for action, aimed at facing actual situations. The strategy must, therefore, be environment-and-time-specific. Efforts aimed at each individual social entity would certainly possess this specificity; however, even if such a strategy were to be useful, it would be enormously wasteful. A far more efficient approach would be to focus upon a relatively homogenous subset of the rural society, such as a specific class of population, or a well-defined geographical area. Of these, an area approach would be obviously advantageous for the concentration of physical efforts. Rural development must, therefore, be integrated functionally and temporally in order to link production and distribution, and spatially, so as to evolve an environment-specific strategy.

A shift in the production surface is brought about through the introduction of either a new factor of production or a new technology, or both. These new inputs and technologies should offer a greater role for the relatively disadvantaged segments of the rural populace, if the objectives of integrated rural development are to be met. For a greater rate of adoption by the poorer sections, the new inputs and technologies must be sufficiently simple, have demonstrable and quick results, and above all, be scale-neutral.

The introduction of electricity into rural areas provides precisely this kind of an input and leads to a desirable set of technologies. Electricity is, at present, perhaps the most efficient and convenient source of motive power, in addition to being the cheapest. This motive power could be used to harness surface-and-ground-water potential for increased agricultural production, or for improving the productivity of traditional rural industries, or for attracting new industrial activity. Availability of irrigation would, even by itself, result in increased agricultural production. The expected adoption of a modern package of agricultural practices in the wake of irrigation would carry this process further. Increased productivity of traditional rural industries would help improve the position of one section of the rural poor, the artisans. New industry, of course, opens up whole new vistas of development.

The availability of electricity could affect the standard of life qualitatively as well. Domestic and street lighting, drinking water supply, opportunities for leisure time, are but few areas where this sort of change will be felt. The highly visible nature of electrification could act as a general morale-booster and an agent of attitudinal change.

Electrification of rural areas could thus make immense contributions to rural development. We shall see below that when it is done under certain conditions, it could become the nucleus of integrated rural development.

Because of the high capital intensity of electricity generation and distribution operations, introduction of electricity into an area cannot be on a piece-meal basis. Any organisation responsible for the electrification of an area must see electricity as an input to the overall development process. It must, therefore, anticipate and mobilise the full potential of development of the entire area. This can come about only when electrification strategy is spatially, functionally and temporally integrated. This integration would be desirable for another reason as well. The large expenditure on electrification is possible only through the use of social resources. The society can therefore insist upon the utilisation of these resources in consonance with its overall objectives and priorities.

For the optimal utilisation of resources for electrification in rural areas, the electrification programme must be specifically geared to the needs and the potential of individual areas. The decision making and administrative structure must be decentralised so as to ensure this. A highly centralised organisation would conceivably concentrate only upon the more remunerative, but not necessarily socially more beneficial, urban domestic and industrial consumers. Rural consumers, spread over wider geographical areas and with relatively lower energy demands for a given investment and staffing pattern, are less attractive from the private returns point of view. The promotion of rural electrification must therefore be through separate, decentralised organisations. Only then could an 'area approach' said to be followed for rural electrification.

With such an approach, agencies responsible for the distribution of electricity could become instruments of integrated rural development.

Electricity consumers' cooperatives for an area are such bodies. Being farmers' own organisations, they are democratically decentralised decision-making units. This is particularly important in view of the fact that there is a sizeable subsidy element in rural electrification in India. Rural electricity cooperatives would assure a degree of social control over the disbursement of this subsidy.

Insofar as a rural electricity cooperative must make a detailed assessment of the potential of the area, it could possibly take the lead in promoting integrated development of the area. In addition to electricity, it could provide implements and service facilities for its members. It could undertake a major extension effort, with primary emphasis on the proper utilisation of electricity, and a general stress on modernisation of agriculture and rural industries. It could act as a lobby for its members, the rural populace. The infusion of the technically skilled manpower, required to run it, could give a fillip to training activities in rural areas. It, therefore, seems possible that a rural electricity cooperative, a farmers' own organisation, is not only capable of contributing to the integrated rural development, but also of playing a pivotal role in bringing it about.

There were some early experiments in rural electricity cooperatives in western India. On a nationwide basis, however, attention was paid to the setting up of such cooperatives from 1965 onwards. The establishment of Rural Electrification Corporation (REC) in 1969 by the government gave further impetus to this concern. REC is basically a financing body, channeling the funds available with the central government to state electri-

city boards. The Articles of Association of the Corporation require it to specifically follow an area approach for the schemes it finances and to promote rural electricity cooperatives. REC helped to establish five pilot organisations between October 1970 and March 1971. They are located in the Sircilla taluka (sub-division) of the state of Andhra Pradesh, Lucknow in Uttar Pradesh, Mukeri in Karnataka, Rahuri and Shrirampur in Maharashtra and Kodinar in Gujarat.

All the cooperatives were given long-term licenses by the concerned state electricity boards for the exclusive jurisdiction of one or two talukas. The existing assets were bought from the boards and an ambitious expansion programme, phased over five years, was launched. REC provided loans to cover all these costs in their entirety. These loans and the interest on them were guaranteed by the concerned state governments. The electricity boards agreed to supply energy in bulk at concessional rates and technical personnel on deputation.

Even though REC has been, on paper, a financing agency, its actual role has been much greater. It has negotiated on behalf of the cooperatives with concerned boards on a number of issues. It has managed to get personnel on deputation from both the boards and the state departments of cooperation for running the cooperatives. Technical experts on its own staff and consultants hired by it provide advice to the cooperatives. In short, REC has combined in itself functions of the financier, promoter, counsellor and defender of the cooperatives.

A committee appointed by the Corporation evaluated the cooperatives after their first year of existence. It found the overall concept sound and worth emulation. Accordingly, REC is contemplating setting up about 30 new cooperatives in the Fifth Five Year Plan period, 1974-79.

CASE STUDY OF AN ELECTRICITY COOPERATIVE

Establishment

The Kodinar Rural Electricity Cooperative Society Ltd., (KREC) was registered under the state Cooperative Societies Act on 20 July 1969. It is located in the Kodinar taluka of Gujarat State in western India. It was granted a licence for distribution of electricity for a period of 30 years on 29 December 1969. It commenced its operations on 11 January 1971 after taking over the state electricity board's (SEB) assets worth Rs. 2.13 million in the project area.

Background of the Region

The area of operation of KREC includes 107 contiguous villages located in three talukas, Kodinar, Veraval, and Una. At the time of establishment of KREC, these 107 villages had about 24,000 households with a population of about 160,000. About 58 per cent of the households were engaged in cultivation, 31 per cent in agricultural labour, and the remaining 11 per cent in miscellaneous activities such as arts and crafts, trade, transport and other services.

Karadia Rajput is the dominant caste group in the region. At the time of the establishment of KREC, the chairmen of the Taluka Panchayats, the Cooperative Banking Union and the Cooperative Sugar Factory belonged to this caste group. There was no tension among the various caste groups.

The KREC project area of 115 square miles had about 148,000 acres of cultivable land, divided into about 15,000 holdings. The size distribution of these holdings was: 13 per cent less than 2.5 acres, 20 per cent from 2.6 to 5 acres, 26 per cent from 5.1 to 10 acres, 35 per cent from 10.1 to 25 acres, and 6 per cent above 25 acres. Soils of the regions are medium black. The annual rainfall of 35 to 40 inches is concentrated during a period of 10 weeks between June and August.

At the time of the establishment, groundnut occupied about 15 per cent of the cropped area, bajara 33 per cent, jowar 6 per cent, sugarcane 8 per cent, wheat 4 per cent, paddy 3 per cent and miscellaneous crops 11 per cent. Yields of all crops except sugarcane were quite low. Potential for changes in cropping pattern and raising the yields is dependent mainly on the development of irrigation facilities. Nearly 20 per cent of the cultivated area was irrigated. Most of the irrigation was used only for sugarcane and wheat. Over 90 per cent of the irrigated area was served by about 3,400 diesel oil engines and 80 electric motors.¹ The typical irrigation facilities on a farm included an open well and a pump operated by an oil engine of 5 or 6 Hp. Investment in these facilities amount to about Rs. 6,000 to Rs. 10,000. The oil engine operators purchased diesel oil from either the cooperative sugar factory located in Kodinar town or private dealers located in Kodinar and Veraval towns.

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The project area had a successful cooperative institutions when KRFC was established. The Taluk Cooperative Banking Union was providing short-term credit to cultivators through village cooperatives in almost all villages of the project area. A cooperative sugar factory had been functioning for about 10 years. It had a membership of about 3,000 cultivators from 85 villages. The success of the sugar factory is clearly indicated by the following fact. Every share in the factory gave a member the right to sell to the factory sugarcane produced on one acre. Because it had reached its maximum crushing capacity, the factory was not accepting new members. Consequently, the share of Rs. 800 was being quoted at Rs. 3,000 in mutually negotiated transfers through the cooperatives.

¹ Of the 107 villages included in the project area of the KRFC, 14 were already electrified when the electricity cooperative started functioning.

A study conducted by the Indian Institute of Management, Ahmedabad, on the eve of the establishment of the KREC, revealed that, as a result of the happy experience of the existing cooperative institutions, cultivators preferred getting electricity through a cooperative rather than through a government agency.² It also revealed that cultivators in the region wanted electricity to irrigate their farms because of (i) the ease of operating an electric motor vis-a-vis an oil engine, (ii) greater efficiency of an electric motor, particularly in terms of discharge of water, (iii) lack of botheration of getting diesel oil, (iv) lower operating costs and capital investment for an electric motor than for an oil engine. Therefore, they preferred an electric motor to an oil engine despite an awareness of the uncertainties of using electricity for irrigation caused by interruptions in power supply. To tide over these uncertainties, they wanted to retain their oil engines even after installing electric motors.

Main Features of the KREC Scheme

Table 1 shows the status of electrification in the project area when KREC started its operations. Table 2 shows the various targets of the scheme for the first five years.

² S.M. Patel, V.K. Gupta, K.B. Kothari, Rural Electric Cooperatives: Kodinar, Faculty for Management in Agriculture and Cooperatives, Indian Institute of Management, Ahmedabad, 1968.

Table 1: Status of Electrification in the Project Area when
KREC started its Operations

1. No. of villages electrified	...	...	...	...	14
2. No. of villages in which electrification was in progress	...	...	...	...	8
3. Km. of 11 KV and LT Lines	...	...	...	...	220
4. Total No. of Service Connections	...	...	...	...	3,594
5. Total connected load (KW)	...	...	...	...	3,909

Source: KREC

Table 2: Various Targets of KREC Scheme for the First Five Years

1. No. of Villages to be electrified	...	...	...	107
2. Km. of LT Lines to be constructed	...	...	...	750
3. Km. of HT Lines to be constructed	...	...	...	360
4. No. of distribution transformers to be established	...	...	...	400
5. No. of domestic connections to be given	...	...	...	11,040
6. No. of agricultural connections to be given	...	...	...	5,030
7. No. of street lighting connections to be given	...	...	...	1,520
8. No. of LT industrial connections to be given	...	...	...	1,185
9. No. of agro-industrial connections to be given	...	...	...	25

Source: The scheme report submitted to REC.

The total capital outlay for the scheme, including Rs. 2.14 million required for taking over the existing SEB assets in the area, has been estimated at Rs. 18.31 million. This entire amount has been sanctioned as a loan to the Cooperative Society by REC.³ Table 3 shows the structure of resources of the KREC as on 31 March 1972.

Table 3: Structure of Resources with the KREC as on 31 March 1972

	<u>Rupees</u>
<u>1. Share Capital</u>	
State Government	200,000
Other Members	241,000
Total	441,000
<u>2. Internal Resources</u>	
Statutory Reserve Fund	5,000
Special Fund	176,000
Total	181,000
<u>3. Borrowings from REC</u>	
For taking over the assets of the SEB	2,135,000
For new construction work	3,343,000
Total	5,478,000
<u>4. Service Connection Charges from Members</u>	57,000
<u>5. Security Deposits from Consumers</u>	33,000
<u>6. Total Resources</u>	6,190,000

Source: Report of the Committee on Rural Electric Cooperatives, Rural Electrification Corporation, New Delhi, 1973, p. 149

³The period of the loan is 35 years. The rate of interest on the loan is 4 per cent for the first 10 years, 5 per cent for the next 5 years, 5½ per cent for the next five years, and 6 per cent for the remaining 15 years, after allowing for a rebate of ½ per cent at all stages for punctual payment. REC has also agreed that the interest at 4 per cent for the first 5 years shall not be collected if KREC credits the amount to a special fund to be used for certain near-marked purposes, to be approved by REC.

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The organisational structure of KREC is a three-tier system consisting of the general body of members, the Board of Directors, and the paid professional management. The Cooperative Societies Act vests the supreme authority in the general body of members. The Board of Directors is to provide general direction and control, while the professional management is to implement the programmes and policies and look after the day to day administration of the society. As of 31 March 1972, there were 4,864 members of KREC, the membership consisted of the state government, 5 cooperatives in the area, and 4,878 agriculturists. The Board of Directors consisted of 9 members, all of whom were nominated by the state government. Until recently, the Chairman of the Board of Directors was a non-official, who was also the chairman of the cooperative sugar factory. The top management of KREC consists of a general manager, a chief engineer, and a chief accountant. Until September 1972, a deputy registrar of cooperative societies, on deputation from the state government, was the General Manager.

In the context of rural development, the most important feature of the scheme is that it is based on a project approach. This implies that the extension of electricity will form a part of a wider programme of development in the area for increasing agricultural production and stimulating the growth of industries. Further, it is based on area coverage concept which envisages: "(a) Building up of a network of distribution system, adequate for providing service to everyone in the area who wants it, and (b) determining feasibility of electrification on the basis of total cost and total revenue of the entire system (rather than on the basis of any particular line extension)."⁴

⁴Report of the Committee on Rural Electric Cooperatives, Rural Electrification Corporation, New Delhi, May 1973, p. 23.

Working of KREC

From the above description of the background of the region, felt needs of the people and various features of the scheme of rural electrification, it is clear that KREC has a vast potential to contribute towards rural development in the area of its operation.

We discuss below the working of KREC during the first two years of its operations. It is, however, worth noting that in view of the very short period of its operation and the nature of inherent difficulties in the task of rural electrification, it is rather too early to evaluate its performance in conclusive terms. Consequently, the data on its achievements of the first two years are meant primarily to understand the problems experienced by KREC, particularly those related to rural development through a cooperative.

Table 4 shows the targets and achievements of KREC during the first two years of its operations. During both the years, the achievements fell much short of the targets. With respect to the major indices of electrification, however, the performance improved during the second year. On the other hand, with respect to the sale of electricity, the performance in terms of percentages of targets achieved continued to remain poor. In fact, it deteriorated over time. The performance of KREC looks disappointing also in terms of the number of agricultural connections given. Of the 867 connections given by the KREC during the first year of its operation, only 79 (about 9 per cent) were agricultural connections. This compared very unfavourably with the target of 1,000 agricultural connections envisaged for the first year.

Table 4: Targets and Achievements of the KREC During the First Two Years

	First Year			Second Year		
	T	A	(A/T).100	T	A	(A/T).100
1. No. of villages to be electrified	24	4	16	35	23	66
2. Km of 11 KV & LT Lines	255	64	25	N.A.	N.A.	..
3. Total No. of service connections	3,100	867	28	3,825	1,796	47
4. Total connected load (W)	3,957	890	23	13,510	6,283	46
5. Sale of electricity (Million Kwh.)	10.43	4.63	44	19.31	6.58	34

T = Target; A = Achievement

Source: N.A. Mathur, "Rural Electrification in the Indian Context - Cooperatives as an Effective Air", in Background Papers for the Seminar on Top Executives of Rural Electric Cooperatives, held in the Vaikunth Mehta National Institute of Cooperative Management, Poona, November 5-9, 1973.

The slow progress of the scheme is also brought out by the fact that against the permissible amount of Rs. 6.5 million which KREC could have utilised out of the loan from REC, only 2.4 million were utilised. Table 5 shows some details of resource utilisation as on March 31, 1972.

Table 5: Resource Utilisation by the KREC as on 31 March 1972

	Rupees					
1. Amount given to the SEB for taking over the assets						2,135,000
2. Value of new works executed			909,000
3. Value of works under construction				118,000
4. Investment in stores			2,507,000
5. Investment in tools, plants, vehicles, etc.				114,000
6. Total	5,783,000
7. Total O & M expenditure for 1971-72			150,000

Source: Report of the Committee on Rural Electric Cooperatives, Rural Electrification Corporation, New Delhi, May 1973, p. 180

Finally, in financial terms, KREC had incurred a loss of Rs. 460,000 as of March 31, 1972. This contrasts sharply with the expectation in the project report of the scheme where the cooperative was expected to make a net revenue of Rs. 490,000 at the end of the first year.

In the context of the impact of KREC on rural development, the most disappointing feature of the working during the first two years is that it did not follow the "area coverage concept" in its programme of electrification. As stated above, this approach requires a society to determine its line extension policies on the basis of overall economics of the scheme, and not that of a particular line extension. In practice, however, KREC followed the same procedure as that of the Gujarat Electricity Board. In brief, the Board decides to provide connections to a group of cultivators, provided they guarantee a revenue amounting to a minimum of 15 per cent of the additional cost of providing connections.

Analysis of Major Problems

The above discussion shows that during the first two years of its operations, the performance of KREC either in terms of contribution to rural development or in terms of rural electrification fell short of expectations. It had also incurred a substantial loss. Why?

Gujarat is a power-deficit state. The power shortage in the state adversely affected its availability to KREC. For instance, during the first year of operations, KREC requested a rating of 2,000 KVA but it received only 1,750 KVA. During the second year, it requested 2,250 KVA but the request for additional supply was not granted. As a result of such restrictions, KREC paid a penalty of Rs. 20,000 to SEB during 1971-72 for exceeding the contract load. The other outcome of the overall power

shortage was the frequent interruptions to supply of power to KREC. The uncertainty of power supply resulting from this not only put KREC into an embarrassing position, but also led many cultivators to keep diesel engines, even after installing electric motors. It also substantially reduced the enthusiasm for electrification of small cultivators, particularly those who could not afford both a diesel engine and an electric motor.

In addition to the power shortage, the other major handicap for KREC was the high cost of power. In the scheme report for KREC it was assumed that SEB would supply bulk power to KREC at a rate of 10 paise per unit. Against this, the actual cost of power to KREC was 13 to 14 paise per unit. On the other hand, the tariff charged by KREC to consumer was the same as that charged by SEB in other regions. Consequently, the margin between purchase and sale prices available to KREC went down substantially, from about 3 paise per unit as envisaged in the scheme report to 1.67 paise per unit in actual practice.

The importance of the above two factors, in affecting the performance of KREC cannot be overemphasised. KREC being an electricity distributing agency, its viability in financial terms depends on the volume of business and the margin between the prices at which it buys and sells power. With its financial viability adversely affected by factors beyond its control, KREC's ability to fulfil the tasks expected of it was severely constrained.

A properly planned organisation would, nonetheless, be expected to function efficiently within the framework of such constraints. An analysis of KREC's working, however, reveals certain shortcomings, traceable to its organisational weaknesses.

The three constituents of the organisation of KREC are the general body of members, the Board of Directors, and the professional management. The decision-making for a rural electricity cooperative would essentially consist of three areas. The first would be strategic policy matters, those which would largely determine the contribution of electrification to rural development, where the entire organisation would be expected to participate. Secondly, decisions concerned with entrepreneurial matters would involve basically the Board and the management. Such decisions would be concerned with the overall efficiency of the organisation and furtherance of electrification. Finally, the management must exercise control over and plan for individual operations, in order to ensure the smooth functioning of the cooperative. The overall poor performance of KREC could result from any of the three areas being neglected, or from any of the constituents being disinterested in or incapable of performing their roles. A combination of all of the above seem to have affected KREC.

The general body of KREC was not effective in managing the affairs of the cooperative for several reasons. Firstly, its participation in the asset creation was extremely limited, as can be seen from Table 3 above. Therefore, there was no proprietary incentive. Secondly, membership in the cooperative and provision of an electricity connection are not necessarily linked. The Indian Electricity Act makes it obligatory for a licensee to supply electricity to anyone who demands it and agrees to pay for it. A consequence of this in case of KREC was that of the nearly 3,600 consumers it inherited, only about 10 per cent could be persuaded to become members. On the other hand, as of 31 March 1972, some 75 per cent of the members were yet to get a connection. There was, therefore, no incentive for becoming a member; if anything, there might have been

a strong disincentive. Thirdly, the highly technical nature of the service provided and operations carried on by the electricity cooperative acted as barriers to the involvement of consumers with a relatively poor knowledge of these matters. Finally, recurring power shortages seriously eroded the member's confidence in the efficient functioning of KREC.

It could be argued that an enlightened leadership by the Board could have helped to fulfil the rural development function of KREC. This function, however, is the sum total of all the activities that electrification could help promote. It requires, therefore, a leadership with a very broad vision. It would be unrealistic to expect that an organisation of farmers, on its own, could acquire this vision, particularly in view of the fact that the concept of rural development has gained currency only recently. Very substantial efforts would be required to inculcate this spirit in the leaders of farmers' organisations. In the absence of such efforts, the best that could be hoped for was that the Board would provide guidance in the specific task of KREC, namely electricity distribution. The highly technical nature of the specific tasks of KREC, however acted as a deterrent against extensive and enlightened participation of the Board in decision-making.

The management perceived the participation of the Board as meddling in technical matters and an irritant. It could not, however take over the leadership role as its skills and talents were limited. Moreover, their lack of familiarity with the environmental realities of the specific area of KREC's operations hindered their performance.

It would now be understandable as to why there was an insufficient appreciation of the area coverage approach and a lack of coordination with other developmental activities. In matters of the overall functioning, the management was at best extremely cautious because of the constraints with respect to availability of power and tariff discussed above. Planning for expansion and undertaking a promotional drive, therefore, did not receive due importance. Even routine functions of the management suffered. For instance, the salt air corrodes KREC assets, which calls for a vigorous preventive maintenance drive. In the absence of such efforts, line losses mounted and the assets deteriorated. Similarly, the management was not conscious of its inventory problems. This is evident from the huge investment made in stores, as shown in Table 5 above.

As a result of these weaknesses of internal organisation, REC has had to step in to advise on matters ranging from the routine to the strategic. Consequently, a degree of centralisation and remote decision-making became inevitable even in the functioning of supposedly decentralised organisation.

PART III

TOWARDS A STRATEGY FOR INTEGRATED RURAL DEVELOPMENT

It is dangerous to draw too many generalisations from one case study for a task as enormous and complicated as integrated rural development. We believe, however, that some exceedingly useful lessons can be learnt from even so brief an exposure to KREC.

The KREC experience highlights the role played by environmental constraints in the functioning of an agency for rural

development. It would be unrealistic to expect any agency to function without any constraint. What needs to be realised, however, is the importance of the tasks handled by such agencies and their relevance to overall social priorities. The constraints must be consistent with these priorities. If, for example, it is realised that certain social objectives must prevail, and the society is willing to subsidise certain activities in order to achieve these objectives, constraints regarding the financial viability should be relaxed. Similarly, as the KREC experience clearly brings out, if an input, such as electricity is considered critical to develop a region, it should be made available to that region in adequate quantities for the critical duration, even at the cost of starving some alternative users of it.

Any meaningful effort towards integrated rural development will have to be woven around some well-defined, concrete set of activities. In the context of underdevelopment, these activities will have to be primarily production oriented, and identified carefully after taking into account the potentialities and problems of specific regions. Only then would the activities make a significant impact upon the low-level production equilibrium prevailing in the rural society. For instance, it is clear that if the KREC targets of well-energisation are fulfilled, agricultural production will undergo phenomenal changes. A very large proportion of the additional irrigated area will go either to sugarcane or to groundnut. Both these crops are labour intensive. Thus, there will be increase in employment on farms. The increase in production would necessitate establishment of another sugar factory or an oil mill in the area.

Thus a whole chain of events will be set in motion, eventually resulting in rural development.

Given the complexities of the various tasks involved in integrated rural development, a decentralised organization, preferably representing farmers' own interests, is desirable. Such bodies, however, will not possess initially the requisite amounts of either financial or human resources. The need, however, is not just to arrange for the transfer of these resources, but to create a receptive atmosphere for their optimal utilisation.

Most importantly, the concept of rural development itself needs to be firmly rooted and accepted. It is true that KREC's performance was adversely affected by factors beyond its control and problems in regard to its management and operational control. With the removal of these constraints and problems, it can be hoped that KREC will become an efficient organ for electricity distribution. But it will not necessarily become the nucleus of rural development in the area, as we had expected in Part I above.

Does this imply that farmers' organizations such as KREC cannot lead to integrated rural development? This is far from our hypothesis. We believe that the full potential of organizations similar to KREC has not been realised even by their promoters, let alone the general body and the Board of Director. It would be unrealistic to expect that the need for a catch-all phenomenon of the rural development

type to emerge organically from farmers in underdeveloped countries. Their needs are specific. What requires to be done is to point out, emphasize and build upon the interrelationships among these needs, and make the farmers themselves able to foster rural development. Otherwise, we shall continue to miss the wood of rural development for the trees of discrete activities.