EFFECTIVE IMPLEMENTATION AND POVERTY ALLEVIATION PROGRAMMES: A CRITICAL ANALYSIS OF SWARNAJAYANTI GRAM SWAROZGAR YOJANA

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ABSTRACT

Poverty reduction has been one of the major goals of development planning since independence and the planning process has been sensitive to the needs of the poor. Accordingly, the development efforts have been directed in creating adequate livelihoods and provision of services for a better quality of life for the poor. It is recognized that poverty is an outcome of multiple deprivations and it is not simply a matter of inadequate income but also a matter of low literacy, short life expectation and lack of basic needs such as drinking water. Since these deprivations are inter-related, a comprehensive approach alone can eliminate poverty and ensure optimal utilization of human resources for sustainable development. Thus, multi-pronged and convergent approaches with proper targeting are deemed essential for elimination of poverty. It is also recognized that poverty is not only an economic phenomenon but also a social one. Well designed poverty alleviation programmes, if effectively implemented, not only supplement the poverty reducing effects of growth but also could promote pro-poor growth. Several poverty alleviation programmes have

Journal of Radix International Educational and Research Consortium

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been in place for a long time now. The programmes and schemes have been modified, consolidated, expanded and improved over time. Swarnajayanti Gram Swarozgar Yojana is a very important tool for combating unemployment and underemployment in the rural areas and for attacking rural mass poverty and raising the rural poor above the poverty line.

**Keywords:** Poverty reduction, livelihoods, quality of life, sustainable development, unemployment, underemployment, poverty.

1.0 INTRODUCTION

Since the starting of economic planning in India, various programmes and approaches have been adopted for rural development and poverty reduction. But all these programmes and their approaches were selective, sporadic piece meal or sectoral in nature. The just cover one or two aspects of rural people in the selected areas. Thus, they produced only marginal impact on the rural life and could not lead to balanced and overall impact on the rural life and could not lead balanced and overall development of rural people. With a view to remove this draw backs, the Swarnajayanti Gram Swarozgar Yojana was introduced.

1.1 Swarnajayanti Gram Swarojgar Yojana (SGSY)

In April 1999, the Integrated Rural Development Programme (IRDP) was restructured and combined with Training of Rural Youth for Self-Employment (TRYSEM), Supply of Improved Tools for Rural Artisans (SITRA), Ganga Kalyan Yojana, Million Wells Scheme (MWS) and Development of Women and Children in Rural Areas (DWCR), and a single self-employment programme known as Swarnajayanti Gram Swarojgar Yojana (SGSY) was put in place. The basic objective of SGSY is to bring the assisted poor families above poverty line by providing them income-generating assets through bank credit and government subsidy. Formation of organizations of the poor at the grassroots level through a process of social mobilization for poverty reduction is central to the programme. The approach of SGSY is based on SHGs that have to act as a financial intermediary and in many cases there are women SHGs which are also expected to serve as vehicle for their empowerment. Non-Government organizations (NGOs) are expected to facilitate the formation of these groups. SGSY has been conceived as a holistic self-governing programme covering all aspects of self-employment of the rural poor such as organization of the poor into SHGs, their capacity building, selection of key activities, planning of activity clusters, infrastructure build-up, Technology and market support.

The main tenets of the SGSY are: (a) Key Activities, (b) Cluster Approach, and (c) Group Method. The first reduces the number of activities; the second shrinks the geographical spread to fewer contiguous or selected villages; and the third reduces the number of clients from a large number of individuals to a small number of groups and enables peer group monitoring associated with self-governing.

1.2 Salient Features of SGSY

**SGSY:** A Centrally sponsored self-employment scheme. Funding is shared between the Centre and the State in the ratio of 75:25. For North-Eastern States, the ratio is 90:10. The scheme is implemented by
District Rural Development Agency (DRDAs)/Zilla Parishads through Panchayat Samithis with active involvement of Panchayats based on the funds provided for the SGSY. NGOs, CBOs and Self Help Promoting Institutions (SHPIs) are assisted upto Rs.10,000 per group by government for the formation and development of Self Help Groups (SHGs) DRDA may incur a maximum amount of 10 per cent of allocation towards training and capacity building. SGSY Infrastructure Fund comprises upto 20 per cent of the allocation to States and 25 percent in the case of North Eastern States. DRDA provides Rs.10000 to each SHG as Revolving Fund, banks provide cash credit of Rs.15000 for Grade-I SHGs. Banks provide loans to Grade-II SHGs with minimum repayment period of three to five years depending on the nature of scheme. Subsidy under SGSY is uniform at 30 per cent of the project cost; subject to a maximum of Rs.7500 per swarajgar (Rs.10000 for SC/ST/ disabled swarajgar) Swarajgaris are not entitled for benefit of subsidy if the loan is fully repaid before the lock-in period. The programme envisages establishing a large number of microenterprises by the poor in rural areas with an emphasis on four to five key activities identified at the block level based on resources, occupational skills of the people and availability of markets. The scheme emphasis on development of activity clusters to ensure proper forward and backward linkages. The Strengthening of groups through Revolving Fund Assistance (RFA) are also emphasized and Training of beneficiaries in group dynamics and skill development for taking up micro enterprises. Provision of credit linked subsidy for enabling beneficiaries to take up income generating activities. The Marketing supports with emphasis on market research, upgradation and diversification of products, packaging, creation of market facilities, etc. The Provision for development of infrastructure is to provide missing critical link. 20% fund (in case of NE State 25%) is earmarked for infrastructure development. Active role of NGOs is in formation and capacity building of SHGs. Focus on vulnerable groups i.e. SC, ST, Women, minorities and disabled. 15% fund earmarked for Special Projects for piloting innovative schemes for livelihood generation and taking up placement-linked skill development projects for providing wage employment to rural.

1.3 Subsidy under SGSY
Subsidy is only an enabling element of the Scheme. Subsidy is back ended - to be kept by Bank in Subsidy Reserve Fund Account. No interest to be charged by Bank on the subsidy deposited with them Quantum of subsidy - For individual Swarozgaris 30% of Project cost subject to a maximum of Rs.7500. In the case of SC/ST & disabled 50% of Project cost is Rs.10000 whichever is less. For Self Help Groups 50% of project cost subject to Rs.1.25 lakhs or Rs.10000 per SHG Member.

1.4 Revolving Fund Assistance under SGSY
Revolving Fund is to be given to SHGs by DRDAs and the Banks give it as cash credit limit to SHGs when it qualifies first grading, which is upto four times to the amount of Revolving Fund Assistance. Subsidy/Grant by DRDA is equal to group corpus of the SHG subject to minimum of Rs.5000 and maximum of Rs. 10,000. Total Revolving Fund Assistance can go upto Rs.20000/- in multiple doses.

1.5 SGSY - Main Criteria for SHG Formation
SHG has to be a group of rural poor who volunteer to organize themselves in a group. Group may consist of 10 to 20 members (5 to 20 members in case of minor irrigation project, disabled persons and in difficult
areas like desert hills and areas with scattered and sparse population). Members of group to be from BPL family; however, maximum of 20% and in exceptional cases 30% of the group members can be from families marginally above poverty line. Only one member from a family is eligible for membership of group.

1.6 Role of NGOs/Banks in Group Formation

NGOs or Community Based Organization (CBOs)/ Community Coordinators/ facilitators/ SHPIs/ animators are to be involved in Group Formation and even for SHG’s capacity building. Rs.10000 per group is to be paid to NGOs/ CBOs/ SHPI/ facilitators etc. for formation and development of SHG in four installments, 1-20% at the beginning of group formation, 2-30% when group qualifies for Revolving Fund, 3-40% when group takes up economic activity, 4-10% after start of economic activity and on adherence of group to repayment of bank loan.

1.7 Strategy

SGSY has been conceived as a holistic programme of self-employment. It covers all aspects of self-employment of the rural poor viz. organization of the poor in to Self Help Groups (SHGs), their capacity building and training, credit linkages and subsidy, selection of key activities, planning of activity clusters, and creation of infrastructure, technology and marketing support.

2.0 IMPLEMENTING AGENCIES

The SGSY is being implemented by the District Rural Development Agencies (DRDAs), with the active involvement of Panchayati Raj Institutions (PRIs), the Banks, the Line Departments and the Non-Government Organizations (NGOs).

3.0 SELECTION OF KEY ACTIVITIES

The SGSY emphasizes assistance to the Swarozgaris for those activities which have been identified and selected as key activities in terms of their economic viability in the area. Each block may select about 10 key activities but focus should be on 4 to 5 key activities based on local resources, occupational skills of the people and availability of markets. Block Level SGSY Committees are mainly responsible for selection of key activities which should be done in consultation with Banks, industrial/technical organizations, local Khadi & Village Industries officials and District Industry Center. The selected key activities are to be recommended by Panchayat Samiti and finally are to be approved by District Level SGSY Committee. Any new activity can be added to list of key activities by the District Level SGSY Committee but ordinarily selected key activities should not exceed 10 in a block.

3.1 Cluster Approach

SGSY stresses on cluster approach for taking up economic activities. The key activities are to be taken up in clusters. The cluster may not merely be geographic agglomerations but limits where backward and forward linkages can effectively be established. The cluster approach in the programmes is adopted to facilitate infrastructure and marketing support to the activity.
3.2 Project Approach
The SGSY adopts a project approach for each key activity. Project reports are to be prepared in respect of each identified key activity. The banks and other financial institutions have to be closely associated and involved in preparing these project reports, so as to avoid delays in sanctioning of loans and to ensure adequacy of financing. Project report should include all aspects like level of investment required at Swarozgaris’ level, returns from the activity, credit requirement, repayment schedule, technical input required by Swarozgaris, training requirement and mode of training, infrastructure and marketing requirement and identification of resources to develop them etc.

3.3 Target Group
Families below the Poverty Line (BPL) in rural areas constitute the target group of the SGSY. Within the target group, special safeguards have been provided to vulnerable sections, by way of reserving 50% benefits for SCs/STs, 40% for women, 15% for minorities and 3% for disabled persons.

3.4 Training under SGSY
SGSY is a process oriented scheme and the role of facilitators or Self Help Promoting Institutions (SHPIs), field level functionaries of banks and development functionaries is critical in the successful implementation of the scheme. It is beyond doubt that wherever functionaries have been trained in the concept of functioning of SHGs, group dynamics, guidelines of the scheme, marketing and entrepreneurship development etc., the quality of groups as well as overall implementation of the programme has been qualitatively better. Keeping this in view, 10% of the total allocation is earmarked for training and capacity building of beneficiaries and another Rs. 15 Crore has been earmarked during the year 2009-10 for organizing training of trainers. In order to take training and capacity building to grass root level, an initiative was taken to involve the Extension Training Centers (ETCs) at the district level in the training of trainers which generated a very good response. It is proposed to get more TOTs organized through ETCs in the coming years.

3.5 Establishment of "Rural Self Employment and Training Institute (RSETI)"
Keeping in view the mammoth requirements of skill development training of rural poor in the country a new initiative was launched in 2008-09 for setting up Rural Self Employment Training Institute (RESTI) one in each district of the country to tap the BPL youth from the rural hinterland. The RSETIs are being set up in partnership with public sector banks. Government of India provides one-time financial support for infrastructure creation and the Banks take up the responsibility of the management and functioning of the institutes.

These RSETIs will provide short term training in specific skills to rural BPL youth to enable to them to take up self or wage employment in related sectors. Banks are also expected to provide credit to the beneficiaries and hand-hold them for at least two years. During the year 2008-09, funds to the tune of Rs.104.69 Crore were released to NIRD for setting up 110 RSETIs. Efforts are being made to set up 200 RSETIs during the year 2009-10.
4.0 MARKETING INITIATIVES UNDER SGSY

Marketing of products made by Self Help Groups of SGSY is also a major area of concern under the Programme. To facilitate marketing of the products produced by SGSY swarozgaris, requisite provisions have been made in the guidelines of the scheme. SGSY emphasizes on backward and forward linkages of the activities to be tied up appropriately so as to ensure that the products manufactured by swarozgaris are able to compete in the market and they derive adequate income to cross the poverty line. Necessary support may be taken from Government and private agencies in order to provide the backward and forward linkages to the groups or individual swarozgaris of SGSY.

The various initiatives of the Ministry to promote marketing of rural products are as under:-

4.1 Organization of Saras Fairs – At present regional or State SARAS fairs are organized throughout the country where SHGs from different states participate and sell their products. In the year 2009-10 three such regional fairs were organized by the Ministry at (i) Dilli Haat, Pitampura; (ii) Dilli Haat, INA and (iii) at Pragati Maidan during India International Trade Fair (IITF). Ministry of Rural Development supports the State Governments for organizing one Regional Saras fair in metros and major cities of the state by sanctioning an amount upto Rs.25 lakhs for Metro cities and Rs.20.00 lakhs to other cities. 23 lakhs such SARAS fairs were organized in different cities of the country.

4.2 Creation of Marketing Centers at Delhi - Permanent marketing centers provide a platform to the rural artisans to sell their products throughout the year. A plot of land of about two acres has been purchased by the Ministry at Jasola to construct Dilli Haat type complex. There will be 74 stalls, dormitory, amphitheater, ATM and training Hall which will be provided to the Self Help Groups who will participate in these stalls for sale of their products. The construction of SARAS Haat has been entrusted to National Building Construction Corporation. Ministry of Rural Development has taken a Gallery at Rajiv Gandhi Crafts Bhavan, Baba Kharak Singh Marg on rent for display and sale of products of SHGs. The management of the Gallery has been entrusted to Consortium of Women Entrepreneurs of India (CWEI) to run the Gallery in a professional way. 44 stalls of Dilli Haat, Pitampura have been taken on long term lease by the Ministry of Rural Development where rural artisans from all States are invited to participate. Such permanent marketing centers in urban areas for swarozgaris of SGSY are expected to promote sale of rural products.

4.3 Creation of Marketing Centers in States: Eleven special projects have been sanctioned in nine States viz. Andhra Pradesh, Tamilnadu, Uttar Pradesh, Madhya Pradesh, Uttarakhand, Himachal Pradesh, Gujarat, Rajasthan, and Goa to create marketing centers in the districts. Each district has been granted funds for the development of three village haats in the financial year 2008-09 on pilot basis. It is expected that these village haats will promote marketing of products at village level, encourage better sales and profits to the rural artisans, and develop as the growth centers for the upliftment of rural areas. The guidelines for setting up of rural haats at various levels have been formulated and circulated for implementation.
4.4 Quality improvement of the products: Workshops are being organized during the Saras Fairs to make the rural artisans aware of various aspects of marketing. They are informed about the latest and effective ways of packaging, designing and the importance of quality control and standardization. National Institute of Fashion Technology (NIFT) is providing assistance to rural artisans in product designing under special projects of SGSY. NIFT is working closely with Ministry for development of textile clusters in the States of Madhya Pradesh, Rajasthan, Karnataka, Kerala, Gujarat, Orissa and West Bengal.

5.0 SOCIAL AND GENDER EMPOWERMENT

The SGSY is emerging as a women-centric programme. The guideline of the programme stipulates inter-alia that at least 40% of the swarojgaris will be women, and 50% of all SHGs in a district will be women SHGs. During 2009-10 (Dec' 09) out of the total 11.65 lakh Swarozgaris assisted, about 7.85 lakhs were women Swarozgaris which constitutes around 67% of the total Swarozgaris assisted. With the present experience under the SGSY it has been noticed that the scheme has naturally emerged as a women-led programme and in the pockets where the programme has been successfully implemented it has resulted in visible social and economic empowerment of women.

6.0 PERFORMANCE OF SGSY

The experiences of some states show that with proper institutional architecture, the SHG mode of collective action by the poor from the primary level (SHGs at village level) to the district level (SHG federations) has been successful in mobilizing the poor. SHG federations and their supporting institutions also facilitate more effective interaction with the government and banking agencies. In many states, in the absence of appropriate pro-poor institutions, SHGs are unable to achieve upward mobility with their own initiatives. Further, poverty-reduction programmes such as SGSY often end up in the poor becoming dependent on the government or other external interventions. The test of empowerment of the poor lies in their ability to utilize effectively the programmes meant for their development. Such programmes, collectively, should operate like a convener belt receiving the hardcore poor at one end and releasing the empowered poor at the other end. Results of evaluations of the SGSY (Planning Commission, *Mid-Term Appraisal of 10th Five Year Plan 2002-07*, Government of India, 2005, pp.238-242) shows inadequate infrastructure and insufficient capacity building as main constraints. Most of the factors responsible for its poor performance relate to weaknesses in delivery systems. Cluster approach has also been a non-starter in many of the states. DRDAs and the line departments of most of the state governments have failed in providing non-credit inputs to the swarojgaris. Above all, the building up of gender perspective in the programme has been conspicuously absent in many parts of the country. While the proportion of about 15 percent of funds earmarked for infrastructure development may not be small, it is the total budgetary allocation made and the funds made available for the scheme which appear to be too meager. The budgetary allocation to SGSY will have to be increased and utilized efficiently if significant impact on poverty is to be made. The utilization of six percent to seven percent for training and capacity building falls short of the target of 10 percent. Funds for training and capacity building should be substantially raised along with larger budgetary allocations for the SGSY as a whole. The performance of SGSY was
unsatisfactory in the states with high incidence of poverty such as Assam, Madhya Pradesh, Orissa, Jharkhand, Chattisgarh, West Bengal and Bihar. The constraints underline their poor performance mostly relate to the delivery system. In most of the above States, functionaries of DRDAs and BDOs did not possess adequate knowledge of the programme and also banks had little interest in it, line departments were hardly involved in planning, implementation and monitoring of the programme (Purushotham, 2008 opcit). Consequently, very few swarojgaris could avail adequate level of bank credit for investment. For instance, bank credit in Assam was as low as Rs.665 per swarojgari. The credit disbursed as a proportion of credit targeted in 2007-08 was low at about 40 per cent as against to the all India’s 73 percent. Consequently, per swarojgari investment (credit plus subsidy) was low at Rs.19700. The Ministry of Rural Development sponsored study on “Evaluation of Functioning and Implementation of SGSY”, though dated, brings out a number of deficiencies in the delivery system.

6.1 What Went Wrong? Delivery System
Delay in sanctioning of loans, non-cooperation of the banks and lack of proper guidance were creating problems. There was lack of coordination between bank branches and block officials. No effective monitoring was being made after sanctioning loans. A number of SHGs were formed with the intention of availing the revolving fund and subsidy and no economic activity was carried out. In most of the areas, especially in Bihar and Uttar Pradesh, influential persons in the village were found to own a group.

7.0 RESTRUCTURING OF SGSY AS NATIONAL RURAL LIVELIHOODS MISSION (NRLM)

With the objective of making it more effective and need based, the Ministry of Rural development is in the process of redesigning SGSY to implement it in a mission mode. The proposed salient features of NRLM are:

7.1 Universal social mobilization: through formation of SHGs under NRLM in order to bring each and every BPL household under SHG net to ensure that all the rural poor in the country are made a part of the social mobilization process in order to empower them.

7.2 Settings up of SHGs Federations: SHGs federations will be set up at the levels of villages, cluster of villages, and blocks. The Federations will help the SHG members in articulating their demands, collective action for getting their entitlements with various Government departments, developing backward and forward marketing linkages.

7.3 Demand Driven Strategy: to provide flexibility to the states to prepare the action plans for poverty reduction on the basis of available allocation, resources and skills and for allowing local innovations.

7.4 Professional support: The DRDAs or blocks are having skeleton staff and over burdened with a multiplicity of programmes. Under NRLM, it is proposed to provide professional support at all levels from National to Sub district level in different streams. This will facilitate in hand – holding of SHGs for taking
them through the natural evolution process whereby they are first geared to meet their consumption needs through group savings and then take up micro-enterprises for income generation.

7.5 Package of Economic Assistance: The package of economic assistance proposed to be provided under NRLM consists of Revolving Fund (RF), and capital subsidy at an enhanced rate and introduction of interest subsidy._Convergence: Convergence with other Governments sponsored programmes of MoRD and other Ministries with the aim of achieving synergies and for technical inputs.

7.6 Risk Management: The Mission will take initiative to ensure universal coverage of rural poor against loss of life, health and assets through convergence with existing risk mitigation programmes. Up scaling placement linked skill development projects with increased allocation and making it a sub-set of SGSY for capturing livelihood opportunities in emerging markets, particularly in the labor intensive industries and the service sector. NRLM will also continue to support to other innovative projects.

7.7 Improved evaluation and monitoring: NRLM will put in place a (i) comprehensive MIS encompassing database of SHGs profiles, federations, training institutions and activities, placements of trained beneficiaries, marketing of products etc, (ii) concurrent and mid-term evaluations, (iii) social accountability practices like social audits etc. facilitate monitoring & bring in transparency in program implementation.

8.0 SKILL DEVELOPMENT

In the Eleventh Five Year Plan, a comprehensive skill development programme with wide coverage throughout the country has been initiated by the Government. The Coordinated Action Plan for Skill Development has a target of 500 million skilled persons by the year 2022. In this regard, a three-tier institutional structure consisting of (i) the Prime Minister’s National Council on Skill Development, (ii) the National Skill Development Coordination Board (NSDCB) and (iii) the National Skill Development Corporation (NSDC), has already been set up to take forward the skill development mission. The NSDCB has addressed to five core areas of skill development, namely:- (i) Curriculum revision on a continuous basis, (ii) vocational education, (iii) apprenticeship training, (iv) accreditation and certification system and (v) skill gap mapping.

The NSDC has been set up to promote private-sector action for skill development, an institutional arrangement in the form of a non-profit corporation in the Ministry of Finance. The Corporation was registered on July 31, 2008 under Section 25 of the Companies Act 1956. The National Skill Development Fund (NSDF) was incorporated as a Trust on January 7, subsequently transferred to the Trust. An Investment Management Agreement was concluded between the NSDC and NSDF on March 27, 2009, and a sum of Rs 200 Crore from the overall corpus of the Trust was transferred to the NSDC for implementation of its work programme. The NSDC has been mandated to train about 150 million persons by 2022 under the National Skill Development Policy which is now in place. The NSDC Board has received a large number of proposals for providing funding support for skill development and due diligence in respect of these proposals is under way.
9.0 CONCLUSION

Finally I would conclude from this critical analysis that Swarnjayanti Gram Swarojgar Yojana (SGSY) is an effective reach of poverty eradication programmes in general and income generating self-employment programmes. SGSY carries the process of social mobilization that brings poor together to discuss their common livelihood problems, builds confidence and makes them aware of their entitlement and economic opportunities, as well as learn to work together in improving their condition. Despite of misappropriation of fund at block and village level this scheme has empowered women, disabled persons, minorities, SC/ST and OBC etc. and has provided them a mean of livelihood which could sustain their stability with recognition. The high rural poverty states like Orissa, Jharkhand, Bihar and Chhattisgarh in which more than 25 percent of the poor people of India reside where the incidence of poverty is much more pronounced as compared to other states need very effective implementation of SGSY for poverty alleviation and major activities needs to be monitored and evaluated timely so as to implement new changes. A professional social worker in collaboration has to play a crucial and active role by Mobilizing the Community, help in identifying the needs, problems & resources of Community, making effective coordination between needs & resources, making Community actively participate for Social & Economic development. NGOs should go for Social Action which refers to mass attack on social problems by Modifying Social Policies, enhancing welfare services etc and raising countries Human Development index.

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