

# *Swarnjayanti Gram Swarozgar Yojana (SGSY)*

## *Introduction*

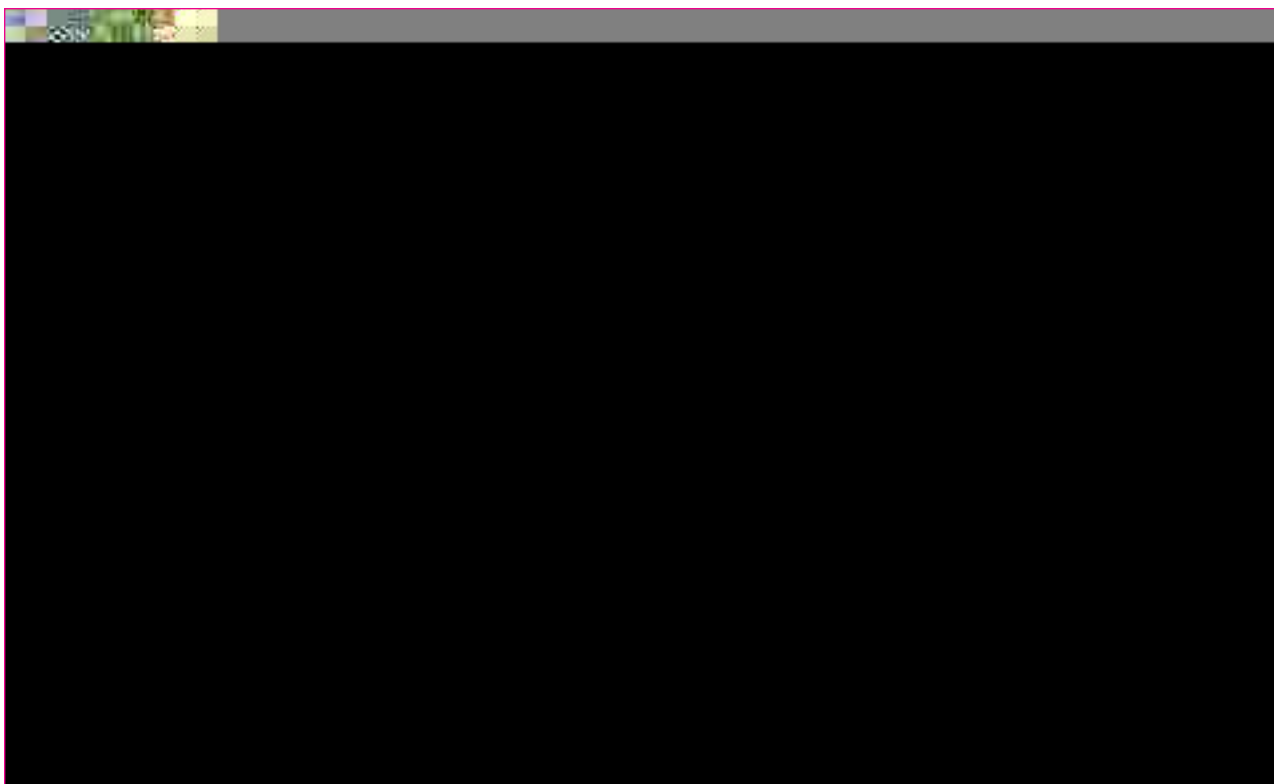
*Programme for self-employment of the poor has been an important component of the anti-poverty programmes implemented through government initiatives in the rural areas in India. The Swarnjayanti Gram Swarozgar Yojana (SGSY) is the major on-going programme for the self-employment of rural poor at present. The programme was started with effect from 01.04.1999 after review and restructuring of erstwhile Integrated Rural Development Programme (IRDP) and allied programmes namely Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Toolkits in Rural Areas (SITRA) and Ganga Kalyan*

*Yojana (GKY), besides Million Wells Scheme (MWS). The earlier programmes are no more in operation with the launching of the SGSY.*

*The basic objective of the SGSY is to bring the assisted poor families (Swarozgaris) above the Poverty Line by providing them income-generating assets through a mix of bank credit and governmental subsidy. The programme aims at establishing a large number of micro enterprises in rural areas based on the ability of the poor and potential of each area. The brief details of the programme are indicated in the following paragraphs.*

## *Strategy*

*The SGSY is different from earlier Programmes, in terms of the strategy envisaged for its implementation. It has been conceived as a holistic Programme of self-employment. It covers all aspects of self-employment of the rural poor viz. organisation of the poor in to Self Help Groups (SHGs) and their capacity building, training, selection of key activities, planning of activity clusters, infrastructure build up, technology and marketing support.*



*An all women 'Self-Help Group' engaged in economic activity*

- ★ *Swaranjayanti Gram Swarajgar Yojana (SGSY) – a holistic programme for promoting self employment of rural poor.*
- ★ *Covers all aspects of self employment of rural poor – organization of rural poor into Self Help Groups (SHGs), capacity building of the Group through financial assistance, training, selection of key activities, infrastructure build up, technology and marketing support.*
- ★ *Self Help Groups (SHGs) to be a national movement – 11.47 lakh Self Help Groups already formed.*
- ★ *Involvement of NGOs/CBOs/Animators for social mobilization, training and capacity building of Self Help Groups.*
- ★ *15% of the central allocation earmarked for sanction of projects for development of infrastructure and activity cluster.*

## ***Social Mobilisation of the poor***

*A major shift of the SGSY from the erstwhile programmes is in terms of its emphasis on social mobilization of the poor. The programme focusses on organisation of the poor at grassroots level through a process of social mobilisation for poverty eradication. Social mobilisation enables the poor to build their own organisations Self-Help Groups (SHGs), in which they participate fully and directly and take decisions on all issues that will enable them to cross the poverty line. An SHG may consist of 10-20 persons belonging to families below the Poverty Line and a person should not be a member of more than one group. In the case of minor*

*irrigation schemes, disabled persons, and in difficult areas i.e. hills, deserts and sparsely populated areas, the number of persons in a group may range from 5-20. However, if necessary 20% and in exceptional cases upto 30% of the members in a group may be from APL; (marginally above the poverty line and residing continuously with BPL families) if agreed to by BPL members of the group.*

*Efforts have to be made to involve women members in each SHG. 50% of Self-Help Groups in each block should be exclusively for women. Group activities are to be given preference and progressively, majority of the funding should be for Self-Help Groups.*



*Members of self-help group engaged in income generating activity*



Promoting marketing of products of SHGs

### **Activity Clusters - Planning and Selection**

*The SGSY emphasizes assistance to the Swarozgaris for those activities which have been identified and selected as key activity in terms of their economic viability in the area. Each Block may select about 10 key activities but focus should be on 4-5 Key Activities based on local resources, occupational skills of the people and availability of markets so that the Swarozgaris can draw sustainable incomes from their investments. 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 delay in sanctioning of loans and to ensure adequacy of financing. Selection of the activities has to be done with the approval of the Panchayat Samitis at the Block level and District Rural Development Agency/Zilla Parishad at the District level. These Key Activities should preferably be taken up in Activity clusters so that the backward and forward linkages can be effectively established and economies of large scale production can be reaped. It is desired that a major share of the assistance to be provided under the SGSY should be for activity clusters.*

### **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 and 3% for disabled persons.*

### **Financial Assistance**

*Assistance under the SGSY, to individual Swarozgaris or Self Help Groups, is given in the form of subsidy by the government and credit by the banks. Credit is the critical component of the SGSY, subsidy being a minor and enabling element. Accordingly, the SGSY envisages greater involvement of the banks. They are to be involved closely in the Planning and preparation of Project Reports, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs, selection of individual Swarozgaris, pre-credit activities and post-credit monitoring including loan recovery.*

*The SGSY also seeks to promote multiple credit rather than a one-time credit 'injection'. The credit requirements of the Swarozgaris need to be carefully assessed. The Swarozgaris are allowed and, in fact, encouraged to increase credit intake, over the years.*



*Subsidy under the SGSY to individuals is uniform at 30% of the Project Cost subject to a maximum of Rs. 7500/-. In respect of SCs/STs and disabled persons, the subsidy is 50% of the Project Cost, subject to a maximum of Rs.10,000/-. For groups of Swarozgaris, the subsidy is 50% of the cost of the scheme, subject to per capita subsidy of Rs.10,000/- or Rs.1.25 lakh whichever is less. There is no monetary limit on subsidy for Irrigation Projects. Subsidy is back ended.*

### **Training of Swarozgaris**

*The SGSY seeks to lay emphasis on skill development through well-designed training courses. Those, who have been sanctioned loans, are to be assessed and given necessary training. The design, duration of training and the training curriculum is tailored to meet the needs of the identified Key Activities. The DRDAs will be entitled to meet the expenses, incurred by the training institutions for both Basic Orientation and Skill Development Training from out of the SGSY funds. However the total expenditure on Basic Orientation and Skill Development Training will not exceed Rs.5,000/-*

*per trainee. Duration of Skill Development will be decided by the State Government depending upon the activities and skill level of Swarozgaris.*

### **Infrastructure Development**

*The SGSY provides for review of existing infrastructure for the cluster of activities and identification of gaps. Critical gaps in investments have to be met from the funds available under the SGSY programme infrastructure, subject to a ceiling of 20% (25% in the case of North Eastern States) of the annual allocation made under the scheme for each District.*

### **Marketing and Technology Support**

*The SGSY attempts to ensure upgradation of technology in the identified key activity. The technology intervention seeks to add value to the local resources, including processing of the locally available material from natural and other resources for local and non-local market.*

*The SGSY provides for promotion of marketing of the goods produced by the Swarozgaris, by organizing exhibitions/ melas at District/State/*



Vice-President inaugurating SARAS Pavilion at IITF (14th November, 2002)



*Magic of Rural Art – Swarozgaris at work*

*National/International levels for exhibition and sale of goods produced by the Swarozgaris, provision of market intelligence, development of markets and consultancy services, as well as institutional arrangements for marketing of the goods including exports. DRDAs could spend upto Rs.5.00 lakh per annum for management of professional input related to identification of viable activities, preparation of projects for product & design development, value addition, packaging etc.*

### ***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 Organisations (NGOs).*

### ***Funding Pattern***

*The Swarnjayanti Gram Swarozgar Yojana (SGSY) is financed on 75:25 cost sharing basis between the Centre and the States.*

### ***Monitoring***

*A comprehensive system of monitoring has been adopted under the SGSY. The programme is monitored from the Central level down to the grass-root level. At the Central level, the Central Level Co-ordination Committee (CLCC) monitors and reviews the implementation of the Programme and lays down Policy Guidelines for all aspects related to credit linkages for the SGSY. The Performance Review Committee of the Department of Rural Development also reviews the implementation of the SGSY. At the State level, a State Level Coordination Committee (SLCC) monitors the Programme. In addition, the progress under the SGSY is monitored periodically through Reports and Returns submitted by DRDAs/States. Detailed monitoring formats for reporting progress of the Programme have been circulated to all the DRDAs. Implementation of the Programme is monitored and reviewed through the Project Directors' Workshops and periodic Meetings with the State Secretaries. At*



*the Block/DRDA level, monitoring is done through field visits and physical verification of assets. Efforts are underway to bring all the DRDAs of the country within online networks for smooth flow of information from the Districts to the Centre and the States/UTs.*

## ***Progress made under the SGSY during 1999-2000 to 2002-2003 (upto Dec., 02)***

*The financial and physical progress under the SGSY during 1999-2000 to 2002-2003 (upto December, 2002) are given on next page.*

*State-wise physical and financial performance under the SGSY during 2001-2002 and during 2002-2003 (upto Dec., 2002) are given at Annexures-XXII & XXIII.*

## ***Special Projects under the SGSY***

*To try out new initiatives and for co-ordinated efforts of different Departments in poverty reduction, 15% of the funds under the SGSY is set apart by the Ministry for such efforts for special projects. The projects can be in any individual district or across the districts. The objective of each special project is to ensure a time-bound programme for bringing a specific number of BPL families above the Poverty Line through self-employment*

*programmes. The Projects may involve different strategies to provide long term sustainable self-employment opportunities either in terms of organisation of the rural poor, provision of support infrastructure, technology, marketing, training etc. or a combination of these.*

*Since 01.04.1999 to till date, 88 Projects have so far been approved. The State-wise and year-wise details of these projects are at Annexure-XXIV. The share of the project cost for the Ministry was Rs.544.39 crores, out of which an amount of Rs.277.81 crores have been released since inception till date.*

*During the year 2001-2002, 39 special projects i.e. one each for Assam, Gujarat, Maharashtra, Orissa, Tamil Nadu and Tripura, two each for Manipur and Madhya Pradesh, three for Punjab, Four each for Himachal Pradesh and Uttar Pradesh, Five each for Andhra Pradesh and Madhya Pradesh and Eight for Rajasthan have been approved so far. The share of the Ministry in the sanctioned cost of these project is Rs.224.16 crore, out of which Rs.88.97 crore have been released so far during the year.*

*During the year 2002-2003 (upto December, 2002), 20 special projects i.e. one each for Assam, Bihar, Haryana, J&K, Kerala, Maharashtra,*



*A special project under SGSY*

*Financial and Physical Progress under SGSY : 1999-2000 to 2002-2003*

<i>Items</i>	<i>1999-2000</i>	<i>2000-2001</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>Total/ Average</i>
<i>A. Financial Progress</i>				<i>(Dec.,02)</i>	
1. <i>Total Allocation</i>	1472.33	1332.50	774.50	756.37	4335.70
2. <i>Central Allocation</i>	1105.00	1000.00	581.50	567.90	3254.40
3. <i>State Allocation</i>	367.34	332.50	193.00	188.47	1081.31
4. <i>Central Releases</i>	869.55	462.11	401.10	401.10	2133.86
5. <i>State Releases</i>	261.47	200.76	156.12	90.38	708.73
6. <i>Opening Balance as on 1st April</i>	776.62	854.74	661.58	388.40	670.34*
7. <i>Misc. Receipt</i>	54.33	90.57	80.21	33.02	64.53*
8. <i>Total Funds Available</i>	1961.97	1608.18	1299.01	912.90	3577.46
9. <i>Total Funds Utilised</i>	959.86	1117.94	969.78	439.99	3487.57
<i>%age of Utilisation to Funds Available</i>	48.92	69.52	74.66	48.20	60.32*
<i>%age of Utilisation to Allocation</i>	65.19	83.90	125.21	58.17	3.12*
<i>%age Utilisation on Subsidy</i>	36.79	52.67	85.85	36.82	53.03*
<i>%age Utilisation on Infrastructure Dev.</i>	14.45	20.51	19.79	7.86	15.65*
<i>%age Utilisation on Training/Skill Dev.</i>	3.03	3.62	6.23	2.75	3.91*
10. <i>Total Credit Target</i>	3205.00	3205.00	3195.03	2545.98	12151.01
11. <i>Total Credit Mobilised</i>	1056.46	1459.44	1329.63	524.57	4370.10
<i>%age of Credit Mobilised</i>	45.10	45.54	41.62	20.60	38.21*
12. <i>Credit Disbursed to SHGs</i>	187.30	256.64	318.29	187.40	949.63
13. <i>Credit Disbursed to Individual Swarogaris</i>	869.16	1202.80	1011.34	337.17	3420.47
14. <i>Total Subsidy Disbursed</i>	541.69	701.85	665.11	278.49	2187.14
15. <i>Subsidy Disbursed to SHGs</i>	124.58	167.93	209.92	124.68	627.11
16. <i>Subsidy Disbursed to Individual Swarogaris</i>	417.11	533.92	455.19	153.81	1560.03
17. <i>Total Investment</i>	1598.16	2161.29	1994.74	803.06	6557.24
18. <i>Per Capita Investment ( In Rupees)</i>	17113	21481	21255	22153	20501*
19. <i>Credit Subsidy Ratio</i>	1.95	2.08	2.00	1.88	1.98
<i>B. Physical Progress (Nos.)</i>					
1. <i>Self-Help Groups (SHGs) formed since 1.4.99</i>	292426	515691	950078	1195023	1195023
2. <i>No. of SHGs passed Grade-I</i>	125402	214011	176003	124103	639519
3. <i>No. of SHGs passed Grade-II</i>	74234	101291	54015	76697	306237
4. <i>SHGs Taken up Economic Activities</i>	29017	26317	30575	15588	101497
<i>%age of SHGs Taken up Eco. Activity to Grade-II</i>	39.09	25.98	56.60	20.32	35.50*
5. <i>SHGs Swarogaris Assisted</i>	347912	318803	365668	183633	1216016
6. <i>Individual Swarogaris Assisted</i>	585956	687349	572792	178872	2024969
7. <i>Total Swarogaris Assisted</i>	933868	1006152	938460	362505	3240985
<i>%age of SHGs Swarogaris Assisted</i>	37.25	31.69	38.96	50.66	39.64*
8. <i>SC Swarogaris Assisted</i>	278938	310886	284028	112179	986031
9. <i>ST Swarogaris Assisted</i>	134944	137850	143619	50338	466751
10. <i>Total SC/ST Swarogaris Assisted</i>	413882	448736	427647	162517	1452782
11. <i>Women Swarogaris Assisted</i>	416690	410231	385844	171502	1384267
12. <i>Disabled Swarogaris Assisted</i>	8529	6737	6059	2910	24235
13. <i>%age of SC/STs Assisted</i>	44.32	44.60	45.57	44.83	44.83*
14. <i>%age of Women Assisted</i>	44.62	40.77	41.11	47.31	43.45*
15. <i>%age of Disabled Assisted</i>	0.91	0.67	0.65	0.80	0.76*

\* Average per year.

## SUCCESS STORY

### *Baba Bala Power Loom Training-cum-Production Centre, Bathinda (Punjab)*

*In a Balluana Village of Bathinda block, Bathinda District, 11 women of BPL family have formed a Self-Help Group namely Baba Bala Power Loom Training-cum-Production Centre. The group was sanctioned Rs.2.50 lakhs by State Bank of Patiala, Balluana including subsidy of Rs.1.25 lakhs released by the DRDA Bhatinda. Eight Power Looms with jacquards, one Warping Machine, two cone winders and one nali winders were set up from the funds available under IRDP infrastructure during 1998-99. Trained masters craftsmen were engaged from Ludhiana and skill development training was imparted for 6 months to all the 11 members. After the completion of training they*

*were able to produce good quality of cloth, even Pashmina Shawls are being manufactured by them.*

*In the beginning these members started manufacturing of shawls, curtain cloths, bed sheets etc. but they were facing some difficulties in procuring raw material as the same was not locally available. After seeing their difficulty DRDA Bathinda made arrangements with M/s Ishan Textile Mills Pvt. Ltd., Chandigarh who signed an MOU for Rs.10.00 lakh meter Jungle Cloth. Now all the members are very happy. Even their children are getting education in a convent school in the village itself which they are able to afford due to increased income and awareness. After seeing the success of this centre similar two more Power Loom Training-cum Production Centres have come up in the village Teona (Bathinda Block) and Chak Fateh Sing Wala (Nathana Block).*

*Rajasthan, Tripura, U.P and Uttaranchal, two each for Andhra Pradesh, Himachal Pradesh and Madhya Pradesh and four for Mizoram have been approved so far. The share of the Ministry in the sanctioned cost of these project is Rs.97.46 crores, out of which Rs.38.27 crores have been released so far during the current year.*

### *Reasons for the slow progress of the SGSY*

*The SGSY is a process oriented scheme. The initial preparatory works, i.e. organization of poor, formation of Self-Help Groups, their training and capacity building, gradation of groups requires substantial time and follow up. The Groups become eligible for financial assistance for economic activities after about one year of formation and some times it may take more time based on their socio-economic background, literacy, skill etc. Therefore the progress was slow as expected, during earlier years of implementation.*

*A related important reason for the slow progress of the programme is the delay in sanction and disbursement of loans by Banks. During 2001-02 against the total 12.18 lakhs loan applications submitted by the DRDAs only 6.79 lakhs loans were sanctioned and 5.69 lakhs loans disbursed. Similarly*

*during the current financial year upto Dec.,02 against the total 6.09 lakh applications submitted to the Banks, Banks have sanctioned only 2.34 lakh loans and disbursed only to 1.91 lakh cases. The banks are not releasing the credit portion under the Revolving Fund. Slow progress in utilisation of infrastructure and training funds by the States is also the reason for slow progress of the SGSY.*

### *Steps taken for proper implementation of the SGSY*

*(i) Based on the recommendations of National Conference on the "SHG Movement and the SGSY", held last year, Report of the Working Group on Poverty Alleviation for the 10th Five Year Plan and feedback / suggestions from the State/UTs certain amendments have been made in the SGSY guidelines to make the scheme more effective:*

*(a) Size of SHG :-*

*In case of minor irrigation and disabled and in difficult areas i.e. hills, deserts and sparsely populated areas, the number of persons in a group may range from 5-20.*

*(b) Composition of SHG :-*

*A Self-Help Group (SHG) may consist of 10-20 members from families below the*



*poverty line. However, if necessary 20% and in exceptional cases upto 30% of the members in a group may be from APL; (marginally above the poverty line and residing congruously with BPL families).*

*(c) No. of Key Activities :-*

*About 10 key activities may be selected in each block. Focus should be, however, on 4-5 key activities for Micro enterprise development in clusters.*

*(d) Subsidy Norm :-*

*The subsidy for group of Swarozgaris, would be 50% of the project cost, subject to per capita subsidy of Rs.10,000/- or Rs.1.25 lakh whichever is less.*

*Subsidy for disabled persons will be 50% of the project cost, subject to a maximum of Rs.10,000/-.*

*(e) Relaxation of Time in Grading :-*

*For minor irrigation schemes, relaxation of time for second grading could be allowed by the Block SGSY Committee, if the group is found creditworthy and project is viable.*

*(f) Provision for Animators/Community Coordinators :-*

*Provision has been made for utilizing the services of Individuals as Animators/Community Coordinators for social mobilization, training and capacity building of SHGs by the DRDAs.*

*(g) Flexibility in Utilization of Funds :-*

*The funds can be utilized on the following items depending upon the requirement in the district keeping in view the stage of implementation of the scheme. However, expenditure on infrastructure will not exceed 20% of the allocation (25% in case of NE States) :*

*(i) Training.*

*(ii) Infrastructure.*

*(iii) Revolving Fund to SHGs.*

*(iv) Subsidy for Economic Activities.*

*(h) Expenditure on Basic Orientation and Skill Development Training has been enhanced upto Rs.5000/- per Swarozgari.*



SGSY enables the rural poor to become self-employed

## SUCCESS STORY

### *Sea Change in the life of Laxmi Kanta Das*

*Shri Laxmi Kanta Das of Siddhi Asrain Gram Panchayat under Dukli Block of West Tripura District (Tripura) was from a BPL family. He is an educated youth of SC Community. In the absence of money he could not take any profession for sustainable income generation. The monthly income of the family was Rs.1100/-. The family was finding hard to meet both ends to earn their livelihood. Sri Laxmi Kanta Das was selected as one of the SGSY Swarojgari during the year 2000-01 and was sanctioned loan amount of Rs.25,000/-. On receipt of Ist instalment of*

*Rs.10,000/- he constructed a shed to accommodate 400 poultry birds but initially purchased only 200 birds. Thereafter, the Block and the Bank verified the asset and then disbursed IInd instalment of Rs.15,000/-. Sri Laxmi Kanta Das this time purchased 400 broiler birds for rearing. Sri Laxmi Kanta Das is not facing any problem in marketing of broiler chicken. According to him, he can rear 7-8 batches of 360 to 400 birds in a year with the present infrastructure. The average annual income from his broiler farm is about Rs.25,000/-. He is repaying loan @Rs.650/- per month as per project profile. Now he is able to earn income more than Rs.30,000/- in a year and crossed the poverty line.*

- (i) *Income from the Economic Activity :- The economic activity taken up by the SHGs/Swarojgaris should generate anticipated incremental income; as envisaged in the Project to enable them to cross the poverty line.*
- (j) *Expenditure incurred on Fairs and Exhibition for Swarojgaris may be met from the funds available under the SGSY Programme Infrastructure.*
- (k) *An Amount up to Rs. Five Lakh annually may be spent from the funds available under the scheme on management of professional input related to marketing research, value addition or products diversification or any other input which would facilitate marketing of the produce.*
- (ii) *In order to impart greater impetus and to focus on more effective implementation of Programmes and Schemes at the grassroots level, the SGSY Division of the Ministry of Rural Development had organized a Conference for Project Director's of the District Rural Development Agencies (DRDAS) and Chief Executive Officers implementing the Rural Development Programmes, in New Delhi on 4th October, 2002 under the Chairmanship of Minister, Rural Development, Government of India. The Conference was inaugurated and addressed by Hon'ble Prime Minister and also addressed by the Hon'ble Deputy Chairman, Planning Commission.*
- (iii) *To review progress of SGSY and discuss credit related issues a meeting of the Central Level Coordination Committee was held at Delhi on 24.12.2002 with representatives of Reserve Bank of India, National Agricultural Bank for Rural development (NABARD) and also the Banking Division of the Ministry of Finance. The following major recommendations have been made by the CLCC :*
  - (a) *There should be greater co-ordination of work at the block level between the bankers and Government functionaries for sorting out problems relating to banks under SGSY.*
  - (b) *The Subsidy portion of the Revolving Fund under SGSY be enhanced to Rs. 20,000/- from Rs. 10,000/-.*
  - (c) *The amount payable by the Life Insurance Corporation (LIC) against claims under GLIS be enhanced to Rs. 6,000/- in case of natural death (currently Rs. 5,000/-) and Rs. 12,000/- in case of death due to accident (currently Rs. 10,000/-).*
  - (d) *The banks operating in rural areas i.e. Commercial Banks, RRBs and Co-operative Banks and those willing to play the role of facilitator under the SGSY in forming, developing and nurturing SHGs may be involved as SHPIs and requisite incentives*



- in this regard may be provided by the States/UTs in stages to these organizations.*
- (e) Regional SARAS would be organized by rotation in different States/UTs in six regions of the Country i.e. North, South, Central, East, West and North East so as to increase the marketing of the products produced by the Swarozgaris under SGSY.*
  - (f) The issue of high interest rates would be examined suitably by the RBI and all the Banks.*
  - (iv) Vigilance and Monitoring Committees have been formed at the State, District and Block levels for monitoring of the implementation of the programme. Local MPs and MLAs are the members of the District and Block level Committees.*
  - (v) Training and sensitisation of the States/DRDA, field level functionaries as well as Bank Officials about the Programme, are organised in every State/UTs.*
  - (vi) Consultation, at regular interval, with Reserve Bank of India, NABARD and other Commercial banks about credit facilities is being held.*
  - (vii) The Swarozgaris from different State/UTs participate both in National and International Trade Fairs to promote marketing & create space for the SGSY products.*  
*SARAS – the annual marketing event of the Ministry of Rural Development, first started in 1999, were organized this year at IITF, Pragati Maidan, New Delhi from 14th to 27th November, 2002. In this fair about 450 DRDAs, 597 Self-Help Groups (SHGs) and 68 NGOs displayed their rural products in 519 stalls. The sale figure this year was Rs.3.43 crores besides long term orders of 1.5 crores. This pavilion representing India in all its diversity and rich varied culture was appreciated by both the press and public. Workshops on Leather, Cane and Bamboo diversification, packaging and Food Processing were organized to upgrade the existing skills of the rural craftsmen and to expose them to the current marketing trends.*  
*The SARAS pavilion got the ‘Gold Medal’ for the best display of rural products and discipline among all the pavilions.*
  - (viii) Collateral Security limit revised from Rs.3.00 lakhs to Rs.5.00 lakhs : For individual loans*



An all woman Self-Help Group





Empowering women through self-employment

upto Rs.50,000 and group loans upto Rs.5.00 lakhs, the assets created out of bank loan would be hypothecated to the bank as primary security. In cases where movable assets are not created as in land based activities such as dug well, minor irrigation etc., mortgage of land may be obtained. Where mortgage of land is not possible, third party guarantee may be obtained at the discretion of the bank.

## Concurrent Evaluation of SGSY

In order to evaluate the functioning and implementation of the SGSY in terms of the aims and objectives deliberated in the guidelines of the scheme, the Centre for Management Development, Thiruvananthapuram was given the responsibility to carry out a detailed study on the scheme. The interim report on the evaluation has been submitted to this Ministry by the institution. The major findings of the study are summarised below:

### Utilisation of funds

- Based on the parameters of coverage of Below Poverty Line (BPL) families to total BPL families, proportion of funds utilised out of the total funds

available, proportion of receipt of funds to total allocation, preference given to group in fund utilisation etc., the study tried to establish provisional ranking of States/UTs on the performance under SGSY. Among the Major States, Tamil Nadu, Punjab, and Andhra Pradesh were the top three whereas among the group of Other States/UTs, Himachal Pradesh, Tripura and Goa were among the top three. The performance of SGSY in Assam, MP, Orissa, West Bengal and Bihar was the lowest among the major States. Utilization of funds for SHGs was higher than that of individuals in only 6 States/UTs.

- As far as the utilisation of funds is concerned, apart from economic assistance for swarozgaris, infrastructure development constituted as much as 17.61% of the total funds.

### Economic Upliftment

- The average income generated by the sample individuals and groups was found to be steadily increasing through the years 1999-00 to 2001-02. The average annual incremental income obtained by the individuals was Rs. 8,673 and that of groups was Rs. 40,442.

- The average cost of the various projects taken up under SGSY in different States varied from Rs. 15,970 to Rs. 37,965.
- SGSY activities had helped to satisfy the desire of self-employment in a majority of beneficiaries (56.35%).
- 46.39% SHGs achieved increment in their income through SGSY activity.
- Increase in savings in SHGs was reported in 39.88% of the cases. 57.29% of the SHGs were involved in primary type of micro enterprises and 8.57% had invested in land development activities.
- While 85.18% SHGs performed thrift and credit activities, 84.7% had developed financial management skills.
- 65.83% SHGs were provided with the Revolving Fund out of which only 54.16% used it for inter-lending purposes.
- The project cost of the groups ranged between Rs. 2,07,000/- and Rs. 2,83,076/- in Pondicherry and Meghalaya respectively.

- The average loan amount of the group in different States varied from Rs. 54,095 in Nagaland to a maximum of Rs. 3,31,099 in Madhya Pradesh.

### **SGSY Committee**

- The State Level SGSY Committee meetings were not held at all in Bihar and Meghalaya.

### **Training, skill development, product design and product development**

- Though 20 States have identified State Level agencies for training purposes, yet only 12 were able to organise State Level Training Programmes.
- Only 10 States took steps for ensuring exclusive mechanisms for providing product design and product development.
- 66.50% individual beneficiaries had not undergone any kind of skill development.
- 53.36% of the sample group swarozgaris did not undergo training for skill development.
- The products produced by the swarozgaris were found to be of inferior quality due to non-adequate training and skill development facilities.

## **SUCCESS STORY**

### ***Dry Flowers Blossom Their Lives : Dindigul (Tamil Nadu)***

45 Women from BPL families organized themselves onto 3 Self-Help Groups (SHGs) namely ; Annai Indira Women Self-Help Group, Vilpatti Annai Teresa Women SHG, Attuamptty and Johnsi Rani Women Self-Help Group, Vilpatti, in the Dindigul district of Tamilnadu. The member of the groups were trained to take up thrift and credit activities. The members were trained in leadership, group process, accounting & financial management through training and capacity building input by NGO engaged as facilitator under the SGSY. The M.G. Art Gallery Kodai Kanal came forward to give training to the groups in "Dry Flower" arrangements an innovative and new activity in the area. Each group was sanctioned Rs.2.25 lakhs under the SGSY. In November, 2000 as a cluster approach three SHGs under one roof have started this economic activity. These three SHGs have formed a federation and named their federation as "Biriza". The monthly sales within

six months of commencement of the activity was Rs.70,000/- which fetches the members an average net income per month of Rs.1,500/-. This helped them to increase their average family income from the earlier level of Rs.7,000/- to Rs.18,000/- per annum. Before taking up this activity, the members of the SHGs were agricultural labourers and doing hard work in the fields. From the first month itself, the family income of the SHGs have gone up. Every week, each member gets about Rs.600/-. Thus it not only helped the members to improve their economic status and standard of the living but gave big boost to their self confidence towards achieving self-reliance. These SHG members are also actively participating in social work. They have fought against illicit arrack and male chauvinism. Liberty, equality and fraternity are their guiding force. Sizeable amount to the extent of about Rs.11.00 lakhs has been raised by the Community as the Community funds, matched by the contribution from NGO which would be very useful in the institution building and sustaining the activities in the area.

## SUCCESS STORY

### *Sindhla Check Dam on River Chambal, Jhalawar (Rajashtan)*

*A Special Project under the SGSY for the Small Scale Water Resources Development in Dag Block, District Jhalawar, Rajasthan was sanctioned with total project cost of Rs.634.70 lakhs in the year 2001-02. Under the project 15 small scale water resources projects in the form of community lift irrigation schemes and community water harvesting structures were to be executed. By the end of June, 2002, 7 lift irrigation schemes and 5 check dams have been completed. Fortunately due to good rain during 2001-02, check dam constructed under the project received good in flow*

*and are having sufficient storage of water. All the lift irrigation schemes have been functioning satisfactorily after getting electric connections and successful testing of the same. On completion of the 15 projects under the SGSY special project, about 3000 families will be benefited and expected irrigation coverage under various methods would be around 7650 acres in one season and 15000 acres in two seasons. The NGO involved in implementation of this project is also planning to install drinking water supply scheme on all the check dams for the nearby villages to supplement the existing supply. Thus, overall benefit of this project will be immense.*

### *Problems with Banks*

- *The major complaints of the swarozgaris were non-co-operation from the banks, delay in bank procedures and delay in disbursement of loans.*
- *52% of the swarozgaris reported that the loan amount was provided in a single dose.*
- *Delay in sanctioning of loans, non-co-operation of the banks, lack of proper guidance have been creating problems in the smooth development of group activities.*
- *Credit portion of the Revolving Fund was found to have been postponed in certain cases.*
- *Lack of co-ordination between banks and block officials was also noted.*
- *No effective follow up was being made after sanctioning loans to the Swarozgaris.*

### *Social Upliftment*

- *67.44% of the total sample beneficiaries were women and 46.79% were from SC & ST category and physically challenged constituted 2.45%.*
- *60% of the total swarozgaris were found to be illiterate and 50.92% were agrarian.*
- *93.37% of sample beneficiaries participated in group decision-making process.*

### *Assets under SGSY*

- *Most of the assets (45.52%) created under the SGSY were livestock assets.*

### *SHGs*

- *A number of SHGs were formed with an eye to avail of the revolving fund and subsidy and no economic activity was being carried out. SHGs getting active support from the NGOs and other community-based organizations were found to be doing better in their selected economic activities. In most of the States, especially in Northern States, the influential persons in the village were found to own a group.*
- *The grading of the group was found to be time consuming and in certain cases, SHGs/Swarozgaris from the same village were found to be engaged in similar types of micro enterprises thereby reducing the demand for their produce and lowering their profitability.*
- *Only 2.5% of the total groups participated in trade fairs/exhibitions organized by the Governments/Non-Governmental Organizations (NGOs). The formulation and evolution of SHGs were observed to be slow in most of the districts surveyed.*
- *The district/block officials were found to be unaware of the approach to rural development through organizing the rural poor into SHGs, nurturing them and providing them initial guidance.*



## SUCCESS STORIES

### *School building by SHG, Nilgiris (Tamil Nadu)*

*In Nilgiris District the DRDA has given construction of school buildings, Group houses, Community halls, roads, footpaths, drain etc. under EAS and JGSY schemes to the self help groups of women. Works worth Rs.9 crores have been taken up and completed by the SHG women in the rural areas.*

### *Protection of Greenery & Environment by the SHGs (Tamil Nadu)*

*Mahalir Sholai Vana Thittam a unique scheme was launched in the Nilgiri district of Tamil Nadu.. The scheme vision is to protect Udhagai's greenery and to protect environment by involving Self-Help Groups. The highlights of the scheme are:-*

- *Self Help Groups have been given poramboke lands to grow fruit bearing and Shola trees.*

- *Forest Department and Horticulture department have provided saplings to Self Help Groups.*
- *Self-Help Groups will maintain these trees and enjoy the benefits from the trees availing tree pattas.*
- *Block Development Officer and Village Administrative Office have helped Self Help Groups in identifying lands for them.*
- *So far 20 Self-Help Groups have been allotted land to an extent of 22.20 acres.*
- *About 420 women are involved in this scheme.*
- *1580 shola tree saplings and fruit bearing tree saplings have been planted.*

### *PDS shops Nilgiris (Tamil Nadu)*

- *Thirty six Self-Help Groups have been given Public Distribution Systems (PDS) shops.*
- *Minimum of 400 cards have been attached to an SHG operating a PDS to make it profitable.*
- *The PDS shops run by Self Help Groups are more profitable and consumer friendly.*

- *In order to achieve the targets set, the officials encouraged formation of SHGs without assessing the entrepreneurial potential of the rural poor.*
- *Keeping in view the problems faced under the SGSY, the study calls for certain recommendations:*

#### **Banks**

- *Efforts should be made to motivate the banks to take active interest in the project and reduce the time taken for processing the applications and disbursing loan. Active involvement is also sought in the selection of key activities, formation and grading of the groups and follow up action after disbursement of loans.*
- *The loan should be given immediately after the swarozgari completes the training for skill development as envisaged in the SGSY Guidelines.*
- *The banks should expand their area of operation to un-serviced areas so as to cover more BPL families.*

#### **Facilitating Agencies**

- *Appropriate agencies have to be identified for providing assistance in product design and product development.*
- *Professional agencies with expertise in identifying key activities may be appointed for the identification of the same. The key activities are to be identified keeping in view the local demand, availability of raw materials and aptitudes as well as the skill of the people.*
- *Service of better NGOs having good track record may be ensured for the successful implementation of the scheme.*
- *The facilitating agency must assess the swarozgaris' absorption capacity and help them in managing and deciding the quantum of loan and the scale of the project to be undertaken by them.*

#### **Monitoring and Evaluation**

- *Monitoring and evaluation activities need to be given more importance for improved performance*

*under SGSY. In order to develop a consistent system of monitoring the implementation of SGSY at the Block/DRDA level through field visits and physical verification of assets as well as progress of the swarozgari towards income generation, a schedule of inspection of families by various levels of officers are a must.*

- *There is a need for the installation of strong follow-up, reviewing and monitoring systems apart from identification of committed manpower and resource persons at all levels to take the scheme forward and to augment its outreach and efficacy.*

### **Gram Panchayat**

- *Gram Panchayats may be given a greater role in the recovery of loans along with the bank and block officials to facilitate smooth recovery of*

*loans. Wilful defaulters should be identified and dealt with strictly.*

- *Extensive awareness campaign may be launched with the help of Gram Sabha and Block officials in order to impart proper awareness regarding the scheme.*

### **Marketing**

- *The marketing of SGSY products may be tried through special co-operatives formed for the purpose in each village by organising melas and exhibitions.*

### **Training and Skill development**

- *More emphasis may be given to the skill development and other training programmes. The Banks may also be closely associated and effectively involved in these training programmes.*