



SWARNAJAYANTI GRAM SWAROJGAR YOJANA



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INTRODUCTION

- ❑ **The Swarnajayanti Gram Swarajgar Yojana (SGSY) a new and holistic self-employment programme for the rural poor was launched on 1st April 1999, with definite objective of improving the family incomes of the rural poor and at the same time, providing for a flexibility of design at the grassroots level to suit the local needs and resources.**
- ❑ **Changed as National Rural Livelihood Mission (NRLM) in June, 2011 and renamed as DeenDayal Antayodaya Yojna (DAY-NRLM) in November 2015.**
- ❑ **The basic objective of the SGSY is to bring every assisted Swarajgari above the poverty line by providing them assistance to acquire income-generating assets. The assistance is provided through bank credit and Government subsidy.**
- ❑ **The focus of the programme is establishing a large number of micro developments in rural areas based on the ability of the poor and potential of each area, both land-based and otherwise, for a sustainable income generation.**
- ❑ **In doing so, effective linkages are being established between the various components such as capacity building of the poor, skill development, credit, training, technology, marketing and infrastructure.**
- ❑ **. The subsidy allowed under the SGSY is 30 percent of the total project cost, subject to a ceiling of Rs.7, 500. For SC/STs and disabled persons subsidy limit is 50 percent and Rs.10, 000 respectively. For Self-Help Groups (SHGs) subsidy is 50 percent of the project cost subject to a ceiling of Rs.1.25 lakh or per capita subsidy of Rs.10, 000 whichever is less.**
- ❑ **There is no monetary ceiling on subsidy for minor irrigation projects for SHGs as well as individual Swarajgaris.**
- ❑ **The SGSY is special focus on the vulnerable groups among the rural poor. Accordingly the Sc/STs account for at least 50 percent of the Swarajgaris, women for 40 percent and the disabled for 3 percent.**
- ❑ **The aim is to bring the assisted poor families (Swarajgaris) above the poverty line by providing them income-generating assets through a mix of Bank credit and Governmental subsidy. The SGSY seeks to promote multiple credits rather than a one-time credit injection.**

INTRODUCTION...



- **The Self-Help Groups (SHGs.) are consisting of 10 to 20 members and in case of minor irrigation and in case of disabled persons and difficult area i.e. hilly, desert and sparsely populated areas, this number is minimum as five.**
- **The SHGs broadly go three stages of evaluation such as group formation, capital formation through the revolving fund and skill development and taking up of economic activity for income generation.**
- **Selection is made of 4 to 5 key activities based on local resources, occupational schemes of the people and availability of market so that the Swarojgaris should concentrate on a few selected key activities.**
- **The SGSY lays special emphasis on the development of Swarojgari through well designed training courses tailored to the activities selected and the requirement of each Swarojgari.**
- **The SGSY is being implemented by the District Rural Development Agencies (D.R.D.As) with the active involvement of Panchayati Raj Institutions (P.R.I.), banks and the N.G.Os. It is financed on 75:25 cost-sharing bases between the Center and the States.**
- **In India under the SGSY since its implementation more than 8.86 lakhs Self-Help Groups (S.H.Gs.) have been formed from 1999 to 2003. During the period 28.70 lakh Swarojgari (10.40 lakh members of the S.H.G. and 18.30 lakh individual Swarojgaris) were assisted with a total investment of Rs.5, 636.86 Crore. Out of total Swarojgari assisted SCs/STs were 44.75 percent and women were 42.30 percent.**

OBJECTIVES



- ✓ The objective of SGSY is to bring the assisted poor families (swarojgaris) above the poverty line in three years, by providing them income-generating assets through a mix of bank credit and government subsidy.
- ✓ It would mean ensuring that the family a monthly net income of at list Rs. 2000. Subject to availability of funds, the effort is to cover 30% of the poor families in each block during the next five years. Quality is the hallmark of SGSY, which is to be imaginatively used to bring people above the poverty line.



SALIENT FEATURES OF SWARNAJAYANTI GRAM SWAROJAGAR YOJANA



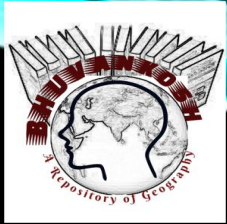
- a) Swamjayanti Gram Swarozgar Yojana aims at establishing a large number of micro enterprises in the rural areas, building upon the potential of the rural poor. It is rooted in the belief that rural poor in India have competencies and given the right support can be successful of valuable goods / services.**
- b) The assisted families (henceforth known as Swarozgaris) may be individuals or groups (Self- Help Groups), emphasis is on the group approach.**
- c) The objective under SGSY is to bring every assisted family above the poverty line in three years.**
- d) Swamajayanti Gram Swarozgar Yojana is conceived as a holistic programme of micro enterprises covering all aspects of self- employment**
- e) In establishing the micro enterprises the emphasis under Swamajayanti Gram Swarozgar Yojana is on the cluster approach. For this 4 to 5 key activities are with the approval of the Panchayat Samitis at the block level and the District Rural Development Agency at the District level. The major share of Swamajayanti Gram Swarozgar Yojana assistance was in activity clusters.**

SALIENT FEATURES OF SGSY....



- f) SGSY is adopting a project approach for each key activity. Project reports are prepared in respect of identified key activities. The banks and other financing institutions will be closely associated and involved in preparing these project reports, so as to avoid in sanctioning of loans and to ensure adequacy of financing.**
- g) The existing infrastructure for the cluster of activities is made under SGSY subject to a ceiling of (25 in the case of northeastern states) of the total programmes allocation for each district. This amount is maintained by the DRDAS as SGSY infrastructure fund and which can also be utilized to generate additional funding from other sources.**
- h) The effort under SGSY is to cover 30 % of the poor in each block in the next five years through an efficient programme. In planning of the key activities, care would be taken to ensure that the maximum numbers of Panchayats are covered without jeopardizing the quality of the programme**
- i) SGSY is also focus on Group approach. This would involve organization of the poor into Self -Help Groups (SHGs) and their capacity building. Effort are made to involve women members in each SHG besides, exclusive women groups are continue to be formed at the level of the block, at a half of the groups are exclusively women groups. Group activities are given preference and progressively, majority of the funding are for Self- Help Groups.**

SALIENT FEATURES OF SGSY....



- j) The 'Gram Sabhas' are to authenticate the list of families below the poverty line identified in the BPL census identification of individual families suitable for each key activity are made through a participatory process.**
- k) SGSY is a credit -cum-subsidy programme. However, Credit is the critical component in SGSY, subsidy being only a minor and enabling element. Accordingly, SGSY envisages a greater involvement of the banks they are involved closely in the planning and preparation of project, 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.**
- l) Swamjayanti Gram Swarojgar Yojana seeks to lay emphasis on skill development through well designed training courses. Those who have been sanctioned loans are assessed and given necessary training. The design duration of training and the training curriculum was a failure to meet the needs of the identified activities. District Rural Development Agency is being allowed to set apart up to 10% of the SGSY. Allocation on training this was maintained as SGSY training fund.**

SALIENT FEATURES OF SGSY....



- m) Swamajyanti Gram Swarojgar Yojana is ensuring up gradation of the technology in the identified activity clusters. The technology intervention is sought 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.**
- n) Funds under the Swarnajayanti Gram Swarojgar Yojana are shared by central and state governments in the ratio of 75:25.**
- o) The central allocation earmarked for the states are distributed in relation to the incidence of poverty in the states. However additional parameters like absorption capacity and special requirements are also be token into consideration during the course of the year.**

ADMINISTRATIVE STRUCTURE



➤ **A close co-ordination between different agencies responsible for implementation of SGSY is critical for the success of the programmes. In order to ensure the co-ordination the following committees are constituted under SGSY.**

1. Block Level SGSY Committee: The meeting of this Committee is convened by the BDO. The Lead Bank Officer, DDM, NABARD and the Lead Director Officer, RBI is attending the meeting as special invitees. The Block Level Committee is to meet between 5th & 10th of every month.

- a. Project Director -DRDA- Chairman**
- b. Project Officer (Self-employment)- Member**
- c. Branch Managers of all implementing Bank branches in block- Member**
- d. Block level officers of the concerned line department- Member**
- e. NGO representative (one)**
- f. Block Development Officer- Member -Convener**

ADMINISTRATIVE STRUCTURE....



2. District Level SGSY Committee:

This Committee meets every month to review the progress of SGSY and suggest corrective action wherever necessary. The composition of District Level SGSY Committee is as under-

- a. District Collector / Chief Executive Officer – Chairman
- b. DDM of NAB ARD –Member
- c. LDO of RBI –Member
- d. District level Coordinators of the implementing Bank – Member
- e. Concerned Heads of district level line departments – Member
- f. General Manager, DIC – Member
- g. District KVIB officer – Member
- h. Project Director, DRDA – Member
- i. 2-3 NGO representatives – Member
- j. Lead bank Officer - Convener

ADMINISTRATIVE STRUCTURE...



3. State Level SGSY Committee:

The Department of Rural Development or any other Department to which the subject of Rural Development has been allocated should be responsible for planning, implementation, monitoring and evaluation of the programme at the State Level. A state Level SGSY Committee has been provided to oversee the functioning the performance under SGSY. Its composition is as under

- a) Chief Secretary /Development Commissioner – Chairman
- b) Secretary, D/o institutional finance –Member
- c) Secretary D /o Planning –Member
- d) Secretary, in charge of Women’s development –Member
- e) Concerned Heads of the Line Departments as andwhen required –Members
- f) Secretary in charge of welfare of SC/STs –Member
- g) Representative of NAB ARD –Member
- h) Representative of RBI –Member
- i) Representative of concerned implementing bank atstate Headquarters –Member
- j) A representative of the Government of India, notbelow the rank of Deputy Secretary –Member
- k) Director, SIRD –Member
- l) Convener, SLBC -Member
- m) Secretary, in charge of Rural Development-Member Secretary

ADMINISTRATIVE STRUCTURE....



4. Central Level SGSY Committee:

The department of Rural Development in the Ministry of Rural Development, Government of India New Delhi is the over- all responsibility, of policy formulation, monitoring and evaluation of the Programme and for release of central share of funds. A Central Level Coordination Committee (CLCC) is constituted as under to assist the department. The CLCC is to meet once in six months.

- a. Secretary, Ministry of Rural Development-Chairman
- b. Deputy Governor, Reserve Bank of India-Member
- c. Secretary, Dept, of Agriculture & Cooperation-Member
- d. Secretary, Department of Expenditure-Member
- e. Special Secretary, Banking Division, Ministry of finance-Member
- f. Secretary, Department of Woman and Child Development-Member
- g. Secretary, Department of Science & Technology-Member
- h. h. Adviser (Rural Development), Planning Commission-Member

- i. Secretary, Ministry of Welfare- Member
Managing Director, NABARD-Member
- j. Additional Secretary & FA, Ministry of Rural Development-Member
- k. State Secretary of Rural Development-Member
- l. Chairman -cum -Managing Director of all commercial sector banks-Member
- m. Director General, CAPART-Member
- n. Director General, NIRD-Member
- o. Chairman Indian Banks Association- Member
- p. Joint Secretary (IRD)-Department of Rural Development - Member Secretary

- ✓ For the purpose of effective monitoring of the implementation of SGSY, the bank was set up SGSY cell in their controlling offices such as zonal / Regional offices. These cells were to make periodical review of the flow of credit to SGSY Swarozgaris, ensure the implementation of the guidelines issued by Reserve Bank of India and the Government of India, collect data from the branches.

I. SWAROJGARI



➤ **In Swarnjayanti Gram Swarajgar Yojana; the beneficiaries are known as swarajgaris.**

- **Swarajgaris is either individual or groups. The Self-Help Groups are drawn from the Below Poverty line list approved by Gram Sabha. Self-Help Groups: SGSY focuses on organization of the poor at grassroots level through a process of social mobilization for poverty eradication.**

➤ **SGSY's approach to organize the poor stems from the conviction that there is tremendous potential within the poor to help themselves. Social mobilization enables the poor build their own organization in which they participate fully and directly and take decisions on all issues concerning poverty eradication. Social mobilization is not a spontaneous process but it is induced. District Rural Development Agency is expected to initiate and sustain the process of social mobilization for poverty eradication by formation**

➤ **Self Help Groups are the advantage of the assistance, in terms of credit or technology or market guidance etc. reaching the poor faster and more effectively.**

- 50% of the groups formed in each block are exclusively for the woman.
- Self Help Group is an informal group.
- The groups are also to register themselves under the Societies Registration Act, the State Cooperative Act or as a partnership firm.
- A large number of Development of Woman and Children in Rural Areas (DWCRA) groups have been formed and assisted by District Rural Development Agency in the past.
- like wise there are a number of Self Help Groups formed by NAB ARD.

FORMATION OF SELF-HELP GROUPS



- **Self Help Group** is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty. They agree to save regularly and convert their savings into a common fund. The members of the group agree to use this common fund and such other funds that they are to receive as a group through a common management. The group formation is kept in view the following broad guidelines under Swarnajayanti Gram Swarajgar Yojana
 - a. Self Help Group consists of 10 to 20 persons. In case of minor irrigation, and in case of disabled persons, this number may be a minimum of five.
 - b. All the members of the group belong to families below poverty line.
 - c. The group is to devise a code of conduct to bind itself. This is the form of regular meetings, functioning in a democratic manner allowing free exchange of views participation by the members in decision-making process.
 - d. The group is able to draw up an agenda for each meeting and take up discussion as per the agenda.
 - e. The members are to build their corpus through regular savings. The members themselves are to decide the quantum of saving. The group is able to collect the minimum voluntary saving amount from all the members regularly. The savings are collected for the group corpus fund.
 - f. The group corpus fund is used to advance loans to the members. The group is to develop financial management norms covering the loans sanction procedure, repayment schedule and interest rates.
 - g. The members in the group meetings are to take all the loaning decisions through a participatory decision-making process.
 - h. The group is able to prioritize the loan applications, fix repayment schedules, fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments from the loans.
 - i. The groups are operating a group account so as to deposit the balance amounts left with the groups after disbursing loans to its members.
 - j. The group is maintaining simple basic records such as Minutes Book, Attendance Register, Loan ledger, General ledger, Cashbook, Bank passbook and individual passbook.



II. LINKAGE WITH THE BANKS

During the stage of group formation the Self Help Group is brought into contact with the local banks. This may start in the 3rd or the 4th month and has a dual purpose.

- The Self Help Groups begins to realize the opportunities and also the mode of dealing with the banks. Likewise, the bankers get to familiarize themselves with the Self Help Groups, which is mutually beneficial.
- The BDO and the banker are to visit the Self Help Groups and explain to the members the opportunities for Self- Employment. They are also supposed to explain to them the process of graduation into taking up full-flagged self-employment activity.
- Grading of the self-help groups is as following:
 1. The formation stage generally lasts for six months. At the end of sixth month it necessary to subject each Self Help Groups to test and ready to go into the next stage of evaluation. This is done through a grading exercise. The objective of this exercise is to identify the weaknesses and help the group to overcome the same so as to develop into good group. Grading exercise helps to focus attention on weak groups so that District Rural Development Agency can assist them to overcome the weaknesses into good group.
 2. The District Rural Development Agency is to play an effective role in grading exercise.
 3. A number of Government and Non Government Organization working with Self Help Groups across the country have evolved very effective strategies for grading the Self Help Groups.

III- ECONOMIC ACTIVITIES



- The Self Help Group is demonstrated that it is successfully passed through the second stage; it is eligible to receive the assistance for economic activities. This is in the form of loan and subsidy. There are two ways in which a Self Help Groups receive this assistance.
 1. Loan-cum-subsidy of Swarnajayanti Gram Swarojgar Yojanato the individual in a group provided the prospective swarozgaris in the group are capable and willing to take up income generation activities under these sectors.
 2. Loan-cum-subsidy to the group where all the members in the group want to take up a group activity. District Rural Development Agency conducts training programmes to the members and the representatives of the groups so that the groups become fully the self managed and evolve into strong group. The cost of the group formation and development is met from the Swarnajayanti Gram Swarojgar Yojana Revolving fund. It is estimated that an amount of Rs.10, 000 per group, is the investment required over 3 to 4 years.

IDENTIFICATION AND SELECTION INDIVIDUAL SWAROJGARIS



- i. The list of village is finalized by the Block Swarnajayanti Gram Swarojgar Yojana Committee every year but the concerned Sarpanche is intimated. The individual Swarojgaris are to be selected in the Gram Sabha. It is possible that the Gram Sabha be held at Panehayat headquarters and there will be the participation of all the Below Poverty line families.
- ii. The selection of the swarozgaris is done in an open and transparent manner. The poor have the confidence that if they fulfill the requisite conditions they are able to avail of the facilities under the programme. It is possible that number of such potential swarozgaris is more than the programme available to the bank.
- iii. In case the committee is not sure of sufficient number of potential Swarojgaris being sanctioned the loan. It is open to the committee to select a higher number and leave the final selection to the bank. While the bank is to be free to choose the Swarojgaris the effort is also to see that this is done in a transparent manner.
- iv. After the selection is made the Block Development Officer . shall arrange the applications filled by the selected persons. Since most of the potential Swarojgaris are illiterate and some of them are very poor. It is necessary that the performs prescribed by the banks is simple while, however satisfying the legal requirement. It is also be in the local language.
- v. The banks once received the applications they are sanctioned the normally in 15 days and at any rate not later than one month. Every year the process of sanction by the banks is normally over by the month of July.
- vi. The list of Swarojgaris finally selected is got to be printed by the Block Development Officer and the copies made available to the Gram Panchayat for placing it before the next Gram Sabha. This list is also being made available to the District Rural Development Agency, other block officials, bankers and all other concerned agencies.

FINANCIAL PROCEDURE



- a. Criteria for Allocation of Funds to the States:** SGSY is a centrally sponsored scheme and the financing of the programme is shared between the Central and the States in the ratio of 75:25.
- The central allocation earmarked for the States is distributed in relation to the incidence of poverty in the States. However, additional parameters like absorption capacity and special requirement are also being taken into consideration during the course of the year. Devolution of funds to the district are indicated by the States and approved by the Government of India. Government of India releases the funds directly to the DRDAs.
 - Devolution to the Blocks is decided by the Governing Body of the DRDA based on level of poverty and other local factors.
 - Re-allocation is made by the DRDA within a district This is made during January for the remaining financial year.5.6,
- b: Eligibility Items of Expenditure :** Each DRDA is incurring expenditure on the following items only from the funds provided for SGSY:
- I. SGSY Training Fund (10% of the allocation) .
 - II. SGSY Infrastructure Funds. (20% of the; 25% in case of NE States)
 - III. Provision for Revolving fund to SHGs (10% of the allocation)
 - IV. Subsidy for economic activities For administration, separate funds through a distinct centrally sponsored scheme of DRDA Administration are provided.

RELEASE OF FUNDS



- **The Center releases funds in two installments.** In the case of cold snow bound districts viz, Lahul and Spiti, Leh and Kargil where the working period is limited to a few months, the entire share of assistance is released in one installment.
- **Normal Areas:** These releases are immediately followed with the releases by the States. Release procedure for central share of SGSY as following.
 1. **Release of First Installment**The release of first installment of Swamajayanti Gram Swarojgar Yojana subsidy amount is made without any formal request if the second installment in the previous year is released without any condition. If this installment was not released at all or was released with some condition formal request for release of first installment are required from the District Rural Development Agency after the condition is fulfilled/reasons for non-release of the second installment is met. The release of the first installment is ordinarily be completed by the end of the second month of the financial year.
 2. **Release of second Installment**The second installment of Central funds is released on the request of District Rural Development Agency in the prescribed proforma on fulfillment of the following conditions:
 - a. A. Budget provision for the current year is indicated by the state government.
 - b. B. The state government releases its contribution during the previous year.
 - c. C. The opening balance of District Rural Development Agency should not exceed 15% of allocation of the year in which funds are being released.
 - d. D. Available funds including carry forward funds are utilized at least to 60%.
 - e. E. Audit report and utilization certificates for the previous year is furnished.
 - f. F. Annual plan is approved by the governing body of the District Rural Development Agency.
 - g. G. Any other terms and conditions imposed at the time of the last release should been met.

Cold Desert Areas Funds are released in one installment if the following conditions are satisfied before next release.

1. Conditions laid down at the time of release of funds during the previous year are satisfied.
2. Budget provisions for the current year is indicated and a central release isn't exceed it.
3. State Government is released its share during the previous years.
4. 75% utilization of available funds including carry forward funds.

IMPLEMENTATION



- A close involvement of different agencies is essential for the success of SGSY.
- SGSY is implemented by District Rural Development Agencies (DRDAs) through the Panchayati Samitis and, with the active involvement of other Panchayat Raj institution, the banks, the line departments and the NGOs.
 - a) The DRDAs are expected to co-ordinate the implementation of the programme. In particular their role is critical in organization of the Self-Help Groups and their capacity building as well as in terms of coordination with the technical institution for technology and training, the banks for planning and credit mobilization, the line department for infrastructure and technical follow up as well as in coordination die marketing activity.
 - b) The Gram Panchayat plays a crucial role in SGSY. The GramSabha first approves the list of BPL families. Besides, at the beginning of each year, the potential Swarojagaris for taking up the designated key activities is identified in each habitation by a 3-member committee including the Sarpanch.
 - c) The Panchayat Samiti (block level) approves the key activitiesthat are identified for the block. The list is send to the BDO through the district level Technical Group.
 - d) The Bankers play a very critical role in the implementation of Swamjayanti Gram Swarozgar Yojana. SGSY is a credit- cum- subsidy programme. Credit is the key component and subsidy is only a minor and enabling component.
 - e) The line departments have an important role to play in the entire exercise, for they are responsible for implementation and monitoring of respective sect oral activities. SGSY needs a very close collaboration between the implementing agencies and the line departments.
 - f) The NGOs is also an important role to play. They are used in die formation and nurturing of the SHGs as well as in the monitoring of the progress of the Swarojgaris.
 - g) Similarly, care must be taken to ensure the participation of the technical research available in the district, in the form of technical institution may not always have ready solution to the problem but if they are properly oriented they can come up with solution to different problems.

PROBLEMS OF THE SGSY



➤ There are several problems at different level of the programme formulation to implementation phase SGSY:

1. Selection Phase

- Inclusion of the poor
- Exclusion of the poor
- No individual fool proof method of selection

2. Problems related to Group activity & implementation

- Not transparent
- Limited experience in implementation
- Time taking process
- Target oriented approach not participatory process
- Seen fake exercises in internal loan process
- Lack of coordination between government agencies and NGO's & Banks
- Lack in timely funding from banks (loan)
- Competition between different SHG'S

SUGGESTIONS FOR BETTER EXECUTION OF SGSY



- Formation of cooperatives to market SHG's products;
- Proper monitoring of activities of SHG's
- Selection of NGO's with better track record for successful implementation;
- Proper training & development programmes for speeder rmonitoring of activities;
- Increase in the coverage of banks to remote areas

SUGGESTED READINGS



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