

Swarnajayanti Gram Swarojagar Yojana (SGSY) in India

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Abstract: The objective of the Swarnajayanti Gram Swarojagar Yojana is to bring the assisted poor families (Swarozgaris) above the poverty line by ensuring appreciable sustained level of income over a period of time. This objective is to be achieved by inter – alia organizing the rural poor into Self-help Groups (SHGs) through the process of social mobilization, their training and capacity building and provision of income generating assets through a mix of bank credit and government subsidy. It is a credit linked scheme, wherein credit is the key element with subsidy being an enabling component. Under the Scheme, financial assistance is given to Individuals or Groups (Self Help Groups) belonging to below poverty line families. However, the emphasis is on the Group Approach and development of activity clusters by selecting about 10 key activities per block. The scheme also recognizes that alternative forms of employment are relevant in the current opportunity scenario for the rural BPL youth to be absorbed on a skill up gradation and placement basis. The Programme is being implemented in rural areas of all the States / UTs (except Delhi and Chandigarh) through the DRDAs. The present study is about implication of Swarnajayanti Gram Swarojagar Yojana (SGSY), a national level anti-poverty program of government of India with regard to poverty eradication and women's empowerment. In this paper we would throw light on implications of SGSY in rural India.

Keywords: SGSY, SHG, DRDA, Panchayats, Women empowerment and BPL

1. Introduction

Swarnajayanti Gram Swarojagar Yojana (SGSY) was introduced from 1-APR-1999. The SGSY (Swarnajayanti Gram Swarojagar Yojana) aims at providing self-employment to villagers through the establishment of self-help groups. Activity clusters are established based on the aptitude and skill of the people which are nurtured to their maximum potential. Funds are provided by NGOs, banks and financial institutions.

The SGSY was somewhat intended to provide self-employment to millions of villagers. Poor families living below the poverty line were organised into Self-help groups (SHG)'s established with a mixture of government subsidy and credit from investment banks. The main aim of these SHGs was to bring these poor families above the poverty line and concentrate on income generation through combined effort. The scheme recommended the establishment of activity clusters or clusters of villagers grouped together based on their skills and abilities. Each of these activity clusters worked on a specific activity

chosen based on the aptitude and skill of the people, availability of resources and market potentiality.

The SHGs are aided, supported and trained by NGOs, CBOs (Community based organisation), individuals, banks and self-help promoting institutions. Government-run District Level Development Agencies (DRDA) and the respective State governments also provided training and financial aid. The SHGs created may have a varying number of members based on the terrain and physical abilities of the members.

The SHGs are usually created by selecting individuals from the below poverty-line (BPL) list provided by the Gram sabha. The SHGs are divided into various blocks and each of these blocks concentrated on 4-5 key activities. The SGSY is mainly run through government-run DRDAs with support from local private institutions, banks and Panchayati raj institutions. The Government also assists villagers in marketing their products by organizing melas or fairs, exhibitions etc.

The Swarna Jayanti Swarojagar Yojna (SGSY) has been renamed as National Rural Livelihood Mission (NRLM).

2. Emerging models for implementation of the SGSY

The implementation of the SGSY scheme has met with varied degrees of success in different parts of the country. Since the fulcrum of the scheme is social mobilization and group formation, the scheme has registered some progress in states like A.P. and Tamilnadu where the SHG formation process has taken off in a relatively smooth manner. However, in the larger poverty pockets central and eastern India, the scheme is yet to make a significant impact, since the process of social mobilization is still at an early stage. Based on the initial conditions and status of delivery mechanisms, a few successful models of implementation of the SGSY have emerged in the country to empower the poor and strengthen their livelihood based. Some of them are briefly discussed below:

A. Kudumbashree Model of Kerala

This approach focuses on building organizations of the poor under the umbrella of local self-government. It is a three tier organization viz., Neighborhood Groups, Area Development Societies and Community Based Organizations. The poor families are identified on the basis of 9 major deprivations for targeting assistance. This successful model in Kerala is based

on the support of the historically strong Panchayati Raj Institutions in Kerala. This model is dependent on democratic decentralized government and is replicable only in states where PRIs are well established like West Bengal. However, even in Kerala this model could not address the empowerment and livelihood concern of extreme poor communities like fishermen and scheduled tribes.

B. SHG Model of Andhra Pradesh

Andhra Pradesh brought together the lessons from the UNDP assisted South Asia Poverty Alleviation Project (SAPAP) which has demonstrated that the poor have enough potential to help themselves if that potential is adequately harnessed through a process of social mobilization and empowerment. This process results in the creation of organizations of the poor which are federated at the village, mandal and district levels. Andhra Pradesh has managed to bring about 80% of its rural poor into the SHG network. This approach has succeeded in the state mainly due to a strong political commitment to the programme and ensuring of continuity in the administrators. A Rs. 600 crore World Bank assistance has boosted the resource based for the social mobilization effort which subsequently resulted in successful leveraging of bank credit. The success of this model depends upon the functioning and sustainability of the federations and the existence of a dedicated administrative set up for self-employment.

C. Individual Household Model of Gujarat

The Gujarat model utilizes the per capita expenditure based approach to identify rural poor, takes into account the multi-dimensional nature of poverty. It has used 13 score-based socio-economic parameters for assessing the poverty level of each household. Then, it groups them into poor and very poor, and prioritizes the poverty alleviation programmes by placing the poorest at the top. Equipped with a very systematic computerized ordinal list of the poor identified on the basis of a vector of multi-dimensional indicators of basic deprivations, the Gujarat approach of poverty alleviation programme is oriented towards assistance to individual households. The strong cooperative and business ethos of Gujarat and well-knit market and other rural infrastructure, including adequate rural power supply, the model has been working well in Gujarat. But in other states it is doubtful whether it is possible to replicate such individual/household approach without strong involvement of either PRIs or NGOs or SHGs. The success of the Kudumbashree Model of Kerala depends largely on the functioning of a strong PRI organizational network and this is not in existence in all parts of the country. Similarly, the Gujarat model is a business-like model with emphasis on individual / household oriented delivery system, which may not work in other states. It then emerges that the Andhra Pradesh model is feasible in a larger number of states in the country since it is premised on the organization of the poor into SHGs and implemented through a dedicated machinery. It can be a suitable model for poverty alleviation.

3. Objectives of the study

In this paper we are going to throw the light on the impacts and drawbacks of SGSY and problems faced by SGSY in rural India.

4. Problems faced by SGSY in rural India

After many plan and percussion SGSY faced various problems. Nearly 31 lakh SHGs were formed over a period of ten years since 1999-00. Out of them, 20 lakh obtained the status of Grade I and 9.5 lakh Grade II. But only about seven lakh SHGs could obtain credit for undertaking economic activities. Thus the proportion of SHGs taking up economic activities financed by bank credit and supported by subsidy was only 22 per cent. In 1999-2000, the first year of launching SGSY, the funds available were Rs.1,962 crore, but it declined to Rs. 1,608 crore in the very next year and varied between Rs.1200 to Rs.1400 crore per year between 2001-02 and 2005-06. Though the fund showed an increasing trend since 2004-05, it could not cross the 1999-00 level till 2008-09. The total fund available for the programme over the ten years of the programme was Rs 16,188 crore but the utilization was only 74 per cent (Rs.11,963 crore) during this period. The under-utilization of available funds could be due to lack of motivation on the part of poor as well as inability to shift from wage employment to self-employment. The ground reality is that only 6 per cent of the total SGSY funds were utilized for training and capacity building during the past one decade. Its share remained at a low level of about 6 percent and only recently it is close to the expected 10 per cent.

Similarly, only 16 per cent of the total funds were utilized for infrastructure development over the ten year period. Still worse, the overall utilization rates declined over the years. Almost 2/3 of the funds went for subsidy, thus earning an epithet that SGSY is subsidy-driven! In the case of hard core poor, priority should be for providing handholding till they escape from poverty. The failure in the spread of the programme and the limited absorbing capacity kept even the targets of credit more or less at a constant level. It is important to find out the reasons for the persistent wide gap between the credit targets set and the actual mobilization of credit. Credit-subsidy ratio remained much below the target ratio of 3:1. This is partly due to failure to strengthen the demand side of the credit by improving the capacity of the poor to absorb credit for income generating activities. But it is also due to supply side failures. The financial services did not have the systems and procedures suited to the poor. On the whole, credit and related indicators show that SGSY-bank linkage is yet to take off from the perspective of credit facilitating the growth of micro enterprises. It signifies the failure of both credit delivery systems to reach the poor as well as that of public intervention to promote credit-worthy swarojgaris. On the other side there is a lack of better technology which causes low productivity levels of SHGs, so

Table 1
SGSY Performance during the Eleventh Five Year Plan (2008-2013)

Categories	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Funds Available	2394.17	3003.05	3495.65	3752.21	1972.55	3326.5
Funds Utilised	1965.97	2285.4	2779.19	2804.04	794.33	1012.33
%age utilisation to funds available	82.12	76.1026	79.5	74.73	40.27	30.43
Total Credit Mobilised (5+6)	2760.31	3530.07	4447.03	4585.98	4461.58	4461.58
Credit Disbursed to SHGs	2090.7	2513.38	3475.21	3753.02	1107.42	3280.2
Credit Disbursed to Individual Swarozgaris	669.6	1016.69	971.82	832.95	289.2	4461.58
Total Subsidy Disbursed (8+9)	1289.1	1742.27	1962.13	1814.11	573.16	693.09
Subsidy Disbursed to SHGs	990.97	1150.94	1477.21	1499.17	437.55	586.72
Subsidy Disbursed to Individual Swarozgaris	298.14	591.33	484.92	314.94	135.61	106.37
Ratio of Investment on SHGs vs. Ind	3.18	2.28	3.4	4.58	3.64	0.85
Total Investment	4049.41	5272.34	6409.16	6400.09	5034.74	5154.67

Table 2
Physical Progress under SGSY since Inception

Years	Self - help Groups formed	No. of SHGs formed Grade-I	No. of SHGs formed Grade-II	SHGs Taking-up Economic Activities	SHG Swarozgaris Assisted	Individual Swarozgaris Assisted
1999-2000	292	125	-	29	35	586
2000-2001	223	217	74	26	319	687
2001-2002	434	176	54	31	365	573
2002-2003	399	190	95	36	414	412
2003-2004	392	205	91	51	578	320
2004-2005	266	220	106	68	789	327
2005-2006	276	211	92	80	873	278
2006-2007	246	222	156	138	1472	220
2007-2008	306	251	117	181	1154	254
2008-2009 (up to Oct. 2008)	298	201	62	46	557	117
Total	3134	2014	948	685	6869	3772

SHGs income is not sufficient to pay back the credit taken from banks.

5. Suggestion for designing the national rural livelihood mission (NRLM)

Ministry of Rural Development (MoRD) has undertaken a comprehensive review and redesigning of the Swarnajayanti Gram Swarozgar Yojana (SGSY) program to make it the flagship program for the alleviation of rural poverty. In the budget 2009 – 10, the Government announced renaming the program as National Rural Livelihood Mission (NRLM) and also mentioned to cover 50% of all rural households by organizing them in SHGs.

NRLM is based on three pillars, those are enhancing and expanding the existing livelihood options of the poor, Building skills for the job market, nurturing self-employed and entrepreneurs. NRLM plans to give special focus on the poorest households who are currently dependent on the MGNREGA. The design of NRLM is more likely to succeed because its implementation is in a mission mode which enables it shift from the present allocation based approach to demand based

approach. This enables the states to formulate their own livelihood based on poverty reduction action plans. It also focuses on targets, outcomes, and time bound strategies. The monitoring would be done against the targets of the poverty outcomes.

6. Conclusion

In India implementation of SGSY was not proper and lacks mechanism to regulate and control the scheme. Authorities fails to create awareness of the scheme among BPL families. Lack of planning, strategy, information and interest towards the scheme from all the aspects is the main cause of its failure.

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