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*Full Length Research Paper*

# **Fight against poverty in rural India: Lessons from a focal poverty eradication scheme, Swarnajayanti Gram Swarozgar Yojana (SGSY)**

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**The Swarnajayanti Gram Swarozgar Yojana (SGSY) is a holistic programme which looms towards poverty eradication in rural India through creation of self-employment opportunities to the rural people. The scheme aims to bring every assisted poor family above the poverty line by ensuring appreciably sustainable levels of income over a period of time. This objective is to be achieved by organizing the rural poor in to Self Help Groups through the process of social mobilization, their training and capacity building, and provision of income generating assets. There are many Centrally Sponsored Schemes are available for poverty reduction. Of them, Swarnajayanti Gram Swarozgar Yojana (SGSY) is one of the merger programmes that replaced Integrated Rural Development Programme (IRDP) for the rural development. This scheme has gained a significant role in alleviation of poverty by generating employment opportunities. One the above backdrop, the present study is undertaken to analyze the effectiveness of this scheme.**

**Keywords:** Yojana, Poverty Alleviation, Self-Employment, Self Help Groups, Below Poverty Line.

## **INTRODUCTION**

A life of dignity is the right of every citizen. Poverty is an obstruction to a dignified life. Self-employment is a significant step to have sustained incomes and remove the shackles of poverty. It is one of the main problems which have attracted attention of social scientists. It indicates a condition in which a person fails to maintain a living standard adequate for his physical and mental efficiency. It is a situation where people want to escape. It

gives rise to a feeling of a discrepancy between what one has and what one should have. The term poverty is a relative concept. It is very difficult to draw a demarcation line between affluence and poverty. According to Adam Smith, "Man is rich or poor according to the degree in which he can afford to enjoy the necessities, the conveniences and the amusements of human life".

Even after more than 60 years of Independence, India still has the World's largest number of poor people in a single country. Poverty in India is widespread, with the nation estimated to have a third of the world's poor. In 2010, the World Bank reported that 32.7% of the total Indian peoples fall below the international poverty line of

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US\$ 1.25 per day (PPP) while 68.7% lives on less than US\$ 2 per day. According to 2010 data from the United Nations Development Programme, an estimated 37.2% of Indians live below the country's national poverty line. The Oxford Poverty and Human Development Initiative (OPHI) in 2010 indicates that 8 Indian states have more poor people than 26 poorest African nations combined which totals to more than 410 million poor in the poorest African countries.

According to 2011 poverty Development Goals Report, as many as 320 million people in India and China are expected to come out of extreme poverty in the next four years, while India's poverty rate is projected to drop to 22% in 2015. The report also indicates that in Southern Asia, however, only India, where the poverty rate is projected to fall from 51% in 1990 to about 22% in 2015, is on track to cut poverty in half by the 2015 target date.

Poverty has many dimensions changing from place to place and across time. There are two inter-related aspects of poverty is Urban and Rural. The main causes of urban poverty are predominantly due to impoverishment of rural peasantry that forces them to move out of villages to seek some subsistence living in the towns and cities. In this process, they even lose the open space or habitat they had in villages albeit without food and other basic amenities. When they come to the cities, they get access to some food though other sanitary facilities including clean water supply still elude them and they have to stay in the habitats that place them under sub-human conditions. While a select few have standards of living comparable to the richest in the world, the majority fails to get meals two times in a day. The causes of rural poverty are manifold including inadequate and ineffective implementation of anti-poverty programmes. The overdependence on monsoon with non-availability of irrigational facilities often results in crop-failure and low agricultural productivity forcing farmers in the debt-traps. The rural communities tend to spend large percentage of annual earnings on social ceremonies like marriage; feast etc. Our economic development since Independence has been lopsided. There has been increase in unemployment creating poverty like situations for many. Population is growing at an alarming rate. The size of the Indian family is relatively bigger averaging at 4.2. The other causes include dominance of caste system which forces the individual to stick to the traditional and hereditary occupations.

Since the 1970s the Indian government has made poverty reduction a priority in its development planning. Policies have focused on improving the poor standard of living by ensuring food security, promoting self-employment through greater access to assets, increasing wage employment and improving access to basic social services. India's Public Distribution System was launched in 1965 and has helped meet people's basic food needs by providing rations at subsidized prices. Although it has affected less than 20% of the poor's food purchases, the

system has been important in sustaining people's consumption of cereals, especially in periods of drought. It has provided women and girls with better access to food and helped overcome the widespread discrimination against female consumption within households. It has also reduced the burden of women, who are responsible for providing food for the household.

The largest credit-based government poverty reduction programme in the world, the Integrated Rural Development Programme provided rural households below the poverty line with credit to purchase income-generating assets. Launched in 1979, the programme has supplied subsidized credit to such groups as small and marginalized farmers, agricultural laborers, rural artisans, the physically handicapped, scheduled castes and scheduled tribes. Within this target population, 40% of the beneficiaries are supposed to be women. Although the programme has reached 51 million families, only 27% of the borrowers have been women. The programme has significantly increased the income of 57% of assisted families. There are many Centrally Sponsored Schemes like Jawahar Rozgar Yojana(JRY), Employment Assurance Scheme (EAS), Sampoorna Grameen Rozgar Yojana (SGRY), National Food for Work (NFFW), Indira Awas Yojana(IAY), Mahatma Gandhi National Rural Employment Scheme(MGNREGS), National Social Assistance Programme (NSAP), Drought Prone Area Programme (DPAP), Desert Prone Programme (DPP), Integrated Wastelands Development Programme (IWDP) and Targeted Public Distribution System (TPDS) are available for poverty reduction, but the scheme Swarnajayanti Gram Swarozgar Yojana (SGSY) is considered in this paper because the Central Government merged various previous schemes and formed this one. So it is more meaningful to analyze the effectiveness of this scheme. This scheme promotes group activities that provide sustainable incomes to the following groups.

From the above table and figure, it is clear that the major beneficiaries, fund distribution and Performance of SHGs under the SGSY until Dec 2010 since its inception.

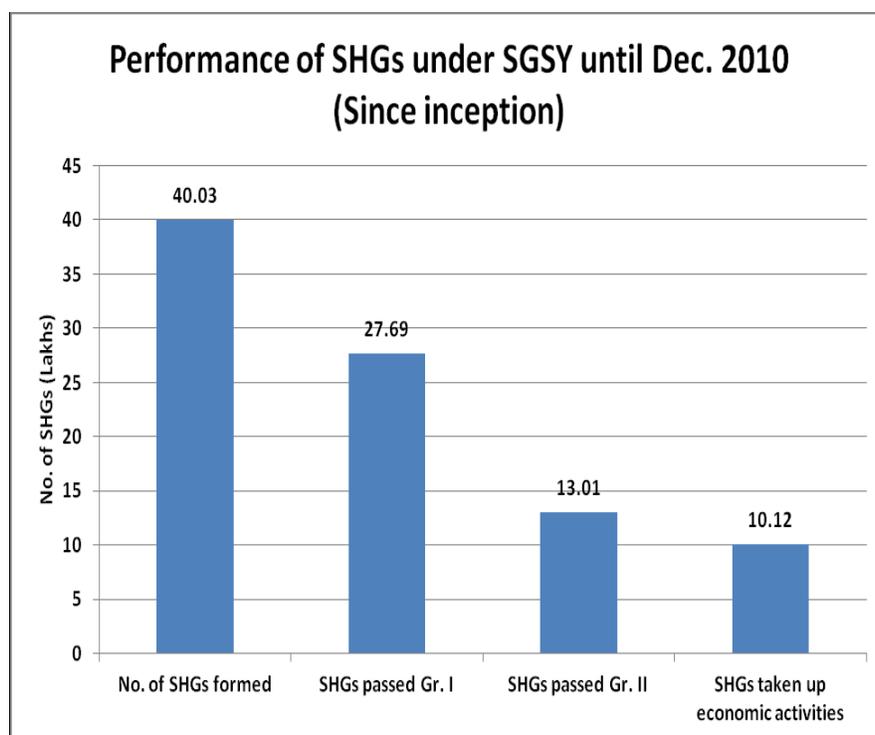
### **Swarnajayanti Gram Swarozgar Yojana (SGSY)**

The scheme SGSY is an initiative launched by the Government of India to provide sustainable income to poor people living in rural areas of the country. It is an integrated scheme for providing opportunities of self employment to the rural poor. The scheme assisted families may be individuals or Self Help Groups. However, the emphasis is on group approach and also with particular emphasis on group formation by women and the weaker sections. It 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

**Table. 1.** SWARNAJAYANTI GRAM SWAROZGAR YOJANA (SGSY) at a Glance

Sl. No	Items	Number in Lakh		
		2010-11(upto Dec., 2010)	Since inception 1999 to till Dec., 2010	2011-12(upto Jan. 2012)
1	No. of SHGs Formed	2.14	40.03	1.86
2	SHGs passed Gr.I	1.93	27.69	---
3	SHGs passed Gr.II	1.15	13.01	---
4	SHGs taken up economic activities	1.21	10.12	1.88
5	Women Swarozgaries assisted	8.50(66.35%)	92.24(59.56%)	7.92(68.13%)
6	SC/ST Swarozgaries assisted	6.44(50.25%)	73.84(47.16%)	6.09(52.33%)
7	Minorities (Swarozgaries) assisted	1.38(10.77%)	8.57(9.95%)	1.29(11.12%)
8	Subsidy disbursed (Rs. In Crores)	1226.96	1218	1189.38
9	Credit disbursed (Rs. In Crores)	2901.36	25743	3032.12
10	Per Capita Investment (2010-11)	33990	---	---

Source: Government of India, Ministry of Rural Development, Annual Report 2010-11.



to their maximum potential. Funds are provided by NGOs, banks and financial institutions. The magnitude of poverty and disparities that existed between the various social groups necessitated planned state intervention to provide succor and relief particularly to the disadvantaged and marginalized groups such as SC/ST, women etc. Keeping this in view and having regard to the positive aspects as well as deficiencies, the earlier self employment programmes like TRYSEM (Training of Rural Youth for Self Employment), SITRA (Supply of Toolkits in Rural Areas), GKY (Ganga Kalyan Yojana), DWCRA (Development of Women and Children in Rural Areas), IRDP (Integrated Rural Development Programme) and MWS (Million Wells Scheme) were

merged and a new self employment programme viz., SGSY was launched and with effect from April 1, 1999.

The above table shows the progress of SGSY since inception. During the period 1999-2010, there is a considerable growth in SHGs in grade I and II, adoption of economic activities and no. of swarozgaries etc. there is a significant growth of 90.68 percent in the no. of SHGs formed and 96.74 percent growth in the economic activities undertaken by the groups. The data shows growth trend in the physical progress of SGSY.

The SGSY was somewhat intended to provide self-employment to millions of villagers. Poor families living below the poverty line were organized into Self-Help Groups established with a mixture of government subsidy

**Table 2.** Physical Progress under SGSY Since its Inception

(No in Thousands) Years	SHGs Formed	No. of SHGs Passed Grade-I	No. of SHGs Passed Grade-II	SHGs Taking up Economic Activities	SHG Swarozgaris Assisted	Individual Swarozgaris Assisted
1999-00	292	125	74	29	347	586
2000-01	223	214	101	26	319	687
2001-02	434	176	54	31	365	573
2002-03	399	190	95	36	414	412
2003-04	392	205	91	51	578	320
2004-05	266	220	106	68	789	327
2005-06	276	211	92	80	873	278
2006-07	246	222	156	138	1472	220
2007-08	307	251	117	181	1154	254
2008-09	564	322	139	114	1470	291
2009-10 (Dec. 09)	278	273	155	82	958	143
Total	3679	2409	529	836	8740	4090

**Source:** GOI, Ministry of Rural Development, Report of the Committee on Credit related issues under SGSY, 2008-09. Ministry of Rural Development, Annual Report 2010-11.

and credit from investment banks. The main aim of these SHGs was to bring these poor families to 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, individuals, banks and self-help promoting institutions. Government-run District Rural Development Agencies and the respective State governments also provided training and financial aid. The programme focuses on establishing microenterprises in rural areas. The SHGs created may have a varying number of members based on the terrain and physical abilities of the members. It goes through three stages of creation:

1. Group formation
2. Capital formation through the revolving fund and skill development and
3. Taking up of economic activity for skill generation.

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 DRDAs with support from local private institutions, banks and Panchayati raj institutions. The Government also assists villagers in marketing their products by organizing meals or fairs, exhibitions, etc.

### Salient Features of SGSY

It has been conceived as a holistic programme of self employment and some of its salient features are.

- It is a centrally sponsored self-employment scheme.
- The ratio of funding between the Centre and the States is 3:1 other than North-Eastern States for which the ratio is 9:1.
- The implementing authority of the scheme is District Rural Development Agency (DRDAs) with the involvement of local authorities.
- DRDA allocate 10 per cent of its funds towards training and capacity building and also provides Rs.10,000 to each SHG as Revolving Fund, banks provide cash credit of Rs.15,000 for Grade-I SHGs.
- Other financial institutions such as Commercial Banks, RRBs and co-operative banks provide loans to Grade-II SHGs with minimum repayment period of three to five years depending on the nature of scheme.
- SGSY Infrastructure Fund comprises up to 20 per cent of the allocation to the States other than North Eastern States (25 percent).
- NGOs, CBOs and Self Help Promoting Institutions (SHPIs) are assisted up to Rs.10,000 per group by government for the formation and development of Self Help Groups (SHGs)
- Subsidy per swarogari amounts to 30 per cent of the project cost or Rs.7,500 whichever is less and it is Rs.10,000 for SC/ST / disabled swarogaris.
- Subsidy can be applicable to the beneficiaries only when the loan amount repaid before the stipulated

**Table 3.** Financial and Physical Progress under SGSY: 2005-06 to 2009-10

Sl. No	Items	1999-2000	2005-06	2006-07	2007-08	2008-09	2009-10
<b>A</b>	<b>Financial Progress</b>						
1	Total Allocation	1472.33	1332.67	1466.00	2268.82	2643.44	2688.66
2	Budget Allocation/Revised Allocation	950.00	1000.00	1200.00	1697.70	2350.00	2350.00
3	Central Allocation	1105.00	1000.00	1100.00	1702.24	2020.00	2051.54
4	State Allocation	367.34	332.67	366.00	566.58	623.44	637.12
5	Central Releases	946.76	1029.56	1188.35	1697.70	2337.89	1632.18
	% age of Centre Releases	99.66	102.96	99.03	100.00	99.48	69.45
6	Central Releases(Subsidy to DRDA)	869.55	910.27	1040.16	1540.28	1989.60	1507.35
	% age Central Releases (Subsidy to DRDAs)	78.69	91.03	94.56	90.49	98.49	73.47
7	State Releases	261.47	315.67	338.91	475.69	542.57	354.00
	% age of State Releases	71.18	94.89	92.60	83.96	87.03	55.56
8	Opening Balances as on 1 <sup>st</sup> April	776.66	241.83	262.97	302.58	438.80	800.05
9	Misc. Receipt	54.33	90.76	82.51	75.62	32.08	22.09
<b>10</b>	<b>Total Fund Available</b>	<b>1962.01</b>	<b>1558.53</b>	<b>1724.55</b>	<b>2394.17</b>	<b>3003.05</b>	<b>2683.49</b>
<b>11</b>	<b>Total Funds Utilized</b>	<b>959.86</b>	<b>1338.78</b>	<b>1424.20</b>	<b>1965.97</b>	<b>2285.40</b>	<b>1548.11</b>
	Utilization of Funds Available (%)	48.92	85.90	82.58	82.12	76.10	57.69
	Utilization to Allocation (%)	65.19	100.46	97.15	86.65	86.46	57.58
	Utilization of funds	36.79	64.59	68.18	65.57	76.23	70.88
	Utilization of revolving fund	5.06	11.08	9.86	9.52	10.83	13.07
	Utilization of infrastructure Dev.Fund	22.16	13.30	12.99	15.98	15.78	14.84
	Utilization of Training/Skill Dev.Fund	4.65	6.31	7.26	9.76	09.42	1577.99
	Utilization other fund	0.79	2.16	2.15	5.48	01.93	0.18
10	Total Credit Target	3205.00	2515.65	2869.12	3743.55	3929.80	4443.91
<b>11</b>	<b>Total Credit Mobilized</b>	<b>1056.46</b>	<b>1823.16</b>	<b>2291.21</b>	<b>2760.31</b>	<b>3530.07</b>	<b>2427.37</b>
	% age of credit mobilized	32.96	72.47	79.86	73.73	89.83	54.62
12	Credit disbursed to SGH	187.30	1275.41	1803.34	2090.70	2513.38	1893.31
13	Credit Disbursed to individual Swarozgaris	869.16	547.75	487.87	669.60	1016.69	534.06
<b>14</b>	<b>Total Subsidy Disbursed</b>	<b>541.69</b>	<b>904.83</b>	<b>971.05</b>	<b>1289.10</b>	<b>1742.27</b>	<b>1097.47</b>
15	Subsidy Disbursed to SHGs	124.58	671.22	771.46	990.97	1150.94	806.43
16	Subsidy Disbursed to individual Swarozgaris	417.11	233.61	199.59	298.14	591.33	291.04
	Ratio of Investment to SHGs vs. individuals	0.24	2.49	3.75	3.18	2.28	03.27
<b>17</b>	<b>Total Investment</b>	<b>1598.15</b>	<b>2727.99</b>	<b>3262.27</b>	<b>4049.41</b>	<b>5272.34</b>	<b>3524.85</b>
18	Per Capita Investment (In Rupees)	17113	23699	19281	28765	29934	32008
19	Credit Subsidy Ratio	1.95	2.01	2.36	2.14	2.03	2.21
<b>B</b>	<b>Physical Progress (No)</b>						
1	Self-Help Groups formed	292426	276414	246309	306688	563530	278488
2	Women SHGs	176263	213213	176712	2,31670	404972	214975
3	% age of Women SHGs	60.28	77.14	71.74	75.54	71.86	77.19
4	No. of SHGs passed Grade-I	125402	210639	222029	251163	322322	273268
5	No. of SHGs passed Grade-II	74234	91920	156353	116878	138641	99513
6	SHGs taken up Economic Activities – Target	---	52876	77018	106036	138169	155288
7	SHGs taken up Economic Activities – Achievement	29017	80130	137931	181386	114452	82063
<b>8</b>	<b>% age of SHGs Taken up Eco. Activity to Grade-II</b>	<b>39.03</b>	<b>87.17</b>	<b>88.22</b>	<b>155.19</b>	<b>82.55</b>	<b>82.46</b>
9	SHGs Swarozgaris Assigned-Target	---	528757	770175	1060365	1381689	1552884
10	Achievement	347912	873485	1772066	1154269	1470032	957769
11	Individual Swarozgaris Assisted –Target	---	330473	320906	292380	380981	269598
12	Achievement	585956	277631	219860	253503	291392	143485
<b>13</b>	<b>Total Swarozgaris Assisted-Target</b>	<b>---</b>	<b>859730</b>	<b>109181</b>	<b>1352745</b>	<b>1762670</b>	<b>1822482</b>
<b>14</b>	<b>Achievement</b>	<b>933868</b>	<b>1151116</b>	<b>1191926</b>	<b>1699295</b>	<b>1861875</b>	<b>1164898</b>
<b>15</b>	<b>% age of SHGs Swarozgaris Assisted</b>	<b>37.25</b>	<b>75.88</b>	<b>87.01</b>	<b>67.93</b>	<b>78.95</b>	<b>82.22</b>
16	SC Swarozgaris Assisted	278938	383124	600364	561052	601299	409974
17	ST Swarozgaris Assisted	134944	165407	241291	251783	274530	177981
<b>18</b>	<b>Total Swarozgaris Assisted</b>	<b>413882</b>	<b>548531</b>	<b>841655</b>	<b>812835</b>	<b>875829</b>	<b>587955</b>
19	Minorities(Swarozgaris) Assisted	---	---	60494	142339	275121	129714
20	Women Sarozgaris	416690	662764	1247132	1083985	1206513	784725
21	Disabled Swarozgaris Assisted	8529	14793	31864	36113	42315	23013
22	% age of SC/STs Assisted	44.32	47.65	49.75	47.83	4704	5.47
23	% age of Minorities Assisted	---	---	3.58	8.38	14.78	11.14
24	% age of Women Assisted	44.62	57.58	73.71	63.79	64.80	67.36
25	% age of Disabled Assisted	0.91	1.29	1.88	2.13	2.27	1.98

Source: GOI, Ministry of Rural Development, Annual Report 2009-10.

period.

▪ This scheme enables the poor in establishing micro enterprises by adopting the key activities basing on

their resources and occupational skills.

▪ Information has been given as figure and diagramme in table 3 as well.

## METHODOLOGY

SGSY is significant in extending loans besides providing inputs, training and extension services. The objective of the present study is to appraise the role of SGSY in provision of employment opportunities to the BPL families in both rural and urban areas. Consistent with the objectives of the study, different techniques have used for the analysis of the data. The data pertaining to the study has been analyzed and presented in tabular forms to make the findings meaningful and easily understandable with simple statistical tools of analysis like ratios, percentages etc. The present study was based on two sources of data viz., primary data and secondary data. The primary data is the first hand information collected from the SGSY beneficiaries directly to know the impact of the scheme on their lives. The primary data was collected through direct interview method from sample population. The secondary data related to present study was mainly collected through secondary sources which include various books, periodicals, magazines and websites etc.

### Objectives of the Study

Very few studies are available related to measurement of level of employment in both rural and urban areas and the contributing schemes. This study has been designed mainly to focus on SGSY and eradicating poverty in rural india. With this background the present study "Fight against Poverty in Rural India: Lessons from Swarnajayanti Gram Swarozgar Yojana (SGSY)" has been formulated with the following objectives:

- To study the extent of people benefitted through SGSY schemes.
- To study the role of SGSY scheme in income generating activities
- To study the role of National Rural Livelihood Mission
- To identify the constraints in credit disbursement and employment generation through SHGs

### Significance of the Study

The present study is likely to provide valuable information to the government and non-government agencies about the extent of employment through income generating activities and the success of the poverty alleviation schemes. The study has been designed to focus on the contribution of socio-economic characteristics of unemployed towards the extent of employment. This helps in identifying methods that enhance the extent of employment of rural and urban areas. The constraints that are experienced by the beneficiaries and suggestions for employment will be of immense help for

policy makers and women development programme initiators to plan the future programmes most effectively.

The following table shows the fund allocation of SGSY between central and State governments, total funds available, amount of subsidy and their utilization among revolving fund, infrastructure development, training and other.

Table 3 reveals that the total funds available showing fluctuations and utilization of funds showing an increasing trend during the period. It is clear from the above table and figure that all parameters are showing increasing trend which in turn narrates the progressive growth of SGSY scheme. The data of the year 2009-2010 itself reveals the progressive indication of more employment generation by providing subsidized funds, infrastructure facilities, training etc.

### An extensive approach of SGSY

- Efforts have been made to involve women members in each SHG. 50% of Self-Help Groups in each block should be exclusively for women. Group activities have been given preference and progressively, majority of the funding should be for Self-Help Groups.
- The SGSY adopts a Project approach for each key activity. Project reports have been prepared in respect of each identified key activity. The Banks and other financial institutions are 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 done with the approval of the panchayat samitis at the Block level and District Rural Development Agency at the district level.
- Family below the Poverty Line (BPL) in rural areas constitutes 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.
- 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.
- Training programmes are organized for the SHGs after sanctioning loan. Various kinds of training programs such as orientation, skill development, EDPs etc., are organized by DRDA.
- The SGSY provides for promotion of marketing of the goods produced by the Swarnozgaris, by organizing exhibitions district, state, national, international levels for exhibition and sale of goods produced by the Swarnozgaris, provision of market intelligence, development of markets and consultancy services, as well as institutional arrangements for marketing of the goods including exports.

- The SGSY is being implemented by the District Rural Development Agencies, with the active involvement of panchayati raj institutions, the Banks, the Line Departments and the Non-Government Organizations (NGOs).
- A comprehensive system of monitoring has been adopted under the SGSY. The programme is monitored from the Central level down to the grassroots 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 credit linkages for the SGSY. At the State level, a State Level Coordination Committee (SLCC) monitors this programme.

### **Current scenario of SGSY**

SGSY is being implemented by the District Rural Development Agencies (DRDAs) with the active participation of Panchayati Raj Institutions, the Banks, the line Departments, and Non-Governmental Organizations. In order to provide incentives to rural artisans, SARAS fairs are also organized in various parts of the country to promote sale of products produced by Self-Help Groups. During 2010-11, a total of 12.81 lakh Swarozgaries have been assisted out of which 8.50 lakh (66.35%) are women Swarozgaries. Credit targets under the SGSY are fixed every year by a Committee having representatives from the Ministry of Finance, NABARD, Reserve Bank of India (RBI), State Bank of India (SBI) and Ministry of Rural Development. For the financial year 2010-11, Rs 5210.63 crore has been fixed as credit target. Against this credit target and amount of Rs 2901.36 crore has been disbursed by the banks up to 2010. Close coordination between different agencies responsible for implementation of SGSY is critical for the success of the programme. In order to ensure coordination amongst rural development functionaries, bankers and PRIs etc. various Committees are constituted under SGSY. At the Central level, Central Level Coordination Committee (CLCC) has been constituted to review and ensure effective implementation of the programme.

Marketing of products made of Self Help Groups of SGSY is also a major area of concern under the Programme. 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.

Swarnjayanti Gram Swarozgar Yojana (SGSY) has been restructured as National Rural Livelihoods Mission (NRLM) to implement it in a mission mode in a phased manner for targeted and time bound delivery of results. Universal social mobilization through formation of SHGs

under NRLM will ensure at least one member of each rural BPL family, preferably a woman member, is covered under SHG net. With a view to form strong Peoples Institutions, NRLM will focus on setting up of federations of SHGs from village Panchayat to district levels. NRLM proposes to ensure Universal financial inclusion by facilitating opening of savings accounts of all its beneficiaries, simultaneously encouraging thrift and credit activities, facilitating access to credit from banks etc. There is a provision to utilize 10% of allocation under the Programme for training and capacity building of the intended beneficiaries to take up the micro enterprises for enhancing their incomes. In addition to self-employment, NRLM will also focus on supporting rural BPL youth for accessing skilled wage employment through placement linked skill development projects.

The two major strategic shifts under NRLM, in comparison with SGSY are that

- (i) NRLM will be a demand driven programme and the states will formulate their own poverty reduction action plans under it based on their past experience, resources and skills base and
- (ii) NRLM will provide for a professional support structure for programme implementation at all levels from National to Sub district level in different streams.

### **Problem with the SGSY Scheme**

- **Lack of markets and infrastructure** - The poor are not able to secure economies of scale because of indivisibilities in marketing costs and low risk bearing capacity. Low price received by poor for their products is also because of interlocked output and capital markets, lack of value addition technologies, poor organizational base and insensitive government policies.
- **Issues in group formation** - The formation of SHGs is slow, some SHGs distribute the bank loans among themselves as each member bank is individually engaged in a micro enterprise, are dominated by some influential members. Some members running own enterprise register their enterprise as a SHG by showing the labourers as members.
- **Issues in banks** - Banks are found to release only the subsidy part of the loan and holding back the credit portion.
- **Implementation issues of administration** – The administration is obsessed with targets-plagued by targetitis, resulting in poor quality group formation without real assessment of the entrepreneurial potential.
- **Lack of repeated contacts** – There is a misconception that the provision of credit is a one-time event rather than a continuing relationship between lender and borrower.
- **Political Interference** – The scheme is misused by the political parties for getting the votes of rural poor.

## Remedial measures to overcome the problems of SGSY

- Special co-operatives may be formed for selling the commodities manufactured by SHGs.
- Efforts should be taken for undergoing training and development programmes compulsorily, it will help for the members of SHGs to update their knowledge and skill.
- Efforts should be taken to motivate the banks for speedy process of application and distribution of loans.
- Instruct the bankers to settle the full amount (Credit + Subsidy) of loan.
- Bankers should expand their services to even subserviced areas.
- SHGs and NGOs should be properly monitored and it will curtail misuse of the scheme and funds.
- Appropriate agencies have to be identified for providing assistance in product design and product development.
- Service of better NGOs having good track record may be ensured for the successful implementation of the scheme.
- Extensive awareness campaign may be launched with the help of Gram Sabha and Block officials in order to impart proper awareness regarding the scheme.
- Rules to be formed for curtailing the interference of political parties that will help the scheme to reach the real rural poor.

## CONCLUSION

Poverty is an extremely complex phenomenon, which manifests itself in a range of overlapping and interwoven economic, political and social deprivations. These include lack of assets, low income levels, hunger, poor health, insecurity, physical and psychological hardship, social exclusion, degradation and discrimination, and political powerlessness and disarticulation. In spite of numerous laudable programmes and huge investments, the reality of rural livelihood is rather dismal. There is a continuous distress migration to the cities and most of the villages lack the basic amenities and services, like a pucca road, transport, communications, drinking water supply, power, sanitation, health center, irrigation facility and jobs for survival and sustenance. The programmes are too many, so are the departments involved in each one of them. There is often overlapping and lack of clarity about the organizations and their accountability. The programmes too often exceed the time and financial allocations. The

role of government, non-government agencies, and bankers is a vital factor to promote the SGSY scheme. So the agencies involved in the activities of such schemes should be work with the motive of real economical development of rural poor. The economical development of rural poor leads to the development of nation in all aspects.

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