CHAPTER - TWO

EVOLUTION OF IRDP AND SGSY - REVIEW OF THE APPROACH TOWARDS RURAL DEVELOPMENT

INTEGRATED RURAL DEVELOPMENT PROGRAMME (IRDP) :

Interest in rural development has popularised ‘Integrated Rural Development’ (IRD) as a strategy of promoting the development of backward areas and the weakes section. The strategy of integrated rural development is in fact, derived from the contributions of Nurkse (Problems of Capital formation in under development countries, 1955) and Hirschman A.O (The Strategy of Economic Development, 1958) on the question of initiating growth in the backward regions. Their writings emphasised the backward and the forward linkages as a means of promoting viability and diversity in the regions in question so that the various economic activities of the region become integrated to produce the maximum rate of growth. It then follows that the strategy of IRD is actually a method of bringing together human settlements for purpose of providing the socio-economic functions to each other with a view to maximising welfare¹.

The Dictionary meaning of the work ‘integrated’ is derived from the Latin word ‘integratus’ to make whole, renew and means to form into one whole to make entire, to comlete, to perfect as well as to unit so as to form a whole. The word ‘rural’ is again from Latin ‘rural’ which relates to all or pertaining to the country as distinguished from a city or town. For meaning of ‘Development’ Dewan quoted from his booklet called “Themes of Development II” were he has quoted².

“Development is developing man
Developing people and not only things.
This is the fundamental premise on which
Both ends and means must stand
Totally reconcilled”.

The title “Integrated Rural Development” connotes not merely an increase in farm productivity but also growth and development of all productive activities, primary other than crop raising, secondary and tertiary. Not only does it include all production and means designed to improve productivity but also to provide for full employment and on equitable distribution of proceeds of development with a bias for the small farmers and the low income group.

Rural Development basically means integrated development, since the rural problems are a complexity which naturally requires an integrated and wholistic attack. Rural problems are highly intermeshed and finding solutions to these complex problems ought to be both integrated as well as wholistic. By any count, rural development would naturally mean integrated rural development.

The problem of providing more and more opportunities to all for not only a better standard of living but a more aesthetic life, expanding facilities for education, health and nutrition, housing, welfare, an equitable distribution of wealth and safeguarding the rural habitat and environment became the touchstones of planning. To achieve this, the two broad strategies were adopted:

(i) The Segment approach which aimed at improving the totality by attacking each segment of the totality as if it was an independent variable.

(ii) The integrated approach, which is concerned with the total development of the village by providing all the necessary inputs. The philosophy was an integration of the social, scientific and technological elements of rural life. The thrust of various approaches to rural development would be classified as follows:

(a) Multipurpose Approach.

It considered the rural habitat as an organic whole and conceived of improving it by attacking all elements of the rural life. But it failed to click because resources

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were limited and priority to the food and poverty front had to be given immediately at the cost of everything else. The institution chosen for this purpose was the CDP in the year 1951.

(b) Target sector approach:

It could be said to be the ‘segment strategy’ for rural development. In such an approach the index of development is measured by the benefits that accrue to the weaker section of the population of a region rather than by its gross product or per-capita income. Antodaya was very close to the ‘target group approach’ of development.

(c) Area Development Approach:

The strategy of development in such an approach is to tackle Completely the problems confined to one or two segments of the universe, instead of diffusing development over a wide spectrum.

(d) Multilevel District Planning Approach:

Such an approach advocates that the district should be the kingpin around which all planning activities should relive, specially for these problems which have a peculiar local bias.

(e) Spatial Planning approach:

This is Concerned with the inter-relationship between space and particular locations so that areas beyond the periphery are not neglected.

(f) Integrated Rural Development:

This approach has special connotation for the developing Countries and the so-called third world. It is a strategy which focuses attention on the rural poor and attempts to improve the quality of life of the weaker sections of the society in the overall spectrums of development and growth. It emphasises the necessity of providing more opportunities of growth and development to those who have been living below the poverty line forages.

C. Subramanyam, the former Finance Minister, who put forward the thesis of Integrated Rural Development at the All India Science Congress, Seminar, 1976 viewed it as a ‘Systematic’, scientific and integrated use of all our natural
resources and as part of this process enabling every person to engage himself in a productive and socially useful occupation and earn an income that would meet at least the basic needs. ‘The essential aspects of Integrated Rural Development are’:

(i) That there should be an application of science and technology for the use of natural resources;
(ii) That there should be a functional linkage between the use of these resources.
(iii) That between use of natural resources should be socially useful and should lead to full-employment;

(g) The Gandhian Route

There are perceptible differences in emphasis between these various approaches. But one thing common to all of them is the rejection of traditional approaches to economic development. The Gist of institutional approach is that ‘History and politics, theories and ideologies, economic structure and levels, social stratification, agriculture and industry, population development, health and education and so on must be suited not in isolation but in their mutual relationship’. The institutional approach of Gunnar Myrdal lends support to the strategy of integrated rural development under two major assumptions:

i) The social system consists of a great number of conditions that are casually inter-related and among these attitudes, institutions and levels of living have not only independent but inter-dependent values in relation to development.

ii) The diffusionary effects of logistic spread of industrialization are weak and need to be reinforced by policies including simultaneous development outside the sphere of modern large-scale industry. International bodies also have attacked the conventional theories and have told that the goal of GNP, if not overthrown, the faith in it

has been shaken. In developing economics, even as growth proceeded, the poor and destitutes not only increased in numbers absolutely but also relatively. It is becoming clear that the problem of poverty cannot be solved without a direct attack on unemployment, poverty and inequality. The Neo-Marxian approach suggests that capitalism is at the root of under-development and it is the peculiar nature of that led to a sea of stagnation with a few islands of affluence. This needs to be reversed and the strategy of IRD could well be an answer. The Gandhian Theory leads to the following as goals of development:

- Satisfaction of basic needs and not greed;
- Full employment, since work is not mere disutility but is part of the living process;
- Modes of employment which satisfy man’s urge for fulfilment of his personality through work;
- Decentralisation in Government; and
- A technology which serves social needs.

Thus, The Gandhian theory comes closest to what is implied in the concept of IRD and has a remarkable logical consistency. IRD has been variously described as an approach, an objective, a strategy a methodology, a programme or a project. But essentially IRD may be regarded as having two main facets, namely, IRD as an objective and IRD as a method. In between there two lie the other elements in the conceptual framework, like strategy and programmes which connect the initial and terminal facets. In fact all the facets are inter-connected in a logical sequence like any other development programme within a well-structural plan.

Adopting an integrated approach to rural development lies in the fact that it achieves lasting desired results. IRD affords scope and opportunity to the rural poor to participate in the development process for self-sustaining increase in productivity and income. As an objective IRD has an integrative character also. It seeks to integrate multiple activities so as to achieve comprehensive development of the rural sector. It also aims at integration of the rural poor and the disadvantaged groups with the rest of the rural community by ensuring them a better participation in the production process.

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and a more equitable share in the benefits of development. As a strategy it is adopted by policy makers and planners to realise a specific objectives or a collection of objectives. As a method, it seeks integration in the operational strategy so that mutually reinforcing activities are rationally programmed to achieve optimum complementarity\textsuperscript{12}. Thus, IRD emphasises a more egalitarian society, community orientation, self-reliance, pooling of local resources, mass participation and service to people with minimum state intervention. IRD centres around the whole-man concept of developing his personality to the fullest extent and satisfying his basis and secondary needs, like food, shelter, clothetic environment for the majority of people, if not all. Philosophy of humanitarianism and egalitarianism is writ large in such an approach\textsuperscript{13}.

The main theme of integrated rural development may be summed up as follows:

- to achieve enhanced production and productivity in rural areas;
- to bring about a greater socio-economic equity;
- to bring about a spatial balance in social and economic development;
- to bring about improvement in the ecological environment so that it may be conducive to growth and happiness;
- to develop broad based community participation in the process of development\textsuperscript{14}.

Thus, the process of rural development must integrate the rural poor into social, political and economic life of a country. Historically, for the melioration of the Indian mass of the rural folk, we find that towards the end of the 19th century, the British became to some extent concerned with rural development in India. This is evident from the creation of the district boards and agriculture, health and education departments.

In 1904, the first All India cooperatives Act was passed in order to promote co-operative credit. The Co-operative credit movement in India was introduced primarily as a welfare measure, with the aim of providing funds to small farmers at low interest rates reduce their dependence on powerful local moneylenders. At the beginning of the twentieth century some insolated com-

\textsuperscript{12} Hye, Hasnat Abdul. : Ibid Pp- 4-5.
\textsuperscript{13} Srivastara, A.K. : Opct P- 50.
\textsuperscript{14} Desai, Vasant : A Study of Rural Economics, Himalaya Publishing House, Bombay, 1983, Chap. 29, P- 558
munity projects were also started under the initiative of different people like Rabindra Nath Tagore in Bengal, Dr. Spencer Hatch of the YMCA in Kerala, P.L. Brayne, the Deputy Commissioner in Gurgaon and later V.T. Krishnamachari in Baroda. Development efforts in Rural India at the time of Independence were largely discrete and wanting in an integrated approach. Although several government departments concerning rural development were there in the field, functional integration among them was lacking15.

Soon after Independence, the Govt. took up land reforms issues and abolished the Zamindari system. It helped in reducing the power of the landlords, albeit in an uneven manner. But nothing concrete in terms of bringing about equality in the distribution of land holding could be attained. So, the Govt. initiated enormous efforts to help the rural sector immediately after 1947. The beginning was made with the community development programme, (1952) followed by programmes for increased agricultural production and rural employment. The community development programme (CDP) was based on the notion that rural development is all-inclusive and that all aspects of rural life are its target. The programme however, met with only modest success and it was diagnosed that the resources available for the programme were too meagre compared with the need and spread too thin for any significant achievement16.

The neglect of the special aspect of rural development plan was largely responsible for the failure of the CDP. But it laid down the basic infrastructure for rural development. So later on the emphasis was shifted from CDP to Intensive Agricultural district Programme (IADP), which was introduced in 1960-61. The Ford Foundation had given the idea of IADP in its recommendation in the ‘food crisis’ report to the Govt. of India. The IADP was set-up to develop the whole farm community of the country. Its establishment was a new dimension in the direction of modernising Indian agriculture. The IADP was included in the third five year plan, which states : In pursuance of this proposal, the IADP has been taken up, to bring with, in one district in each state. The programme is intended to contribute both to rapid increase in agricultural production in selected areas and to suggest new innovations and combinations of

practices which may be of value elsewhere\textsuperscript{17}. The IADP was described as a path finder and pace setter for the whole agricultural development programme. IADP is stated to be the origin of the integrated rural development programme. As the programme was area specific and target-group-oriented, it benefited areas which were already well-endowed and groups which were already well-off. Meantime, in the latter half of the sixties a series of agrarian unrest had broken out. Even though rapid increase in agricultural production occurred mainly in wheat-growing areas and the agrarian unrest took place mainly in rice-growing areas, there was a tendency to establish a link between the two and many scholars traced the genesis of agrarian unrest to the dissatisfaction created in the minds of the poor sections at the phenomenon of the large farmers becoming richer.\textsuperscript{18}

So it was felt that measures were needed to help the weaker sections of the society, who were beyond the scope of on-going agricultural development programmes and also to cover areas which were beyond the scope of IADP. Another programme was also launched in 1964 for agricultural development known as the Intensive Agricultural Area Programme (IAAP). In both IADP and IAAP, the gain was in wheat production and this was primarily derived by large and progressive farmers. Agricultural Department of the Govt. of India (GOI) had observed: “History of economic development in general and agricultural development in particular of other countries of the world shows that transformation of traditional agriculture is possible through strong injection of modern technology and scientific technique on a massive scale”\textsuperscript{19}.

High yielding varieties programmes (HYVP) was introduced in 1966-67 as a new agricultural strategy for rapid and spectacular increase in food grains production. This programme envisaged a super intensive type of agricultural development, bases on package principles, involving high factor inputs on new varieties, Capable of giving very high yields\textsuperscript{20}. Like IADP and

\textsuperscript{17} Third Five year plan document, Planning commission, Govt. of India, 1961-66, P- 316.
IAAP, the gain from HYVP was primarily derived by large and progressive farmers. All these aggravated the inequality in income between the larger farmers on the one hand and the small farmers and landless labourers on the other. Thus not much direct attention came to be focussed on the problems of poverty and unemployment. The utter failure of the above mentioned “trickle down strategy” to produce any visible impact on the economic condition of the weaker sections led to the adoption of a target group approach during the fourth plan. The objective was to produce a direct impact on the economic strategy of the rural poor. It started with the small Farmers Development Agency (SFDA). The SFDA was established on the basis of a recommendation made by the All India Rural Credit Review Committee in 1969\(^{21}\). It was widely recognised that small and marginal farmers could not adopt the new package of inputs mainly because of lack of investible funds with them. The Govt. also established Marginal Farmers and Agricultural Labourer Agencies (MFAL) in 1970-71 for improving their lot. The objective of most of the SFDA & MFAL projects were as follows \(^{22}\):

i) To identify small farmers, marginal farmers and agricultural labourers and their problems in the area;

ii) To draw-up model plans for investment and production activities to be undertaken by small farmers, marginal farmers and agricultural labourers for solving these problems;

iii) To execute these plans for the benefit of them either directly or in Co-ordination with the existing agencies engaged in this field;

iv) To review the progress of the execution of these activities as well as the effectiveness of the efforts on marginal farmers and agricultural labourers.

In 1973, the National Commission on Agriculture recommended the merger of these two agencies into one. This was accepted and acted upon during the Fifth Plan. The Combined agency came to be known as the SFDA. The Crash Scheme for Rural Employment (CSRE) had been started for the benefit of the rural unemployed in the Fourth Five year Plan. But the impact of the scheme was very small because the resources were very thinly distributed and

\(^{21}\) Prasad, Kamta. : Planning for Poverty Alleviation, Agricole Publishing Academy, New Delhi, 1985, P- 38.

\(^{22}\) Mohsin, Nadeem. : Opct, P- 31.
the programme was not integrated with the needs of any area. To achieve better rural development other schemes and programmes were also initiated viz, the Tribal Area Development Scheme (TADS), the Drought Prone Area Programme (DPAP) and other backward area development programmes. Several Command Area Development Projects (CADPS) were also been undertaken to promote the integrated development of the command areas of large irrigated projects. Although a number of programmes had been operating in different States for the resource development of the rural poor, yet none covered the whole Country. In practice, these programmes were reduced to mere subsidy giving programmes, shown of any planned approach to the development of the area and its resources.

It was, therefore, proposed that much multiplicity of programmes for the rural poor, operating through a multiplicity of agencies, should be ended and be replaced by one single integrated programme operative through-out the country. The programme was called the “Integrated Rural Development Programme” (IRDP). The above mentioned programmes arose in the context of the realisation that unless a direct attack on poverty was launched, the development efforts were not likely to produce desired results. The idea was to strengthen growth with special justice. However, by the end of the Fifth Five year plan, the planning commission felt that SFDA had not been very successful in attacking the problem of rural poor. It became clear that the dimensions of poverty in India were such that a far more ambitions and imaginative programme was required to remove the more degrading forms of rural poverty. In recognition of this fact a new beginning was sought to be made in 1978-79 to go in for the new anti-poverty programme, popularly known as the Integrated Rural Development Programme (IRDP).

Progressive reduction and ultimate eradication of poverty has been one of the declared goals of India’s economic policy since the beginning of the Fifth Five year plan. The concept of IRDP was first proposed in the central Budget of 1976-77 and a beginning was made. This programme was intended to assist the rural population to derive economic benefits from the developmental assets of each area. The programme, with some modifications was introduced on an expanded scale in 1978-79.\footnote{Alexandar K.C.: Opct P- 31.} It incorporated the key lessions of anti-poverty drives launched in the seventies. It emphasised the family rather
than the individual approach in identification of beneficiaries and embraced specifically agricultural workers, landless labourers and artisans who had been virtually left out under the benefit coverage of earlier programmes. Another important new feature of the programme was the adoption of income criteria rather than the land criteria for identifying beneficiary families. IRDP was single largest anti-poverty programme in the country in the last eighty decades. It was extended to all the development Blocks in the country with effect from 2nd October, 1980. The IRDP is a target-group, agency-oriented, subsidy-cum-credit based programme of self-employment. It was desired to revolutionise rural life by bringing about socio-economic transformation in the country-side through the eradication of backwardness, ignorance and poverty within a time frame. The programme envisages the optimum utilisation of natural and human resources of a cluster of villages for the material upliftment and overall betterment of the life of all sections of people living there. The IRDP aims at the following benefits:

i) Full utilization of labour and physical resources, creation of agro-industrial complex for generating employment in rural areas, attainment of minimum standards of productivity and efficiency by the owners and users of natural resources, achievement of minimum standards of performance by public and private agencies engaged in the work of helping the producers and inculcation of a scientific temper among the masses for improving their performance as economic agent;

ii) Development of the grassroot ‘man’, the Common man developing in him a better awareness and appreciation of the problems and preparing him to participate in socio-economic programmes;

iii) Helping the bottom ‘men’ to become self-reliant through maximum benefits from resources with the use of science and technology.25

Thus, the IRDP strategy represents a synthesis of the various approaches hither to tested and found effective in India’s rural development programme and it gives special priority to the SC and ST people. The IRDP is the joint responsibility of the central Govt. and state Government with both financial and administrative involvement. The programme of IRD is the single largest

programme for providing direct assistance to the poorest among the poor in our society. No problem even to-day is as great as poverty and backwardness in rural and remote areas. There is a significant gap between the rural rich and the rural poor in India. To meet this alarming situation Intergrated Rural Development programme has rightly been conceived by the Government of India.

S.R. Osmani has Compared the Indian Integrated Rural Development Programme (IRDP) with the Bangladesh Grameen Bank (BGB). He brings out that the magnitude of non-farm employment opportunities created in target areas were not very different (Bangladesh programme coverage given in Table 2.1) although, the Indian Programme had much large coverage. The indentification of the poor was much sharper in the Bangladesh programme however. The kinds of successful programme invariably involved community efforts, high intergration with local markets highly self-relient approaches and was a part of a participation style of development gaining popularity in th Sub-Continent.26

Table - 2.1
Grameen Bank loans by purpose and loan of sex of Borrower, 1985 (percentage of current loan amount)

<table>
<thead>
<tr>
<th>Purpose of loan</th>
<th>Male Borrower</th>
<th>Female Borrower</th>
<th>All Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop production</td>
<td>4.0</td>
<td>4.6</td>
<td>4.3</td>
</tr>
<tr>
<td>Livestock, poultryraising and fisheries</td>
<td>18.5</td>
<td>44.6</td>
<td>31.9</td>
</tr>
<tr>
<td>Processing and Manufacturing</td>
<td>18.6</td>
<td>29.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Trading &amp; Shop Keeping</td>
<td>49.7</td>
<td>18.7</td>
<td>33.8</td>
</tr>
<tr>
<td>Transport &amp; other services</td>
<td>9.2</td>
<td>2.2</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Source : M.Hossain : Credit for Alleviation of Rural Poverty, The Grameen Bank in Bangladesh, IFFPRI and BIDS, 1988, P-68.

The report of the Sub-group on IRDP for the Seventh Plan highlights this points as follows :

Alternative Strategies for implementation of rural development

programmes like IRDP have also to be experimented. The experience in regard to the individual beneficiary approach has been that dispersed rural poor, even if receiving benefits of development at one point of time may not be in a position to retain these benefits over a period of time unless an institutional structure exists which can support their efforts to raise themselves up economically. Strategy involving group approach in rural development have been successfully tried in some other developing countries. It has been recognised that institutional structures formed by the poor themselves would be most effective in safeguarding their interests. Since 1983-84, the Government has increased its efforts to ensure that the poverty alleviation programmes should actually reach small and marginal farmers and the poor for whom these programmes were intended. The recent world Bank report, “India : Achievements and challenges in reducing poverty”, is meant to be a review of the dimensions of the problem in the country as well as an assessment of the Government’s achievements in reducing poverty. The basic argument of this report is fairly simple and depends on the following propositions.

i) Economic growth is central to the reduction of poverty;

ii) This growth is best brought about by the kind of economic policies that the Government of India has been implementing since 1991, which have focussed on liberalisation of internal and external markets and incentives for private capital rather than active state intervention;

iii) While subsidies and transfers by the Government do not reduce poverty, investment in infrastructure and in human resource does have that effect;

iv) Anti-poverty schemes are not cost-effective and need to be more finely targeted to the very poor.

It is difficult to assert how many people are under the ‘Poverty line’. Planing commission estimates that in 1993-94 about 36% of the populace is under the poverty line while the Indian Statistical Institute (ISI) shows it at 33.47 percent. Though some non-government figures place it around 40%, it may be said that in India between 35-40 percent of the population is under the

27. People’s Action (Bi-monthly magazine for voluntary agencies) New Delhi, Vol-1, No.4, July 1987, P-44.
poverty line. This is the position of India after five decades of independence.\textsuperscript{30} Dr.
Manmohan Sigh has proved that he is not only an erudite economist but a suare
politician. He has shown that a lot is being given to the poor and needy without, in
fact, parting with a substantial amount from his own budgetary resources. This has
been done by channelising the funds from the banking sector for the anti-poverty
programmes.\textsuperscript{31} There is thus ample evidence that rapid population growth goes
along with lower standards of well-being and slower growth of per-capita
incomes. However, the cause and effect relationship is not simple and direct; it is
circular. Slow economic growth and poverty are also a cause of rapid population
growth \textsuperscript{32}.

SWARNJYANTI GRAM SWAROZGAR YOJANA (SGSY)

Generation of self-employment for the poor in rural areas is one of the
important components of anti-poverty and rural development strategy adopted by
the Ministry of Rural Development, Government of India. Swarnjyanti Gram
Swarozgar Yojana (SGSY) is the major on-going programme for self-employment
generation for the marginalised sections of rural communities. This programme
came into being 1st April, 1999 after merging the earstwhile Integrated Rural
Development Programme (IRDP), Training of Rural Youth for Self-Employment
(TRYSEM), Development of women and children in Rural areas (DWCRA),
Supply of improved Toolkits to Rural Artisans (SITRA), Ganga Kalyan Yojana
(GKY) and Million well Scheme (MWS). SGSY is Centrally sponsored scheme,
which is being funded by the centre and the state in the ratio of 75:25.\textsuperscript{33}

Prof. S.R. Hashim Committee reviewed the Rural Development and
Poverty Alleviation Programmes in 1977. This committee, among others,
recommended for a single self-employment programme, suggested for making
efforts towards from individual beneficiaries approach to group approach in
implementation of self-generation programme and preference to group activi-

\textsuperscript{30} Rao, Dr. S.R.K.: India and Internal Debt Trap Forum of free Enterprise, 15 Feb,
March 1999, P- 8.
\textsuperscript{31} Union Budget 1995-96.
\textsuperscript{32} Rao, S.L.: Population and Economic Liberalisation, Forum of Free
Enterprise, 18 Nov. 1995, P- 17.
\textsuperscript{33} Kurukshetra: A Journal on Rural Development, Published by Ministry of Ru-
ral Development, Government of India, vol-50 No-8 June 2002,
P- 29.
ties and cluster approach. It was admitted that the multiplicity of programmes being viewed as separate programme in themselves resulted in a lack of proper social intermediation, absence of desired linkages among these programmes, inter-se, and the implementation being more concerned with achieving individual programme targets rather than focusing on the substantive issue of sustainable income generation. To overcome these bottlenecks in the process of generation of employment opportunities, this holistic programme encompassing all aspects of self-employment such as organization of the poor into self-help groups, training, credit, technology, infrastructure and marketing was evolved. As this schemes particularly focuses on the vulnerable groups, special safeguards have been provided to them by way of earmarking 50 percent benefits for SCs/STs, 40 percent for woman and 3 percent for the disabled persons. 34

STRATEGY

This programme is entirely different from erstwhile programmes of self-employment in terms of strategy envisaged for its implementation. The strategy may, in brief, be spelt out under following heads:

APPROACHES OF BENEFITING BENEFICIARIES

The beneficiaries under the programme are designated as ‘swarozgaries’. Three approaches have been adopted to tackle the problem of poverty of beneficiaries through creating self-employment in rural areas under SGSY which are given below 35.

INDIVIDUAL SWAROZGARIES

Individual swarozgaries are selected in the meeting of Gram Sabha as well as by a team of 3 members consisting of the Block Development officer or his representative, the Banker and Gram Panchayat President with the involvement and guidance of the District Rural Development Agency (DRDA).

GROUP OF SWAROZGARIES

The programme focuses on organization of the poor in the form of self-
help group (Consisting of 10-20 persons, however, in case of minor irrigation and in case of disabled persons, this number may be a minimum of 5) through the process of social mobilization (SM) for their poverty eradication. The approach of organizing the poor is based on the belief that the poor have potential to help themselves through organizing them. In fact, SM enables the poor to build their own organization which they participate fully and directly and take decisions on all issues concerning poverty eradication. Hence, this approach is process-oriented and different from target-oriented approach.

Self-Help Group broadly goes through three stages of evolution namely:

- Group formation (formation, development and strengthening of the groups to evolve into self-managed people’s organization at grassroots level).
- Capital formation through the revolving fund, skill development (managerial skills for management of their organization as well as the activity).
- Taking up economic activity for income generation and 50% of the group so formed in each block should be exclusively for women. After formation of the groups at the end of six months, grading exercise of group is initiated in order to identify the weakness of groups and take remedial measures to march towards good groups. Grading exercise of Groups is carried out in participatory manner, enabling the swarozgaries to assess their own strengths and weaknesses.

SPECIAL PROJECTS

Poverty eradication efforts also requires Co-ordinated action by different departments for planning and Co-ordination which may extend beyond the individual districts or across the districts. The objective of the each special project is to ensure a time bound programme for bringing specific number of BPL families above the poverty line through the self-employment programmes. The projects may involve different strategies to provide long-term sustainable self-employment opportunities either in terms of organization of the rural poor, provision support for infrastructure, technology, marketing, training etc. or a combination of these. Fifteen percent of the funds under SGSY are set aside for special projects. Poor families under both above approaches are from the list of below poverty line (BPL) household identified through BPL census duly approved
by the Gram Sabha\textsuperscript{36}.

**ACTIVITY CLUSTERS - PLANNING AND SELECTION**

SGSY lays stress on a few select activities in each developmental block and attend to all aspects of these activities so that the swarozgaries can draw sustainable income from their investments. For this, 4-5 key activities are to be identified for each block based on the resources, occupational skill of the people and availability of markets. These key activities are preferably to be taken up in clusters in order to establish effective backward and forward linkages for harvesting economics of large scale production.\textsuperscript{37}

**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.\textsuperscript{38}

**SKILL UPGRADATION**

It is well acknowledged that success and sustainability of self-employment ventures largely depends on the attainment of required skills to successfully run the enterprise. SGSY proposes a number of measures for upgrading the capacity of swarozgaries both in individual as well as group oriented activities. Identified swarozgaries are being provided basic orientation and skill development training which inter-alia includes elements of book keeping, knowledge of market, identification and appraisal acquaintance with product costing and product pricing, familiarization with project financing by books as well as some basic skill in the key activity identified. The objective of the training is to ensure that the swarozgaries possess the Minimum Skill Requirement (MSR) to run the activities. Ten percent of SGSY allocation is earmarked for this purpose.

\textsuperscript{36} Ibid.
\textsuperscript{37} Ibid, P- 31.
TECHNOLOGY AND MARKET SUPPORT

SGSY attempts to ensure upgradation of technology in 4-5 identified key activities. The technology intervention seeks to value addition, linkages with agriculture and animal husbandry extension services and productive enhancement, efficiency improvement, cost effectiveness, gaudery reduction etc. For sustaining production of goods and services, suitable market is essential. One of the drawbacks in the earlier version of self-employment programmes was their concentration on the inputs rather than output (finished products) and their marketing. To rectify this situation SGSY provides avenues for promotion of marketing of the goods produced by the swarozgaries by way of involvement and participation of them in exhibitions/melas at international, national, state and sub-state levels. Besides, provision of market intelligence, development of market and consultancy as well as institutional arrangements for marketing of goods, including exports are made.39

FINANCIAL ASSISTANCE

Assistance under the SGSY to individual swarozgaries 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 Projects Reports, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs, selection of individual Swarozgaries, per-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 Swarozgaries need to be carefully assessed. The Swarozgaries 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 Swarozgaries (SHGs), 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.40

All SGSY loans are treated as medium term loans with minimum repayment period 5 years.

IMPLEMENTING AGENCIES

The SGSY is being implemented by the District Rural Development Agencies (DRDA), with the active involvement of Panchayat Raj Institutions (PRIS), the Banks, the line Departments and the Non-Government organization (NGOs).41

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 SGSY 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 review the implementation of the SGSY. At the state level, a state level co-ordination committee (SLCC) monitors the Performance. At the district and block level, the performance is monitored by district level SGSY committee and Block level SGSY Committee. In addition, the progress under the SGSY is monitored periodically through Reports and Returns submitted by DRDAs/States. Issues related to implementation of the programme are discussed in Project Directors’ workshop and periodic Meetings with the state secretaries with the objective of bringing out improvement in implementation of the programme at the Block/DRDA level. Monitoring is also done through field visits and physical verification of assets.42

The performance of the implementation of SGSY is to be monitored con-

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41. Ibid.
42. Ibid, P- 49
continuously at all levels. At the Block and District levels this is done through reports and physical verification of the assets. At the central level, the programme will be continuously monitored on the basis of monthly progress report. The states will send district-wise information received from the DRDA to the centre as under:

**a) Monthly Progress Report**

Monthly Progress Report should be sent so as to reach the centre by the 20th of every succeeding month. The proforma for submission of above monthly progress report will be communicated to the states.

**b) Annual Progress Report**

The monthly progress report for the last month of the financial year i.e. March will be treated as the final Annual Progress Report for that year.

This annual progress report should be on the implementation of the SGSY in the State particularly on the following points:

- i) The physical and Financial progress during the year.
- ii) The linkages provided and availed of for various activities.
- iii) General Comments on the implementation of the programme including suggestions, if any.\(^43\)

**QUALITATIVE MONITORING OF SGSY : AT BLOCK LEVEL**

For effective implementation of the programme, physical monitoring through field inspections is important. Officers dealing with SGSY at the state headquarters shall visit districts regularly and ascertain through field visits that the programme is being implemented satisfactorily and is in accordance with the prescribed procedures and specification. Likewise, officers at the district, subdivision and block levels must closely monitor all aspects of the programme through in the interior areas.

In order to develop a consistent system of monitoring the implementation of SGSY at Block/DRDA level through field visits and physical verification

\(^{43}\) SGSY Guidelines, Govt. of India, Ministry of Rural Development, New Delhi, P- 63.
tion of assets as well as progress of the swarozgari towards income generation of the following schedule of inspection of families by the various levels of officers is suggested:

i) District Magistrate/Chairman DRDA 10 per month  
ii) Project Director, DRDA 20 per month  
iii) Project officer & Project Economist 40 per month  
iv) SDMs 20 per month  
v) BDOs 20 per month  
vi) ADOs 20 per month

District collector/chairman DRDA should prescribe suitable number of field visits for the officers of the line Departments and obtain their inspection reports. On the basis of these inspection reports the Monitoring wing at the DRDAs will prepare a consolidated report. These reports should be discussed in the meeting of the Governing Bodies of DRDAs. Necessary corrective action should be taken where ever necessary. DRDAs will also send consolidated report on quarterly basis to States along with summary of Comments on salient observations and follow up action on these issues.

EVALUATION STUDIES

The States/UTs should conduct periodical evaluation studies on the implementation of the programmes as follows:

i) Evaluation studies may be given to the reputed institutions and organisations on issues thrown up by the concurrent evaluation merit in detailed studies. These studies may be given by the centre as well as the States/UTS. Copies of the evaluation studies conducted by the State should be furnished to the central Government.

ii) Remedial action shall be taken by the States/UTs on the basis of the observations made in these evaluation studies and also in the concurrent Evaluation conducted by the Government of India.

FUNDING PATTERN

44. Ibid.  
45. Ibid, P- 64.  
46. Ibid.
1. Criteria for Allocation of Funds to the States

Swarnjayanti Gram Swarozgar Yojana is a centrally sponsored scheme and the financing of the programme will be shared between the Centre and the States in the ratio of 75:25. The central allocation earmarked for the States will be distributed in relation to the incidence of poverty in the States. However, additional parameters like absorption capacity (based on past trend in utilisation of SGSY funds) and special requirement will also be taken into consideration during the course of the year. Devolution of funds to the districts will be indicated by the States and approved by the Government of India. Government of India will release the funds directly to the DRDAs. Devolution to the Blocks may be decided by the Governing Body of the DRDA based on level of poverty and other local factors. Re-allocation may be made by the DRDA within a district. This can be made during January for the remainder of the financial year.47

2. Eligible Items of Expenditure

Each DRDA may incur expenditure on the following items only from the funds provided for SGSY :

i) SGSY Training Fund (10% of the allocation)
ii) SGSY Infrastructure Fund. (20% of the allocation; 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’ will be provided.

3. Release of Funds

The Centre releases funds in two instalments. 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 central share of assistance can be released in one instalment. These release should be immediately followed with the releases by the States.

47. SGSY, Government of India, Ministry of Rural Development, New Delhi, P- 59.
Release Procedure of Central Share

A. NORMAL AREAS

(i) Release of First Instalment :

The release of first instalment of SGSY subsidy amount can be made without any formal request if the second instalment in the previous year had been released without any condition. If this instalment was not released at all or was released with some conditions, formal requests for first instalment are required from the DRDAs after the conditions have been fulfilled/reasons for non-release of the second instalment have been met.

The release of the first instalment should ordinarily be completed by the end of the second month of the financial year.

(ii) Release of Second Instalment :

The second instalment of Central funds is released on the request of the DRDAs in the prescribed proforma on fulfilment of the following conditions:

- Budget provision for the current year may be indicated by the State Governments. The Central release will not exceed it proportionately.
- The State Government should have released its contribution during the previous year. Deficiency in release of its share will be deducted from the second instalment.
- The opening balance of the DRDAs should not exceed 15% (20% for the year 1999-2000) of the allocation of the year in which funds are being released. In case, the opening balance exceeds this limit, the Central share of the amount by which it exceeds this limit will be deducted at the time of release of second instalment.
- Available funds including carry forward funds should have been utilized at least to 60%.
- Audit reports, utilisation certificates for the previous year should be furnished.
- Annual Plan should have been approved by the Governing Body of the DRDA.
- Any other terms and conditions imposed at the time of the last release should have been met.
- The States should ideally get the release of second instalment latest by the end of December. The quantum of second instalment releases while seeking the
second instalment will be made dependent on the time of reporting of utilisation. Depending on the receipt of complete proposal for second instalment, the quantum will be governed as follows:-

Proposals received:

- by the end of December: 50% of allocated funds
- by the end of January: 40% of allocated funds
- by the end of February: 30% of allocated funds
- in March: 20% of allocated funds

B. COLD DESERT DISTRICTS

Funds will be released in one instalment but the following conditions should be satisfied before next release:

(a) Conditions laid down at the time of release of funds during the previous year should have been satisfied.
(b) Budget provision for the current year should have indicated and Central releases should not exceed it.
(c) State Government should have its share during the previous year. Deficiency in the release of the State contribution would be deducted from the current year’s release.
(d) Carry forward balances should not exceed 15% (20% for the year 1999-2000) of the last year’s allocation. Excess carry forward would be deducted from the current year’s release.
(e) 75 percent utilisation of available funds including carry forward funds.
(f) Annual Plan should have been approved by the Governing Body of the DRDA.
(g) Audit Report, Utilisation Certificate and Bank Reconciliation Certificate for the previous year should have been received.

INSURANCE

Marking of Assets

The assets should be marked to check the misutilisation or transfer of the assets. This is also necessary in the eventuality of filing insurance claim and physical verification of assets etc.

Insurance Cover for Various Assets

Insurance Cover at present is available for livestock assets given under IRDP (now SGSY). The General Insurance Corporation has agreed to provide this cover on the terms and conditions as reflected in the specimen Master Policy and Long Term Master Policy Agreement signed between the GIC and the Stae Government.49

(i) Livestock Insurance

The coverage and premium rates are to be fixed in accordance with the Master Policy Agreement.

(ii) Scope of Cover

The livestock policy provides indemnity in the event of death of animal/birth due to accident inclusive of fire, lightening, riot and strike, flood, cyclone, earthquake, famine or due to any fortuitous cause of disease contracted or occurring during the period of insurance subject to certain exclusions.

(iii) Sum insured

The cost of the asset shall be treated as the sum insured for the settlement of claims. For permanent total disablement (PTD) claims 75% of the sum insured shall be payable.

(iv) Claim procedure

The claim procedure is simplified to secure expeditious disposal of claims. The Bank/DRDA shall forward a death certificate given jointly by any two of the following within 30 days from the date of occurrence:

49. Ibid, P - 38-40.
Sarpanch/Upsarpanch of Village;
President or any other officer of the cooperative credit society;
Official of Milk Collection Centre or Government Veterinary
Surgeon/Veterinary Assistant;
Supervisor/Inspector of Cooperative Central Bank
Authorised nominee of DRDA;
Secretary of Panchayat;
Village Revenue Officer;
Village Accountant
Head Master of Primary School

(v) **Adjustment of Insurance Claim Money**

The procedure of adjustment of insurance claim of animals will be as follows:

(a) Where the borrower has been regular in payment of interest/repayment of instalments and is willing to receive a replacement animal, the claim proceeds may be utilised to purchase a new animal.

(b) Where the *swarozgari* was a wilful defaulter and has additional dues to the bank by way of interest, the claim proceeds would be adjusted to the bank loan liability and the balance may be paid to the DRDA. However, if the default was not wilful, replacement animal may be provided out of claim proceeds.

(c) Where the *swarozgari* has been regular in payment of loan and interest but is unwilling to take a replacement animal he may be offered assistance for some other activity and claim proceeds utilised for financing the same. If he is unwilling to take any other activity, the claim money may be utilised by giving to the bank an amount equal to the balance outstanding in the loan account. The DRDA will also get subsidy amount proportionate to the balance loan outstanding and balance, if any, may be given to the beneficiary. Here, the *swarozgari* is entitled to share the claim proceeds to the extent of loan repaid by him because he has utilised the asset properly and has paid the banks dues until the death of animal and has fulfilled the programmes objective to that extent.50

50. Guidelines : Swarnajayanti Gram Swarozgar Yojana, Published by Ministry of Rural Development, Government of India, New Delhi (1999), P-40
(vi) Other facilities

The General Insurance Corporation of India have informed that if an IRDP (now SGSY) beneficiary has other milch animals where no loan or subsidy is involved, such milch animals could also be insured at the concessional rates of premium i.e. 2.25% per annum or 1.69% for three years. It has also intimated that IRDP (now SGSY) beneficiaries who have closed their loan account can insure the animals acquired by them through loan and subsidy at the concessional rates of premium for a further period of three years after closing the loan account, the animals do not exceed the insurable age limit.51

(i) Expenditure on Premium

The expenditure on the premium is to be shared between the Government, bank and the beneficiary in the following proportions:

Table 2.2
Sharing of Premium between the Government and Bank

<table>
<thead>
<tr>
<th></th>
<th>When the banks do not participate</th>
<th>When the bank agrees to participate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swarojgaris</td>
<td>125%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Government</td>
<td>1.00%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Bank</td>
<td>Nil</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

Source: Guidelines, SGSY

The expenditure to be borne by the Government will be shared between the State and the Centre in the ratio of 75:25. It should be met out of SGSY funds but should not be included in the individual subsidy ceiling applicable to the beneficiary.

(ii) Group Life Insurance Scheme

A group life insurance scheme for swarojgaris aged not than 18 years and not more than 60 years was introduced w.e.f. 1.4.88. This scheme is operative from the date on which the asset is disbursed to the swarojgari till the swarojgari completes the age of 60 years or a period of 5 years from the date of commencement of the cover, whichever is earlier. A sum of Rs. 5000 shall become payable by LIC to the nominee of the deceased in case of natural death.

51. Ibid.
In the event of death due to accident a sum of Rs. 10,000 shall become payable by LIC.\(^{52}\)

**REPAYMENT OF LOAN**

All SGSY loans are treated as medium term loans with minimum repayment period of five years. Loan instalments will be fixed as per the unit cost approved by the NABARD/DLCC and there will be a moratorium on repayment of loan during the gestation period. Repayment instalments should not be more than 50 per cent of the incremental net income expected from the project. Number of instalments will be fixed in accordance with the principal amount, the interest liability and the repayment period.

*Swarozgari* will not be entitled for any benefit of subsidy if the loan is fully repaid before a certain fixed period known as the lock-in period. The lock-in period for various activities under SGSY can be categorised broadly into three categories depending on the loan repayment period for 5, 7 and 9 years. The lock-in period corresponding to these repayment periods would be 3, 4 and 5 years respectively. If the loan fully repaid before the currency period, the *Swarozgaries* will be entitled only to pro-rata subsidy.

**Measures for Affecting Recovery**

Prompt recovery of loans will be an important of SGSY, not only to ensure a discipline but more importantly as it reflects the success of the self-employment programme. All concerned must therefore ensure that the recovery is hundred per cent. To ensure this, the following measures shall be undertaken:

i) The Block SGSY committee shall monitor, every month, the progress of different *Swarozgari*. In particular, it should be seen whether the schemes have been grounded and whether they are giving the Swarozgari the intended income and also whether the Swarozgari is repaying the loan. Prompt action in case of defaults cannot be overemphasised. The bank shall furnish every month the list of defaulters, and the Block SGSY committee shall go into the reasons. The line departments and the BDO shall contact the Swarozgari and take such remedial measures as are necessary. In case of groups, there shall be a peri-

\(^{52}\) Ibid, P- 41.
periodic meeting of the SHGs to monitor the performance. In addition, the Gram Panchayats will also be given the list of defaulting Swarozgaris and requested to take suitable measures to see that the loans are repaid. In Panchayats with high default rates, the BDO/DRDA shall organise recovery camps. It is necessary that the DRDA keep a close watch over the repayment position in each Panchayat. In addition, the District administration shall assist the banks in the recovery through designated legal processes, including appointment of Special Recovery Officers. Enactment of the Model Bill as recommended by the Talwar Committee may be expedited.53

ii) The banks would take all possible measures, i.e., personal contact, organisation of joint recovery camps with District Administration, legal action, etc. In case, even after this, the bank fails to recover the entire dues, the process of forfeiture of subsidy for adjustment against dues will be taken up. For this purpose, a notice will be issued to the Swarozgaris and he/she will be provided reasonable opportunity to show cause why his/her subsidy should not be forfeited. Thereafter, the concerned banks will place before the District SGSY committee a complete report on action taken and a proposal for forfeiture and adjustment of subsidy. After getting the approval of the committee, the concerned bank will adjust the subsidy (including interest earned) against the Swarozgaris' dues. However, if the bank is able to realise any amount from the Swarozgaris subsequently over and above the amount due to it, the amount will be returned to the DRDA.

iii) Constant flow of information about every Swarozgari is necessary to ensure full recovery. Since the banks are also understaffed, they may engage the services of NGOs or individuals (other than government servants) as Monitor-cum-recovery facilitators, on a commission basis. A processing cum monitoring fee of 0.5 per cent of the loan amount may be charged to the Swarozgaris to meet this expenditure.

iv) In order to ensure recovery discipline, with effect from 1.1.2001, any Panchayat that registers a recovery of less than 80% under SGSY will not be eligible for consideration under SGSY. Likewise any Panchayat Samithi registering a recovery of less than 80% will see the further programme suspended in the Samithi.

53. Ibid, P-35
V) In order to ensure that Panchayats/Panchayat Samithis do not meet with such a situation, they shall keep a close watch over the situation. The report of the Block SGSY committee shall be placed by the BDO before the Panchayat Samithi. The District SGSY committee shall also review the recovery position every month and ensure that steps are taken to recover the loans.54

FINANCIAL AND PHYSICAL PERFORMANCE UNDER IRDP/SGSY

Under SGSY, till December 2002, around Rs. 3,500 crores was utilised for the scheme on an all-India basis for the benefit of over 3 million swarozgaris. The Centre only contributes 75% of the funds. Further, till November 2005, the Centre and States, sharing the costs in 75:25 bases, had allocated Rs. 8,067 crores, of which Rs. 6,980 crores had been utilized to assist 62.75 lakhs self-employed.55

Table - 2.3
Financial and physical performance under IRDP/SGSY

<table>
<thead>
<tr>
<th>Year</th>
<th>Total allocation (Centre &amp; State)</th>
<th>Total expenditure</th>
<th>Lakhs families Swarozgaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>1992-93</td>
<td>662.22</td>
<td>693.88</td>
<td>20.69</td>
</tr>
<tr>
<td>1993-94</td>
<td>1093.43</td>
<td>985.65</td>
<td>25.39</td>
</tr>
<tr>
<td>1994-95</td>
<td>1098.22</td>
<td>1008.31</td>
<td>22.15</td>
</tr>
<tr>
<td>1995-96</td>
<td>1097.21</td>
<td>1077.16</td>
<td>20.89</td>
</tr>
<tr>
<td>1996-97</td>
<td>1097.21</td>
<td>1131.68</td>
<td>19.24</td>
</tr>
<tr>
<td>1997-98</td>
<td>1133.51</td>
<td>1109.54</td>
<td>17.07</td>
</tr>
<tr>
<td>1998-99</td>
<td>1456.28</td>
<td>1162.28</td>
<td>16.77</td>
</tr>
<tr>
<td>1999-00</td>
<td>1472.34</td>
<td>959.86</td>
<td>9.34</td>
</tr>
<tr>
<td>2000-01</td>
<td>1332.50</td>
<td>1116.27</td>
<td>10.30</td>
</tr>
<tr>
<td>2001-02</td>
<td>774.50</td>
<td>555.15</td>
<td>6.25</td>
</tr>
<tr>
<td>Total</td>
<td>11217.42</td>
<td>9583.85</td>
<td>165.28</td>
</tr>
</tbody>
</table>


54. Ibid, P-36
Swarnajyanti Gram Swarozgar Yojana (SGSY) has all the required ingredients to achieve the goal of growth with equity and quality. The scheme is based on group concept, requires exploration of the area to find out viable key activities to be recovered, build up infrastructure for linkages and provide finance for selected activities. But the scheme till now is yet to come out of the shadow of earlier. Integrated Rural Development Programme (IRDP) has often taken recourse to the procedure adopted under IRDP where growth is mostly qualified by the attainment of target without much consideration to quality growth.\(^{56}\)

**TASK AHEAD**

WG endorsed the issues raised in the National Conference of the State Ministers of Rural Development, NGOs, Field Level Functionaries, Banks, SHG members held at NIRD during 23-24 June 2001. These are basically on relaxasation, restoration and enhancement of parameters of the Scheme:\(^{57}\)

- relaxation in the number of key activities per block/district;
- relaxation in the size of self help group;
- relaxation in minimum time involved for gradation of groups, first for Revolving Funds and then for assistance to take up economic activities.
- restoration of the open dug-well component on the pattern of erstwhile Million Wells Scheme;
- increasing the loan limit for collateral collateral security both for individual and groups;
- increasing the amount of Revolving Fund;
- bankers accountability in implementation of the scheme;
- active involvement of voluntary sector in social mobilization of the poor;
- continuous sensitization of all stack holders in the implementation of the scheme;
- increasing the amount of training allowances and making training free of cost for the swarozgaries;
- gradual shift from individual finance to group finance and ultimately making group finance 100 per cent under the scheme;

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\(^{56}\). The Assam Tribune dt. 3.1.08.

\(^{57}\). The Monthly Journal “Kurukshetra” Published by M/O Rural Development vol : 50, No. 8 June, 2003, P- 33.
Sometime suggestions are also made that, in the interest of the SGSY, subsidy should be done away with. Decision have already been taken in some of these suggestion. The training allowances have been enhanced. The role of NGOs and the incentives for them in social mobilization of the poor have been spelt out. The Ministry of Rural Development have been examining the other suggestions for suitable decisions, in consultation with other Ministries/Organizations, wherever necessary.58

In view of above the focus, inter-alia, in the Tenth Plan would be on social mobilization at capacity building and credit mobilization. The Approach Paper of the Tenth Plan says that during the Tenth Plan “SGSY should be transformed into a micro-finance programme to be run by the banks and other financial institutions. With no subsidy”. As saying goes proof of the pudding is in eating, let us see as to what extent the Approach envisaged in the Tenth Plan’s Approach Paper would be translated into reality during its time period.

58. Ibid.