CHAPTER -I
INTRODUCTION
CHAPTER -1
INTRODUCTION

1.1. Importance of the Study

India is home to about one-third of all poor in the world. It also has a significantly high proportion of its population living on less than two dollars per day, which is higher than even the people of Sub-Sahara Africa, according to the World Bank’s estimates on global poverty. Poverty alleviation in India is a key challenge for the national policy makers. While there has been a gradual but steady decline in poverty over the last 20 years, the total number of poor people has remained constant due to population growth. Rapid rise in economic growth, which is employment generative, facilitates the reduction of poverty in the long term. However, this approach needs to be complimented with attention to the provision of basic services for improving the quality of life of the people through State intervention in the form of targeted Anti Poverty Programmes (APPs). APPs are specifically designed to create both self employment and wage employment and these were redesigned and restructured in 1999-2000 in order to make these APPs more efficient.

The incidence of poverty is estimated by the Planning Commission based on large scale quinquennial sample surveys on
household consumer expenditure conducted by the National Sample Survey Organization (NSSO). Economic Surveys for 2003-2004 and 2004-2005, on the basis of the results of the 55th Round, indicated that there has been a remarkable decline in the incidence of poverty in the 1990s. However, since Independence, the Government’s attempt has been to foster socio-economic equality among the population in the country.

1.2. Poverty line in India

Poverty eradication has been an important component of the strategy for economic development in India. ‘Poverty line’, the basic indicator of poverty according to the Planning Commission, is defined as “total consumption expenditure at which one can expect a person to be adequately nourished in the specific society under consideration”. The fundamental assumption is that people at the poverty line have just enough resources to provide themselves with food that translates into 2200 calories per person a day. The National Sample Survey Organisation (NSSO) conducts large sample surveys to obtain the consumption expenditure of various groups of the population once in five years.

The Planning Commission is the Nodal agency in the Government of India that makes poverty estimations at national and state levels. Since, March 1997 it has been using the Expert Group Method (Expert
Group on Estimation of Proportion and Number of Poor) to estimate poverty. According to this method the estimates of poverty are made from the large sample survey data on household consumer expenditure conducted by the National Sample Survey Organization (NSSO) of the Ministry of Statistics and Programme Implementation. Using this methodology the Planning Commission, has released poverty estimates for the year 1973-74, 1977-78, 1983, 1987-88 and 1993-94 by the Government of India, Press Information Bureau on 11th March 1997. The poverty estimates for 1999-2000 were released by the same Government agency on 22nd February 2001. While releasing the estimates of poverty for 1999-2000, it had been noted that these estimates were not firmly comparable with the estimates for the previous years.

The state-wise rural and urban poverty lines for the year 2004-05 are given in Table-1.1.
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<td>665.90</td>
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**All-India** * 356.30 538.60

* The poverty line (implicit) at all-India level is worked out from the expenditure class-wise distribution of persons (based on URP-consumption, that is, consumption data collected from 30-day recall period for all items) and the poverty ratio at all-India level. The poverty ratio at all-India is obtained as the weighted average of the state-wise poverty ratio.
These figures are estimated using the original state-specific poverty lines identified by the Expert Group and updating them to 2004-OS prices using the Consumer Price Index of Agricultural Labourers (CPIAL) for rural poverty lines and Consumer Price Index for Industrial Workers (CPIIW) for urban poverty lines.

The NSSO has released the outcome of the latest large sample survey data on household consumer expenditure (NSS 61st Round), for the period July 2004 to June 2005. From this data, two different consumption distributions for the year 2004-05 have been collated. The first one from the consumption data collected using 30-day recall period (also known as reference period) for all the objects. The other one is from the consumer expenditure data collected using 365-day recall period for five infrequently purchased non-food items, viz., durables, clothing, footwear, education and institutional medical expenses and 30-day recall period for the outstanding items. These two consumption distributions have been termed as Uniform Recall Period (URP) consumption distribution and Mixed Recall Period (MRP) consumption distribution respectively. The Planning Commission, using the Expert Group methodology has estimated poverty in 2004-05 using both the URP and MRP distributions.

Table 1.2 gives the state specific percentage and number of poor in rural and urban areas estimated on the basis of URP consumption distribution. Table-1.3 gives the state specific percentage and number of poor in rural and urban areas estimated from MRP consumption distribution.
<table>
<thead>
<tr>
<th>Sl. No.</th>
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<td>Per Cent (Lakhs)</td>
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**Table -1.2.**

**Number and Percentage of Population Below Poverty Line - 2004 - 05 (Based on URP - Consumption)**

**URP consumption = Uniform Recall Period consumption in which the consumer expenditure data for all the items are collected from 30-day recall period.**
Notes

1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland and Tripura.

2. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio of Goa.

3. Poverty Ratio of Tamil Nadu is used for Pondicherry and A & Ez;gh;Guk; fhydp> Island.

4. Urban Poverty Ratio of Punjab used for both rural and urban poverty of Chandigarh.

5. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli.

6. Poverty Ratio of Goa is used for Daman & Diu.

7. Poverty Ratio of Kerala is used for Lakshadweep.
Table - 1.3.
Number and Percentage of Population Below Poverty Line - 2004 - 05 (Based on MRP - Consumption)

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MRP consumption = Mixed Recall Period consumption in which the consumer expenditure data for five non-food items, namely, clothing, footwear, durable goods, education and institutional medical expenses are collected from 365-day recall period and the consumption data for the remaining items are collected from 30-day recall period.
The percentage and number of poor in 2004-05 arrived from URP consumption distribution of NSS 61st Round of consumer expenditure data are comparable with the poverty estimates of 1993-94. The percentage and number of poor in 2004-05 arrived from MRP consumption distribution of NSS 61st Round of consumer expenditure data are roughly (but not strictly) comparable with the poverty estimates of 1999-2000.

The sample survey of the 61st Round based on the URP-consumption distribution data of the 61st Round yielded a poverty ratio of 25.7 per cent in the urban areas, 28.3 per cent in the rural areas and 27.5 per cent for the country as a whole in 2004-05 (Table 1.2). The corresponding figures obtained from the MRP-consumption distribution data of the 61st Round are 21.7 per cent in the urban areas, 21.8 per cent in the rural areas and 21.8 per cent for the country as a whole. (Table 1.3)

The poverty estimates in 2004-05 based on URP consumption distribution (27.5 per cent) is comparable with the poverty estimates of 1993-94, which was 36 per cent. (Table-1.4). The poverty estimates in 2004-05 based on MRP consumption (21.8 per cent) is approximately (but not strictly) comparable with the poverty estimates of 1993-93, which was 26.1 per cent. (Table-1.5).
Table 1.4.

Comparison of Poverty Estimates Based on Uniform Recall Period

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Table -1.5.

Comparison of Poverty Estimates Based on Mixed Recall Period

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<td>3. Total</td>
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Considering the wide spread distribution of poor geographically as well as the large magnitude of the population below poverty line, the Government of India’s has taken proactive measures to deal with the problem. Persons engaged in policy planning have analyzed and explored the following approaches in designing various poverty alleviation programmes:

- Area development to reduce regional disparities and to take care of vulnerable regions prone to natural disasters.
- Sectoral approach to help the poor in their livelihood activities with more emphasis on farming.
• Focused approach for a segment of the people by creating employment generation through economic development programmes.

• Financial incentives and credit to empower and support self-employment enterprises in farm and non-farm sectors.

• Multipronged approach with integrated spatial, geographical and social development.

1.3. Profiles of the Poor

The changing composition of poor people in India has resulted in rural poverty getting concentrated in the agricultural labour and artisan households and urban poverty getting concentrated in the casual and daily-wage labour categories. The proportion of agricultural labour households, which accounted for 41% of rural poor in 1993-94, increased to 47% in 5 years (1999-2000). In contrast, the proportion of self-employed in agriculture among the rural poor had fallen from 33% to 28% during the same period. In 1999-2000, the casual labour households accounted for 32% of the urban population living in poverty, increasing from 25% in 1993-94. The increase in its share was on account of both the increased dependence of urban households on urban casual labour market as well as higher incidence of poverty among urban casual labour households. The growing dependence of
rural and urban households on casual labour market makes the poor vulnerable to market risks and tends to increase transient poverty. As a result of this, poor households move in and out of poverty due to variations in the labour market.

The geographical landscape of rural poverty has been changing in varying proportions across different States in India. While the share of backward states such as Bihar, Orissa, Madhya Pradesh and Uttar Pradesh in the rural poor rose from 53% in 1993-94 to 61% in 1999-2000, the share of agriculturally thriving North-Western states such as Punjab, Haryana and Himachal Pradesh declined from 3.03% to 1.26% and that of Southern states also declined from 15.12% to 11.23%. Notably, some of the economically better off States such as Maharashtra and West Bengal, in spite of their higher level of economic growth, had a comparatively higher share in rural poverty. The urban poor were getting concentrated in Uttar Pradesh, Maharashtra, West Bengal, Madhya Pradesh and Andhra Pradesh. Their contribution to All-India urban poverty rose from 56% in 1993-94 to 60% in 1999-2000. It is striking to note that the share of Orissa increased significantly in both rural and urban poor.

The occupational composition of rural poor varied across the states. In general, poverty was highly concentrated among agricultural labour households in developed States and in contrast in backward
states poverty extended to other occupational groups including self employed in agriculture. As seen in the case of Punjab, Haryana, Maharashtra and Andhra Pradesh where agricultural labour households constituted more than 60% of the rural poor in 1999-2000, but they constituted less than 16% in Rajasthan and 28% in Assam.

Among the social groups, scheduled castes, scheduled tribes and backward castes was considerably more than their share in the rural population and accounted for 81% of the rural poor in 1999-2000. The poor among scheduled castes in rural areas were concentrated in Uttar Pradesh, Madhya Pradesh, Bihar and West Bengal and they accounted for 58% of the scheduled caste population living in poverty in India. In urban areas, Madhya Pradesh and Uttar Pradesh accounted for 41% of scheduled caste population living in poverty. The incidence of poverty among scheduled castes was high in Bihar, Madhya Pradesh and Uttar Pradesh in both rural and urban areas.

The proportion of Scheduled Tribes population among the rural population living in poverty increased from 14.8% in 1993-94 to 17.5% in 1999-2000. The rapid increase was primarily on account of relatively slower reduction in the incidence of poverty among scheduled tribes. The incidence of poverty among scheduled tribes had reduced from 50% in 1993-94 to 44.2% in 1999-2000 whereas it had fallen from 37% to 27% for rural population. Bihar, Gujarat, Madhya Pradesh and
Maharashtra together accounted for 75.5 per cent of the rural scheduled tribes living in poverty in 1999-2000. It is important to note that Madhya Pradesh holds nearly 1/3rd of the poor schedule tribe population. The poverty levels of scheduled tribes in rural areas were high in Orissa (73%), Bihar (59%), Madhya Pradesh (57%) and West Bengal (50%) and in urban areas, in Orissa (59%), Karnataka (52%), Andhra Pradesh (46%) and Bihar (43%). In terms of income, poverty and other indicators of human development such as education, health, etc., the scheduled tribes are at the bottom of the list. The increasing concentration of poverty among tribals who face multiple deprivations is a matter of serious concern.

1.4. Poverty Alleviation Initiatives in India

The basic objective of the development planning in India is to reduce the gap between 'have and 'have nots' while ensuring overall economic growth. At the beginning of the First Five-Year Plan, nearly half of the Indian population was living below the poverty line, 80% of which lived in the rural areas. The incidence of poverty was prevalent more in villages than in towns and cities. Disparities that existed among the States, between men and women and among different social groups further aggravated the economic problem. Therefore, it has become paramount importance for the State to arbitrate to provide assistance and respite to several millions struggling under poverty, particularly the
underprivileged and marginalized social groups, such as Scheduled Castes, Scheduled Tribes, other Backward Classes, women, children and the physically handicapped.

The Government intervention to deal with the problem of poverty, in India has been a sustained effort. Since Independence, the country has made a significant progress in many areas. It is now a major exporter of food-grains and has reached the status of an accepted nuclear state. There has been marked improvement on a select range of human development indicators. There have also been noticeable achievements in the area of poverty alleviation. With the continued initiatives and efforts of Government interventions the proportion of population Below the Poverty Line (BPL) has been reduced from 54.8% in 1973-74 to 35.9% in 1993-94 and further to 26% in 1999-2000. The rural poverty during this period has also considerably declined from 56.4% in 1973-74 to 37.27% in 1993-94 and 27.09% in 1999-2000. Various steps are actively pursued in all fronts to further reduce poverty to 10% by 2012.

However, the matter of concern is that over a quarter of the world's poor are still concentrated in India. As per the latest estimate of the Planning Commission (1999-2000), more than 260 million people continue to live Below the Poverty Line (BPL), which is about 26% of the entire country's population. There is still significant concentration of the
poor in rural areas. Out of the total, 193 million poor live in the rural areas, which is about 75% of the total poor in the country. Poverty prevails particularly in backward regions like dryland, rainfed, drought prone, tribal, hill and desert areas. The marginalized sections of society, particularly SCs, STs and backward classes continue to have the largest concentrations of the poor.

Such a large number of rural population below the poverty line spread across the country does have a significant impact on its social harmony and economic progress. It results in gross underutilization of human resources. The economic burden on the country’s exchequer in terms of recurring relief investment during famine, drought, floods, cyclone etc. is immense as the poor are the most affected during such natural calamities. This also has a negative impact on the potential for saving of the economy for productive investment. Poverty is also the cause for many socio-cultural problems, which need to be resolved separately. Having described the magnitude and gravity of the problem above, the following section briefly examines the main initiatives taken to address the problems of the poor in India.

**Major Initiatives**

The first initiative was the Community Development Programme, which started in 1952. This programme aimed mainly at integrated development at the local level through co-operation of people and
convergence of technical knowledge across different fields. The Community Development Blocks, which were created as local level units for this purpose across the country at that time continues even today and functions as field level administrative units for many rural development programmes as well.

The second initiative was taken in the country by introducing legislation for ending of intermediary institutions and systems of land holdings such as Zamindari, Jagirdars etc. The systems were extremely exploitative and were the cause for a caste and land-based nexus failing to contain poverty. This was followed by a much needed comprehensive policy on Land Reforms. The actions undertaken were based on the concern that land was the only productive asset in rural areas. Providing ownership of the land to the poor was, therefore, understood to be an apparent criterion to alleviate rural poverty.

The third measure considered was the strategy of Five Year Plan for economic development. There were Plan-specific strategies to this effect. The First Five Year Plan focused on ways and means to tackle the food requirement without any delay. The Second Five Year Plan focused on the development of the Heavy Industries sector. In view of this it was thought that the Public Sector would be the leader of the industrialization process in the country through acquiring the much anticipated leadership position. A trickle-down effect from the growth-
based on industrialization was also expected. During Third Five Year Plan importance was laid on food grain production through the adoption of new technology in agriculture. This resulted in the booming Green Revolution.

**Impact of the Earlier Initiatives**

While the accomplishments through many of the efforts were significant, the overall impact of the efforts had not satisfactorily tackled the problem of poverty. Abolition of intermediary system of land tenure was completed with success, but land reform which is still an on-going process has not yielded expected results in terms of either economic growth or social justice. The success of the Green Revolution was limited to specific areas and crops leaving vast areas of the Country unattended. Green Revolution eventually resulted in inter-crop, interpersonal and inter-regional disparities across the country. The economy of the country grew over the years, which marked significant increase in agricultural and industrial production. This growth, however, did not result in the much needed provision of economic betterment to the lives of the poor. In the Indian context the trickle down effect of the development did not happen. Therefore, despite growth, due to the absence of the trickle down effect, a significantly high percentage of the population continued to live Below the Poverty Line. The poor, including those in the rural areas, got further marginalized in the process. Poor
economic condition, subsistence living and low bargaining power, unstable and uncertain employment opportunities, distress migration to urban areas etc. continued to be the characteristic features of the poor in India.

The Community Development Programme also, which aimed community participation in development, gradually got replaced by more and more of piecemeal programmes with bureaucratic bias.

**Efforts to Address Poverty Directly**

There was, therefore, a re-thinking on the requirement for re-conceptualization of the programmes and policies. The need to directly address poverty was eventually felt particularly during the Fourth Plan period. The 1970s are an important decade in this context. Many novel programmes including the Rural Works Programmes (RWP), the Drought Prone Areas Programme (DPAP), the Desert Development Programme (DDP), the Food for Work Programme (FWP), Programmes for Small & Marginal Farmers (Small Farmers Development Agency-SFDA, Marginal Farmers & Agricultural Labourers Agency-MFAL) were all experimented in rural areas. The programmes essentially had objectives to provide three-pronged attack on the poverty i.e. (i) in terms of creating an income generating asset base for self-employment of the rural poor, (ii) by creating opportunities for wage employment for the poor and (iii) area(land) development activities (programmes) in
backward regions like dry-land, rain-fed, drought prone, tribal, hill and desert areas. Subsequently, there were also programmes for providing basic infrastructures for improved quality of life in rural areas and also programmes for social security of the poor and the homeless. Furthermore, policy recommendations were also made and statutory provisions introduced for the empowerment of the people and their involvement in the development process.

**Trends in Poverty Statistics**

The section of India's population below the poverty line has varied extensively in the past, but the general trend has been downward. However, there have been roughly three periods of trends in income poverty.

**1950 to mid-1970s:** Income poverty reduction shows no evident trend. In 1951, 47% of India's rural population was below the poverty line. The proportion went up to 64% in 1954-55; it came down to 45% in 1960-61 but in 1977-78, it rose up again to 51%.

**Mid-1970s to 1990:** Income poverty come down significantly between the mid-1970s and the end of the 1980s. The decline was more distinct between 1977-78 and 1986-87, with rural income poverty declining from 51% to 39%. It went down further to 34% by 1989-90. Urban income
poverty went down from 41% in 1977-78 to 34% in 1986-87, and further to 33% in 1989-90.

**After 1991:** This post-economic reform period witnessed both setbacks and progress. Rural income poverty increased from 34% in 1989-90 to 43% in 1992 and then fell to 37% in 1993-94. Urban income poverty went up from 33.4% in 1989-90 to 33.7% in 1992 and declined to 32% in 1993-94. Also, NSS data for 1994-95 to 1998 indicated very little poverty reduction, so that the evidence till 1999-2000 was that poverty, particularly rural poverty, had increased post-reform. However, the official estimate of poverty for 1999-2000 was 26.1%, a dramatic decline that led to much deliberation and analysis. This was because for this year the NSS had adopted a new survey methodology that led to both higher estimated mean consumption and also an estimated distribution that was more equal than in past NSS surveys. The latest NSS survey for 2004-05 is fully comparable to the surveys before 1999-2000 and indicates poverty at 28.3% in rural areas, 25.7% in urban areas and 27.5% for the country as a whole, using Uniform Recall Period Consumption. The corresponding figures using the Mixed Recall Period Consumption method was 21.8%, 21.7% and 21.8% respectively. Thus, poverty has declined after 1998, while it is still being discussed whether there was any significant poverty reduction between 1989-90 and 1999-00. The latest NSS survey was so designed as to also give estimates
approximately, but not fully, comparable to the 1999-2000 survey. These implied that most of the decline in rural poverty over the period during 1993-94 to 2004-05 essentially happened after 1999-2000.

**Controversy over Extent of Poverty Reduction**

While total overall poverty in India has declined, the level of poverty reduction is held in question. While there is an agreement that there has not been an increase in poverty between 1993-94 and 2004-05, the scenario is blurred if one takes into consideration of the factors such as such as health, education, crime and access to infrastructure. With the rapid economic growth that India is experiencing, it is possible that a significant proportion of the rural poor will continue to migrate in large numbers towards towns and cities, making the problem of urban poverty more profound in the long run.

Economist Pravin Visaria has defended the soundness of many of the statistics that established the reduction in overall poverty in India, as well as the assertion made by India's former Finance Minister Yashwant Sinha that poverty in India has reduced considerably. He insisted that the 1999-2000 survey was well designed and supervised and felt that just because they did not appear to fit into predetermined concept about poverty in India, they should not be dismissed without proper consideration. Nicholas Stern, vice president of the World Bank, has published defenses of the poverty reduction statistics. He suggests that
increasing globalization and investment opportunities have contributed significantly to the reduction of poverty in the country. India and China have shown the obvious trends of globalization with the rapid rise in per-capita income.

According to a report by National Commission for Enterprises in the Unorganised Sector (NCEUS), in 2007 about 77% of Indians, or 836 million people, lived on less than 20 rupees per day (USD 0.50 nominal, 2.0 in PPP), with the majority working in "informal labour sector with no job or social security, living in abject poverty."

A study by the McKinsey Global Institute found that in 1985, 93% of the Indian population lived on a household income of less than 90,000 rupees a year, or about a dollar per person per day; by 2005 that proportion had been reduced in half, to 54%. More than 103 million people have moved out of desperate poverty in the course of one generation in urban and rural areas as well. They estimate that if India can realize 7.3% annual growth over the next 20 years, 465 million more people will be spared a life of extreme deprivation. Contrary to popular belief, rural India has benefited from this growth: extreme rural poverty has declined from 94% in 1985 to 61% in 2005, and projected to further decline to 26% by 2025.
1.5. Strategic Shortcomings in Poverty Alleviation Programmes

Three decades of experience with poverty alleviation under the various schemes have resulted in varying degrees of success due to certain constraints and shortcomings in the design and delivery of the poverty alleviation programmes.

Improper delivery system affecting outputs.

- Inadequate funds for poverty alleviation schemes
- Unsustainable management of Project Management Units with promotional and financial dependence on several institutions.
- Public sector banks, which were expected to play a constructive role, could address the development issues only partially.
- There was lack of proper supervision and monitoring of schemes.
- A lot of emphasis was laid on planning rather than understanding the demand. This resulted in a lack of clear focus on objectives with “plan driven approach” rather than need-based approach.
- “Top down strategies” did not effectively involve the full participation of the key stakeholders of the scheme
including the beneficiaries and the grassroot level local governing institutions.

- The schemes focused on asset creation instead of gainful employment.

- Funds were diverted towards unintended beneficiaries due to operation of overlapping schemes with similar objectives resulting in funds leakage for unintended beneficiaries.

Thus, different anti-poverty, employment generation and basic services programmes have been in process for decades in India. The current reforms give great importance to elimination of poverty and addressing exclusively the wide differences across States and the rural-urban divide. Anti-poverty strategy has three broad components, namely, (i) promotion of economic growth, (ii) promotion of human development; and (iii) targeted programmes of poverty alleviation to resolve the complex character of poverty.

The Tenth Plan focuses on specific sectors, which have been reinforced in a growth oriented approach for poverty alleviation in an attempt to provide greater opportunities for the poor to participate in the growth process. Plan allocations have also been improved to advance the living standard of the poor. Thus, the APPs have been improved and restructured through special programmes for the weaker sections of the society.
The various APPs of the Government targeted at the weaker sections of the society to raise the living standards of the people Below Poverty Line (BPL) income are (i) National Rural Employment Guarantee Scheme (NREGS) (ii) Pradhan Mantri Gram Sadak Yojana (PMGSY), (iii) Indira Awaas Yojana (IAY), (iv) Sampoorna Grameen Rozgar Yojana (SGRY), (v) National Food for Work Programme (NFFWP), (vi) Drought Prone Area Programme (DPAP), (vii) Desert Development Programme (DDP) (viii) Integrated Wastelands Development Programme (IWDP), (ix) Swarna Jayanti Shahari Rozgar Yojana (SJSRY), (x) Valmiki Ambedkar Awas Yojana (VAMBAY), (xi) Prime Minister’s Rozgar Yojana (PMRY) (xii) Swarnjayanti Gram Swarojgar Yojana (SGSY) and (xiii) State Scheduled Castes Development Corporations (SCDLs). Since substantial funds for these schemes have been allocated and spent through various Government and Non-Governmental Organisations (NGOs), there is a need for an in-depth study to understand the impact of the APPs.

1.6.1. National Rural Employment Guarantee Scheme

The National Rural Employment Guarantee Scheme (NREGS) notified on 7th September, 2005, aims at better livelihood security of households in rural areas of the country by providing at least one
hundred days of guaranteed wage employment, in a financial year, to every household whose adult members volunteer to do unskilled manual work. The choice of works suggested in the scheme addresses causes of chronic poverty like drought, deforestation and soil erosion, so that the process of employment generation is maintained on a sustainable basis.

**Significance of NREGS**

The significance of NREGS lies in the fact that it operates at many levels. It creates a social safety net for the vulnerable by providing a fall-back employment source, when other employment alternatives become scarce or inadequate. It creates a right-based framework for wage employment programmes, by conferring legal entitlements and the right to demand employment upon the workers and makes the Government accountable for providing employment in a time bound manner. By prioritizing natural resource management and emphasizing the creation of durable assets it holds the potential of becoming a growth engine for sustainable development of agriculture based economy. Finally, its operational design built around strong decentralization and lateral accountability to local community offers a new way of doing business and a model of governance reform anchored on the principles of transparency and grass root democracy. In this way, the potential of NREGS spans a range from basic wage security and recharging rural economy to a transformative empowerment process of democracy.
Salient Features of NREGS

**Right Based Framework**

- Adult members of a rural household who are willing to do unskilled manual work may apply for registration to the local Gram Panchayat, in writing, or orally.

- The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household and is free of cost.

- A Job Card holding household may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought.

**Time Bound Guarantee**

- The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates. If employment is not provided within 15 days, daily unemployment allowance, in cash has to be paid. Liability of payment of unemployment allowance is of the States.

- Work should ordinarily be provided within 5 km radius of the village or else extra wages of 10% are payable.
• Wages are to be paid according to minimum wages. Disbursement of wages has to be done on weekly basis and not beyond a fortnight.
• At least one-third of persons to whom work is allotted work have to be women.
• Work site facilities such as creche, drinking water, shade have to be provided

**Decentralised Planning**

• The shelf of projects has to be prepared by Gram Sabha. At least 50% of works have to be allotted to Gram Panchayats for execution
• Panchayat Raj Institutions [PRIs] have a principal role in planning and implementation.

**Labour Intensive Works**

• A 60:40 wage and material ratio has to be maintained. Contractors and use of labour displacing machinery is prohibited.

**Public Accountability**

• Social Audit has to be done by the Gram Sabha.
• Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation process.
**Transparency**

All accounts and records relating to the Scheme are to be made available to any person desirous of obtaining a copy of such records, on demand and after paying a specified fee.

**Permissible Works**

- Water Conservation
- Drought Proofing (including plantation and afforestation)
- Irrigation Canals
- Minor Irrigation, horticulture and land development on the land of SC/ST/ -BPL/IAY and land reform beneficiaries
- Renovation of traditional water bodies
- Flood Protection
- Land Development
- Rural connectivity
- Any other work that may be notified by the Central Government in consultation with the State Government.

**Funding**

The Central Government bears the costs on the following items:

- The entire cost of wages of unskilled manual workers.
- Seventy five per cent of the cost of material and wages of skilled and semi-skilled workers.
• Administrative expenses as may be determined by the central government, which will include inter alia, the salary and the allowances of the Programme Officer and his supporting staff and work-site facilities.

• Expenses of the National Employment Guarantee Council.

The state governments bear the costs on the following items:

• Twenty five per cent of the cost of material and wages of skilled and semi-skilled workers.

• Unemployment Allowance payable in case the state government cannot provide wage employment on time.

• Administrative expenses of the State Employment Guarantee Council.

**NREGS Statistics National Overview (FY 2007-08) Upto Mid January - 2008**

1. Employment Demanded by households : 2.75 Crore

2. Employment provided to households : 2.72 Crore

3. Person days [in Crore]:

   Total : 96.03
   SCs : 25.90 [26.97%]
   STs : 29.40 [30.62%]
   Women : 41.52 [43.23%]
   Others : 40.73 [42.41%]
4. Total available fund [including OB] : Rs. 16059.94 Crore
5. Total Central Release : Rs. 10307.70 Crore
6. Total State Release : Rs. 1109.80 Crore
7. Expenditure : Rs. 9833.95 Crore

Outcomes so far

Two years of implementation of NREGS vindicates the self-targeting, demand-based nature of the programme. It is also evident that the nature of employment is seasonal and that the duration of employment sought varies according to the prevailing opportunities of employment offered under local agricultural practices and other alternative forms of employment and all job card holding families do not necessarily request for the full 100 days of employment.

There are thus considerable inter-state and inter-district variations in workforce participation under NREGS. All districts do not have the same volume and scale of labour demand. Of the first phase districts, 150 were chosen on the basis of SC/ST population, inverse of agricultural productivity per worker and inverse of agricultural wage rate. These districts are likely to witness higher employment demand. Employment demand under NREGS is likely to be low in districts that are comparatively more developed, with greater opportunities of employment in other avenues both in agriculture and rural non-farm activities. In this way, it is increasingly apparent that NREGS addresses
the 'geography of poverty' as it generates higher employment in the most deprived areas.

**Thrust Areas**

Thrust Areas of Action include the following measures that have been undertaken to strengthen programme management.

a) **Information Education and Communication (IEC) to enhance awareness of the programme among the rural workforce**

- One day orientation of all Sarpanches at the Block level
- Gram Sabhas
- Use of local vernacular newspapers, radio, TV, films & local cultural forms
- Leaflets, brochures in simple local language with more of graphics
- Fixing one day as Rozgar Diwas in a fortnight
- NGOs/SHGs for awareness generation
- Simple primers for workers and sarpanches (PRI functionaries)

b) **Improving the Quality of Planning**

- Shelf of projects to be ready in each village with technical and administrative approvals.
- Asset register to be maintained in each Gram Panchayat
• Outcomes expected from the works to indicate
  
  Estimated benefits in terms of person days
  
  Physical improvement envisaged (land/water conservation etc)
  
  Pre-Mid-Post Project condition to be recorded

c) Instituting Transparency Safeguards

  i. Maintenance of Job Cards

  • Drive to ensure all Job Cards are with the workers
  
  • Entries to be regularly uploaded and tally with muster roll

  ii. Maintenance of authentic Muster Rolls

  • Campaign for 100% Verification of muster rolls by State Governments
  
  • Random sample verification of muster rolls by external agencies
  
  • All muster rolls being placed on the NREGS website

  iii. Quality of Works

  • A Citizen Information Board to be put up on each work site with the details of works taken up
  
  • Evaluation of quality of works to be done by external agencies
iv. Payment of wages to workers

- Savings Accounts of workers' in Banks and Post offices to be opened to ensure greater transparency in wage payment and encourage thrift and small savings

**Monitoring and Vigilance**

Field verification by external and internal agencies

- Field visits of Central Employment Guarantee Council members to different States.
- National Level Monitors: all Phase One NREG districts and 113 Phase II districts
- Internal Monitoring: Ministry undertakes rigorous monitoring through its Area Officers
- Institutional Appraisal: Independent appraisal of a district by an empanelled institution for programme appraisal on key parameters
- States to ensure 100 per cent at block, 10 per cent at district and 2 per cent at the state level
- Setting up and training local vigilance and monitoring committees
- As part of a system for monitoring and evaluation, the Ministry of Rural Development had requested the office of
the Comptroller and Auditor General of India to undertake a performance audit on the implementation of NREGS.

Public Accountability

- Annual Report on the scheme has to be laid before the Parliament
- Minister for Rural Development should make a statement on NREGS in every Parliament session
- Social Audit: MIS needs to be coupled with regular lateral public accountability systems like conducting social audits. Since this is a new concept and the capacity for social audits is unequal in States, especially at Village and Gram Panchayat level, the effort of the Ministry has been to monitor, state action in complying with the legal mandate of social audit, while also supporting States to augment capacity for it. NIRD has developed a manual on social audit for States' use.
- Grievance redressal mechanisms to be strengthened

Strengthening Staffing

Staff to be deployed: Since NREGS has statutory mandates and time limits to be followed the Ministry has advised States to use the permissible administrative limit of expenses borne on the Central share
for recruitment of personnel. The staff to be recruited on priority for dedicated attention to NREGS implementation is as follows:

• Gram Panchayat
  - One administrative assistant per GP: Gram Rozgar sahayak
  - One technical assistant per 5-10 GP

• Block level
  - A full time Programme Officer not less than the rank of a BDO
  - Additional staff for accounts, works and IT

• District level
  - Additional staff for accounts, works and IT

Training

Regular training programmes have been undertaken by State Governments for both State functionaries as well as PRIs with the help of State Institutes of Rural Development (SIRDs) and other agencies. Peer Learning Workshops and trainings have also been undertaken at the Lai Bahadur Shashtri National Academy of Administration and other national level institutes like National Institute of Rural Development (NIRD).
Knowledge Network

Local solutions and innovations at worksites are helping meet the challenges of implementing NREGA across the country. Nreganet is the knowledge sharing initiative introduced by Ministry of Rural Development to help in lateral transfer of these local solutions. The objective of the network is to create a knowledge pool and facilitate exchange of experiences. It is a forum for dialogue where ideas, experiences, opinions flow in all directions from all sections of society. The knowledge networks aims at connecting people and offering knowledge on demand through a wide range of solutions.

1.6.2. Pradhan Mantri Gram Sadak Yojana (PMGSY)

The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched on 25th December, 2000, and is under implementation for just over a few years. It is a 100 per cent centrally sponsored scheme, which primarily aims to provide single all weather road connectivity to over 1.60 lakh eligible unconnected habitations at an estimated investment of about Rs. 60,000 crore. The entire funds are provided by Central Government. The works are executed by the State Governments and monitored by the Ministry of Rural Development through the National Rural Roads Development Agency (NRRDA) set up for the purpose.
PMGSY Objective

All unconnected habitations with a population of 500 persons or more to be provided connectivity by the end of the Tenth Plan period.

Execution, Monitoring and Maintenance

• Works to be executed by the State Governments. Project proposals are to be based on the District Rural Roads Plan and identified Core Network.

• No new Agency/Consultants to be created for execution.

• Roads are to be built as per the specifications given in the Rural Roads Manual published by the Indian Roads Congress. Ensuring the quality of the road is primarily the responsibility of the local Governments.

• District Monitoring and Vigilance Committee set up by the Ministry of Rural Development also monitors the progress under the scheme.

• The State Governments are responsible for the maintenance of the roads. The scheme envisages performance guarantee for five years by the contractor; thereafter the roads may be transferred to Panchayati Raj Institutions for maintenance.
1.6.3. Indira Awaas Yojana (IAY)

Housing is a basic need, which is critical for determining the quality of human life. A roof over the head endows a shelterless person with an essential asset and improves his physical and mental well-being. Hence, fulfilling the need for rural housing and tackling rural housing shortage is an important task to be undertaken as part of the poverty alleviation efforts of the government. The Indira Awaas Yojana (IAY) is a subsidy based scheme of the Ministry of Rural Development to provide houses to the poor in the rural areas.

Salient Features of IAY

i) The SC/ST to be provided a minimum of 60% of the houses, besides 15% for minorities. Three per cent of the houses are also reserved for the rural category physically and mentally challenged persons. The dwelling units have invariably to be allotted in the name of a female of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. Only in case there is no eligible female in the family, a house can be allotted to a male of the family.

ii) The funding of the IAY is shared between the Centre and the State in the ratio of 75:25.

iii) The Gram Sabha selects the beneficiaries, restricting its number to the target allotted, from the list of eligible
households. No approval of other authorities is required. The ceiling on construction assistance under the IAY is Rs.55,000/- per unit. The beneficiary is expected to construct a house of at least 20 square meters plinth area along with a sanitary latrine and smokeless chulha. The construction of the house is the sole responsibility of the beneficiary.

1.6.4. Sampoorna Grameen Rozgar Yojana (SGRY)

The Sampoorna Grameen Rozgar Yojana (SGRY) was launched on 25th September 2001 by merging the on-going schemes of Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). The SGRY programme has already been subsumed in National Rural Employment Guarantee Scheme (NREGs).

1.6.5. National Food for Work Programme (NFFWP)

**Target Group:** The NFFWP is aimed at “all rural poor who are in need of wage employment and desire to do manual and unskilled work”.

**Funding:** The NFFWP is centrally funded. Food grains are provided free of cost to the states. The states are supposed to cover transportation costs, handling charges and taxes.

**Permissible Works:** These include water conservation; drought proofing (including afforestation/tree plantation) and land
development; flood-control/protection (including drainage in waterlogged areas); rural connectivity in terms of all-weather roads. Other similar works can also be undertaken.

**Perspective Plan:** A five-year “Perspective Plan” is to be prepared for each district, with Block- and Panchayat-wise details of works to be undertaken. The Ministry of Rural Development will approve the Perspective Plan (with or without modification) which has to be prepared in consultation with the PRIs, local MPs and MLAs.

**Wage Rate:** The wage rate “shall not be less than the minimum wage fixed by the State government under the relevant status for agricultural labourers”. Equal wages shall be paid under the programme to both men and women workers.

**Cash-Kind Ratio:** Wages are to be paid partly in cash and partly in food grains. Food grains should be at least 5 kg and cash should be at least 25 per cent. In case of some shortage of either cash or food grains these proportions can be altered by the state, so long as the state does not ask the Centre for additional cash in lieu of food grains.

**Contractors and Machines:** There is a ban on the *use* of contractors, middlemen or intermediate agencies in the
implementation of the works. Labour-displacing machines (e.g. excavators) are banned in works funded under the programme.

**Maintenance of Assets Created:** Community assets, once completed, will be maintained by the Panchayat. For the maintenance of other assets, the District Collector is supposed to make a decision.

**Monitoring Committee:** For each work there will be a monitoring committee comprising of 5-9 nominated members, including at least one ST/SC candidate and a women’s representative. The selection of the committee members is to be done through the Gram Sabha. A work cannot start until the monitoring committee has been formed. The monitoring committee is also supposed to send its report along with the completion certificate.

**Schedule of Inspection:** 10 per cent of Panchayats are to be inspected by district level officers and 2 per cent of Panchayats by state level officers.

**Reports:** Monthly, quarterly and annual reports have to be prepared and submitted to the state government by each district.

**Dovetailing:** Funds from other programmes can be used for execution of NFFWP. However, “NFFWP funds should not be used as a substitute for Departmental Plan funds of different Departments and agencies.”
1.6.6. Drought Prone Area Programme (DPAP)

The Drought Prone Areas Programme (DPAP) is the earliest area
development programme launched by the Central Government in 1973-
74 to tackle the special problems faced by those fragile areas which are
constantly affected by severe drought conditions.

The basic objective of the programme is to minimize the adverse
impacts of drought on the production of crops and livestock and
productivity of land, water and human resources thereby ultimately
leading to the drought proofing of the affected areas. The programme
aims at promoting overall economic development and improving the
socio-economic condition of the disadvantaged sections inhabiting the
programme areas through creation, widening and equitable distribution
of the resource base and increased employment opportunities. The
objectives of the programme are being addressed in general by taking
up development works through watershed approach for land
development, water resource development and afforestation/pasture
development. The recent impact studies sponsored by the Ministry have
revealed that with the implementation of watershed projects under
Drought Prone Areas Programme, the overall productivity of land and
the water table have increased and there has been a significant impact
in checking soil erosion by water and wind. The programme has also
helped in overall economic development in the project areas,
At present the programme is under implementation in 972 blocks of 185 districts in 16 States. An amount of Rs 6000 per ha. is provided.

1.6.7. Desert Development Programme (DDP)

The Desert Development Programme (DDP) was started both in hot desert areas of Rajasthan, Gujarat and Haryana and the cold deserts of Jammu & Kashmir and Himachal Pradesh and has been extended to a few more districts in Andhra Pradesh and Karnataka. In hot sandy desert areas, sand dune stabilization and shelterbelt plantations were given greater weightage. On the other hand, in cold desert areas, since rainfall is negligible, crop cultivation and afforestation were taken up only through assured irrigation. In these areas, the main activity was water resources development by construction of channels for diversion of water flow from glaciers and springs to the fields and lift irrigation works in the valleys.

Rajasthan has distinct problems because of large tracts of hot-arid (Sandy) areas. In view of the problem of sand dune stabilization in ten districts of this State, special projects are under implementation under DDP since 1999-2000 for combating desertification by way of shelterbelt plantation, sand dune fixation and pasture development.

Objectives

The programme has been conceived as a long-term measure for restoration of ecological balance by conserving, developing and
harnessing land, water, livestock and human resources. It seeks to promote the economic development of the village community and improve the economic conditions of the resource poor and disadvantaged sections of society in the rural areas. The major objectives of the programme are to mitigate the adverse effects of desertification and adverse climatic conditions on crops, human and livestock population and combating desertification.

**Funding Pattern**

The DDF is a Centrally sponsored programme and funds are directly released to DRDAs/ZPs for implementation of the programme and the cost is shared between the center and the state at 75:25.

**1.6.8. Integrated Wastelands Development Programme (IWDP)**

Integrated Wastelands Development Programme (IWDP), a Centrally sponsored programme, has been under implementation since 1989-90. The development of wastelands and degraded lands under the programme is expected to promote the generation of employment in the rural areas besides enhancing the participation of people at all stages, leading to sustainable development of land and equitable sharing of the benefits. The IWDP envisages the development of non-forests wastelands in the country.
Coverage

The projects under the programme are generally sanctioned in the Blocks not covered by the DDP and the DPAP. At present, the projects under the programme are being implemented in 463 districts of the country. The revised guidelines prescribe a greater role for Panchayati Raj Institutions (PRIs), Self-Help Groups (SHGs) and User-Groups (UGs), particularly the landless, the Scheduled Castes & Scheduled Tribes and other backward classes in watershed projects. The Central Government provides Rs 5500/ha and the State Government Rs 500/ha.

1.6.9. Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)

This scheme seeks to provide gainful employment to the urban poor through encouraging setting up of self employment ventures or provision for wage employment. The SJSRY is funded on a 75:25 basis between the center and the state.

The SJSRY consists of two special components, namely,

1. Urban Self Employment Programme (USEP)

2. Urban Wage Employment Programme (UWEP)
1. Urban Self-Employment Programme (USEP)

   a. Micro Enterprises (ME)

   b. Development of Women and Children in Urban Area (DWACUA)

   c. Thrift and Credit Groups (TCG)

   d. Training

   e. Community Structure Component (CSC).

(a) Micro Enterprises (ME)

Under this scheme, unemployed person of the BPL family is eligible to avail individual loan facility of Rs.50,000/- to set up enterprise with maximum subsidy of Rs. 7500/-.

(b) Development of Women and Children in Urban Areas (DWACUA)

This scheme provides the groups of women to set up self-employment ventures. The group should consist of at least, 10 urban poor women. The project cost is not limited but subsidy is restricted to 50 per cent of the project cost subject to max subsidy of Rs.1.25 lakhs.
(c) Thrift Credit Groups (TCG)

If groups of women sets up thrift and credit groups, they are eligible for lump sum grant of Rs. 20,000 as revolving fund at the rate of Rs.1,000 maximum per member.

(d) Training

(e) Community Structure Component (CSC)

The achievement under this component is almost 100 per cent with useful qualitative improvements provided in the area of child's health, nutrition, health hygiene medical help rendered to women, aged, etc. Still more important areas required to be identified during evaluation.

2. Urban Wage Employment Programme (UWEP)

Most of the families living below poverty line are labour class in unorganized sections without job. These persons often fall into undesired social habits, which drag them into unlawful activities. Hence, this programme is very much helpful in creating urban wage employment to the members of the BPL families. These works are selected and implemented by the BPL families. The works help in improving infrastructure facilities like roads, drainages, community halls, etc. The amount released under this component is to be spent on creating infrastructure facilities.
1.6.10, Valmiki Ambedkar Awas Yojana (V AM BAY)

Shelter is a basic human requirement. For a shelterless person, getting a house brings about a profound social change in status and welfare, endowing him with an identity and integrating him with his social milieu. The provisional estimates made from 2001 Census indicate that while India is urbanizing markedly, slums in urban India are increasing alarmingly. The slum population in urban India is estimated to be at least 62 million.

There is at present no housing scheme in the Central sector for the urban poor. There are two Central sector programmes targeted towards the urban poor, namely the SJSRY and NSDP. The SJSRY attempts to provide employment in order to bring the urban poor above the poverty line while NSDP is basically a programme for the environmental improvement of urban slums. The urban poverty alleviation strategy is incomplete without a significant component pertaining to housing for the slum dwellers.

In order to fill this gap, in a major policy initiative, the Prime Minister of India announced a new Centrally Sponsored Scheme called the Valmiki Ambedkar Awas Yojana (VAMBAY) on the 15th August 2001 to ameliorate the conditions of the urban slum dwellers living below poverty line.
The objective of VAMBAY is primarily to provide shelter or upgrade the existing shelter for people living below the poverty line in urban slums in a march towards the goal of slumless cities with a healthy and enabling urban environment. The target group under the VAMBAY will be all slum dwellers in urban areas who are Below Poverty Line including members of Economically Weaker Section (EWS) who do not possess adequate shelter.

1.6.11. Prime Minister’s Rozgar Yojana (PMRY)

Objective

The Prime Minister’s Rozgar Yojana (PMRY) has been designed to provide employment to educated unemployed youth by setting up of micro enterprises by the educated unemployed poor. It relates to the setting up of the self-employment ventures for industries, services and business. The scheme covers whole of the country.

Target Group

The scheme covers all educated youth with the minimum qualification of VIII Standard (passed). Preference will be given to those who have been trained for any trade in Government recognized/approved institutions for a duration of at least 6 months.
Reservation

Preference should be given to weaker sections including women. The scheme envisages 22.5 percent reservation for SC/ST and 27 percent for other backward classes (OBCs). In case, SC/ST/OBC candidates are not available, States/UTs’ Government will be competent to consider other categories of candidates under PMRY.

Eligibility Norms

Age

All educated unemployed youth between the age of 18 and 35 years on the date of receipt of application by the concerned District Industries Centre (DIC) will be eligible for loan under the scheme in general with a 10 years relaxation for SC/ST/Ex-servicemen/ physically handicapped and women, i.e. up to the age of 45.

Education

Educated unemployed youth with a minimum qualification of VIII Standard passed. Preference is to be given to persons who have received training in any trade in Government recognized/approved institutions for a minimum duration of six months. Applicants with higher qualifications or who are still pursuing further course of studies after their matriculation are also eligible for assistance.
Annual Family Income

a) Income up to Rs.40,000/- per annum of family and up to Rs.40,000/- per annum of parents of beneficiary on the date of application should be taken into account. As per this definition, family income should be up to Rs. 40,000/- per annum of the beneficiary; the beneficiary and spouse together, if married and up to Rs.40,000/- per annum of parents of the beneficiary separately. This criterion of income ceiling for determining the eligibility under PMRY is applicable whether the beneficiary is staying separately or with the parents.

b) Further, the family would mean the applicant and the spouse, even if two or more brothers/sisters live together, they will constitute different families and hence will be eligible for assistance under PMRY, if they satisfy other eligibility criteria laid down under the PMRY.

Residency

The beneficiary should be a permanent resident of the area for three years. Here 'area' means the district. If the applicant is desirous of setting up venture at any place in the district in which he is residing for the last 3 years, he is eligible for assistance. Newly married women beneficiaries are exempted from fulfilling the above criterion of residency.
and instead the residency criterion is applied to the in-laws/husband of the married beneficiaries.

**Other Conditions**

a) A defaulter to a bank/financial institution will not be eligible for assistance under the scheme. Further, if a member of a family is a defaulter other members of the family will not be eligible for assistance.

b) More than one member of the same family may not be assisted under the scheme. However, another member of the same family having been assisted under any other Central/State/State-owned Corporation sponsored scheme (with/without subsidy) need not be a bar to assistance under PMRY.

c) A person who had been earlier assisted under a subsidy-linked programme will not be eligible for assistance under the PMRY.

**Eligible Activities**

Assistance will be provided for all economically viable activities including agricultural and allied activities but excluding direct agricultural operations like raising crop, purchase of manure, etc. However, it may be ensured that the beneficiary obtains statutory approvals that may be
required under any law in force and disbursement by bank could be related to such clearances, if any. The implementing agencies will decide the eligibility and classification of the activity proposed to be financed under industry/service/business sectors.

Prescribed conditions at (a) and (b) are now made applicable to the entire country under PMRY.

**Project Funding**

**Project Preparation**

The District Industries Centre (DIC)/Small Industries Service Institute (SISI) (for metropolitan cities) or NGOs, Industries Associations or other agencies will identify and forward the applications to the District Level Committee/Metropolitan City Committees to be set up by the Ministry of Industry, Government of India. After scrutiny by the committee, applications will be sponsored to banks. Banks may satisfy themselves about viability and bankability of the project.

**Components of Project Cost**

a) A borrower under the scheme will be eligible for sanction of a composite loan (working capital + term loan) based on project cost up to Rs. 2 lakh for other than business sector. The project cost for business sector will be restricted to Rs. 1 lakh.
b) The requirement of funds by the borrower for acquiring a suitable accommodation either by way of lease/rent or on ownership basis to set-up a shop, etc. may form part of the project cost, provided it is considered as essential by the financing bank. The total project cost, including such requirement should be within the stipulated limit indicated above.

c) In case of PMRY beneficiaries carrying on their activities in rented premises, the lease period as available may be taken, subject to renewal as in the case of non-PMRY loans. It is for the banks to ensure that lease agreements are renewed at the expiry of lease period during the currency of the loan.

**Loan Amount**

a) Banks may provide a composite loan (term loan/working capital) not exceeding Rs.95,000/- or Rs. 1,90,000/- per individual borrower depending upon whether the project is in the business sector or other than the business sector respectively, after satisfying about the viability and bankability of the project. In view of lower margin money required to be given by the borrowers (varying from 5 percent to 12.5 percent of the project cost) in the North Eastern States (including Sikkim), Himachal Pradesh, Uttarakhand and
Jammu & Kashmir, composite loan from banks per individual borrower may be worked out separately for these states.

b) The working capital component should be determined based on actual requirement to avoid under-financing of units, which may lead to sickness of the project.

c) Banks should disburse the amount inclusive of margin money deposited by the borrowers.

d) The rate of interest charged for such loans are same as the rate applicable to priority sector loans up to Rs.2 lakh viz. not exceeding PLR of individual banks.

**Margin Amount**

a) Banks will be allowed to take margin money from the borrower varying from 5 percent to 16.25 percent of the project cost so as to make the total of subsidy and margin money equal to 20 percent of the project cost.

b) The margin money deposited by the borrower should not be retained as security for the advance.

**Subsidy Amount**

a) Subsidy eligible is 15 percent of the project cost, subject to a ceiling of Rs.7,500/-per borrower in States other than North Eastern States, Uttarakhand, Himachal and J&K. In case the
amount disbursed is less than the original project cost, the subsidy eligibility will be restricted to 15 percent of the revised project cost.

b) In the case of Dairy loans, where the disbursement will be made in two stages (second batch of animals after six months), the branches may be advised to claim the subsidy from the Head Office only at the time of the final (second) disbursement of the loan.

Joint Ventures/Partnerships

a) Group activity stands a better chance of success because it is easier to provide back up support and marketing linkages. Group activities should, therefore, be encouraged.

b) If more than one applicant join together and form partnership concern, they will be eligible for a total loan and subsidy, subject to the condition that proportionate loan/subsidy to each borrower does not exceed the prescribed ceiling per individual borrower, as indicated above and the total project cost should not exceed Rs. 10 lakhs. Also, the individual ceiling on share of the project cost for each one of the partners will be dependant on the nature of the activity undertaken by the firm.
c) It would be preferable if the shares of partners were equal. All the partners should be *prima facie* eligible for assistance under PMRY scheme.

d) Co-operative Societies, not being partnership, are not eligible for assistance under PMRY.

e) It has been decided that Self Help Groups (SHG) could be considered for financing under the PMRY provided:

   i) Educated unemployed youth satisfy the eligibility criteria laid down under the scheme volunteer to form SHG to set up self-employed ventures (Common Economic Activity)

   ii) Self Help Group may consists of 5-20 educated unemployed youth.

   iii) No upper ceiling on loan.

   iv) Loan may be provided as per individual eligibility taking into account the requirement of the project.

   v) SHG may undertake common economic activity for which loan is sanctioned without resorting to onward lending to its members.

   vi) Subsidy may be provided to the SHG as per the eligibility of individual members taking into account
relaxation provided in North Eastern States, Uttaranchal, Himachal Pradesh and Jammu & Kashmir.

vii) Required margin money contribution (i.e. subsidy and margin to be equal to 20 percent of the project cost) should be brought in by the SHG collectively.

viii) The exemption limit for abstention of collateral security will be Rs. 5.00 lakh per borrowal account for projects under Industry Sector. Exemption from collateral will be limited to an amount of Rs.1.00 lakh per member of SHG for projects under Service and Business Sectors. Banks may consider enhancement in limit of exemption of collateral in deserving cases.

ix) Implementing agencies may decide necessity of pre-disbursal training for all the members/ majority of the members in the group.

Security

a) Apart from the margin and personal guarantee provided by the borrower as also the subsidy by the Government, the borrower will hypothecate/ mortgage/pledge to the bank assets created out of bank loan.
If no fixed assets are proposed to be created in the case of loans exceeding Rs. 50,000/-, banks should exercise special care while sanctioning such cases.

c) Borrowers will not be required to give collateral security under Industry Sector projects with the cost up to Rs.2.00 lakhs and up to Rs.1.00 lakh for business and service sectors. Banks should not insist on collateral from the borrowers under PMRY, even though they are expected to exercise special care while scrutinizing cases of loans exceeding Rs.1 lakh where no fixed assets are created. In case of partnership, the exemption from collateral is limited to Rs.1 lakh per person, participating in the project. The exemption limit in respect of partnership projects in Industry Sector for abstention of collateral security will be Rs.5,00 lakhs per borrowal account in the tiny sector. Even where offered, such collateral security or guarantee should not be accepted.

**Sanction/Disbursement of Funds**

a) Disbursement is a continuous process and disbursement of loans may be effected even after the completion of that particular programme year. While processing the
applications sponsored by Task Force Committees, the bank branches may please ensure this.

b) As far as possible sanctions are evenly paced and not pushed to the last quarter of the year and the disbursement should be effected in minimum number of installments;

- The reasons for rejection of the applications are clearly spelt out and made available every month to the District Co-ordinators so that the Task Force Committees could review the matter;

- Banks have been advised to consider endorsing a copy of the sanction letter to the concerned DIC so that they could assist the beneficiaries to fulfill pre-disbursement formalities.

c) The sanctions accorded by banks under the scheme should be final and clearly indicate all the conditionalities to be fulfilled by the beneficiaries for the disbursal of loan amounts. This would enable the beneficiaries to comply with the bank's requirements well in time so as to enable the banks to complete the disbursement of loan amount sanctioned before the expiry of the closure date.
Repayment Schedule

a) Repayment schedule may be fixed in the range of 3 to 7 years after an initial moratorium as may be prescribed by the financing bank, depending on the nature and profitability of the venture. Working capital limit should be reviewed periodically.

b) The repayment schedule is to be worked out only for the term loan component.

c) In cases where the borrowers are in a position to repay the loan earlier than the repayment schedule fixed by the bank, the repayment of PMRY loan may be rescheduled with a minimum period of 3 years at the discretion of the Branch Manager so that the borrower receives an early credit of subsidy and is able to avail of additional loan facilities, if desired.

d) Recovery of loans is the responsibility of the banks concerned. Banks have been advised to constitute recovery cells at Regional/Controlling Office level to improve recovery rate. They may seek assistance of the implementing agencies in this regard. The State Government/Committees will monitor the recovery of the
loans and help the banks in the matter. In case of bona fide default, rescheduling is preferred.

**Additional Finance**

a) Additional finance towards working capital may be provided to the extent that the term loan component and working capital sanctioned should not exceed the prescribed ceiling amount fixed for the borrower (i.e. Rs.1 lakh or Rs. 2 lakh depending upon whether the loan is for business sector or other than business sector) or for all the partners collectively and proposal for additional finance should also be approved by the Task Force Committee.

b) The additional assistance provided by the banks would be considered against the original target allocated to that branch. In other words, this cannot be treated as a fresh case for that particular bank branch.

**Penal interest/processing charges**

No penal interest or processing charges should be levied on loans granted under the PMRY scheme.
Subsidy Management

Subsidy Disbursal

The subsidy will be made available by Government of India in advance and passed on to the banks through Reserve Bank of India. The subsidy portion will be kept as fixed deposit with the banks in the name of the borrower for the duration of the term loan component but will not earn any interest. The subsidy deposit will be available to the borrower for adjustment against the last installment(s) due under the term loan component. In any case, the fixed deposit should run for a minimum period of 3 years and would be available for adjustment only thereafter.

Effective Date of FDR

a) As the subsidy amount is remitted in advance to the Head Office of the bank, the date of the fixed deposit created out of subsidy amount will be the date on which the last installment of the loan is disbursed by the branch. From that date, no interest will be charged on the subsidy portion of the loan.

b) Even if the subsidy amount is received by the Head Office after the loan is disbursed, to avoid inconvenience to the borrowers, the FD shall run from the date on which the last of installment of the loan was disbursed and no interest on the subsidy portion of the loan shall be charged from that date.
Non-payment of Interest on FDR Representing Subsidy

On the subsidy amount retained by the banks as fixed deposit in the name of the beneficiary, no interest will be paid by the banks and on the portion of the loan-representing subsidy, no interest would be charged by banks. The rate of interest to be charged will be decided on the basis of the loan amount net of subsidy.

Eligibility for Subsidy

a) If the PMRY loan is closed prematurely, the borrower will not be eligible for subsidy. Similarly subsidy will not be available in the case of misutilisation of loan, abandonment of the project by the borrow, ineligibility of the borrower due to his not complying with the criteria laid down under the scheme etc. As in all such cases, loans would not have sub-served the central objective of the scheme; the borrower will not be eligible for subsidy.

b) However, in cases where the loans have become bad/doubtful of recovery and in respect of which banks file claim with DICGC, the amount of subsidy deposited may be adjusted towards the loan outstanding even before the expiry of 3 years, provided the misutilisation occurs beyond the control of the bank.
c) It will be necessary for banks to ensure that the appraisal, procedure for sanction and disbursement of loans and post-disbursement supervision, etc., are carried out in accordance with the instructions issued by the Bank’s Head/Controlling Offices in order to be eligible for the above benefit and produce necessary records, if so required.

d) The provision regarding penalty for premature closure of term deposit will not apply in such cases. However, in cases where the beneficiaries are ineligible for assistance under the scheme, the subsidy will not be allowed to be adjusted towards the loan under any circumstances and will have to be refunded.

1.6.12. Swarnjayanti Gram Swarozgar Yojana (SGSY)

This programme for self-employment of the poor has been an important component of the anti-poverty programmes implemented through government initiatives in the rural areas in India. The Swarnjayanti Gram Swarozgar Yojana (SGSY) is the major on-going programme for the self-employment of the rural poor at present. The programme was started with effect from 01.04.1999 after restructuring of the erstwhile Integrated Rural Development Programme (IRDP) and allied programmes, namely Training of Rural Youth for Self Employment (TRYSEM), Development of Women and
Children in Rural Areas (DWCRA), Supply of Toolkits in Rural Areas (SITRA) and Ganga Kalyan Yojana (GKY), besides Million Wells Scheme (MWS). These earlier six programmes are no more in operation with the launching of the SGSY.

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

**Strategy**

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

**SGSY - Main Features**

- Emphasis on mobilization of the rural poor to enable them to organize into Self Help Groups.
SGSY--a credit-cum-subsidy scheme where credit is the critical component and subsidy is only an enabling element.

Participatory approach in selection of key activities.

Project approach for each key activity.

Emphasis on development of activity clusters to ensure proper forward and backward linkages.

Training of beneficiaries in group processes and skill development - integral part of the project.

Strengthening of groups through Revolving Fund Assistance

Marketing support with emphasis on market research, up-gradation/ diversification of products, packaging, creation of market facilities, etc.

Provision for development of infrastructure to provide missing critical link. 20 per cent fund (in case of NE State 25 per cent) is earmarked for infrastructure development.

Active role of NGOs in formation and capacity building of SHGs.
• Focus on Vulnerable Groups, i.e. Schedule Caste (SC), Schedule Tribes (ST), Women and Disabled.

• 15 per cent fund earmarked for Special Projects to ensure a time bound programme for bringing specific number of BPL families above poverty line.

Funding Pattern

SGSY is financed on a 75:25 cost sharing basis between the Centre and the States.

Performance of scheme since inception (up to December, 2007)

i. No. of SHGs formed : 27,41,081

ii. No. of Swarozgaris assisted : 93,32,572

iii. SHGs Swarojgaries : 58,12,645

iv. Individual Swarojgaries : 35,19,927

v. Subsidy disbursed : Rs.6612.02 crores

vi. Credit disbursed : Rs. 13538 crores

vii. Per capita Investment : Rs.21,832/- (Av./ Per year)

Physical and financial progress under SGSY since inception is given in Table 1.6 and Table 1.7
Table - 1.6.
Physical and Financial Progress under SGSY since Inception i.e. 01.04.1999 (As on 2-Mar-2008)

(Rs. in Crores)

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<td>A. Financial Progress</td>
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<tr>
<td>1. Total Allocation</td>
<td>1472.33</td>
<td>1332.50</td>
<td>774.50</td>
<td>756.37</td>
<td>1065.83</td>
<td>1332.67</td>
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<td>620.00</td>
<td>550.00</td>
<td>710.00</td>
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<td>1000.00</td>
<td>1200.00</td>
<td>1800.00</td>
<td><strong>8630.00</strong></td>
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<td>3. Central Allocation (Subsidy to DRDAs)</td>
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<td>1000.00</td>
<td>581.50</td>
<td>567.90</td>
<td>800.00</td>
<td>1000.00</td>
<td>1000.00</td>
<td>1100.00</td>
<td>1702.24</td>
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<td>4. State Allocation</td>
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<td>332.50</td>
<td>193.00</td>
<td>188.47</td>
<td>265.83</td>
<td>332.67</td>
<td>332.67</td>
<td>366.00</td>
<td>566.58</td>
<td><strong>2945.06</strong></td>
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<td>5. Central Releases</td>
<td>946.76</td>
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<td>536.27</td>
<td>706.04</td>
<td>797.55</td>
<td>996.59</td>
<td>1029.56</td>
<td>1188.35</td>
<td>1304.85</td>
<td><strong>8050.91</strong></td>
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<td>26941</td>
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<td>22. Credit Subsidy Ratio</td>
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<td>1.83</td>
<td>1.93</td>
<td>2.01</td>
<td>2.36</td>
<td>2.21</td>
<td>2.04 *</td>
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</table>

B. Physical Progress (Nos.)

<p>| 1. Women's SHGs formed | 292426 | 223265 | 434387 | 398873 | 392136 | 266230 | 276414 | 246309 | 211041 | 2741081 |
| 2. No. of SHGs passed Grade-I | 292426 | 223265 | 434387 | 398873 | 392136 | 266230 | 276414 | 246309 | 211041 | 2741081 |
| 3. No. of SHGs passed Grade-II | 125402 | 214011 | 176002 | 189634 | 204987 | 219604 | 210639 | 222029 | 174397 | 1736705 |</p>
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<th>54040</th>
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<th>30576</th>
<th>35525</th>
<th>50717</th>
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<td>274893</td>
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All India target for Per Capita Investment and Credit Subsidy Ratio are Rs.25,000 and 3 : 1 respectively.

* - Average per year.

$ - Year wise Data for this period are being obtained from the State Govt.

(Rs. in Lakhs)

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<th>State Allocation</th>
<th>Total Allocation</th>
<th>Central Releases</th>
<th>Central Releases (in %age)</th>
<th>State Release</th>
<th>Central Receipts</th>
<th>Interest Accrued</th>
<th>Return of Subsidy</th>
<th>Others</th>
<th>Total Funds Available (4+8+10+14)</th>
<th>% of Utilisation to Total Funds Available</th>
<th>% of Utilisation to Allocation (Centre+State)</th>
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**TOTAL**

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N. R. = Not Reported
Table - 1.8.
FINANCIAL PROGRESS, ALLOCATION, O. B., TOTAL FUNDS AVAILABLE AND FUNDS UTILISED UNDER SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY) DURING 2007-2008 (As on 25.01.08) (Rs. in Lakh)

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<th>State Allocation</th>
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<th>State Release</th>
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<th>Return of Subsidy</th>
<th>Others</th>
<th>Total</th>
<th>%age of Utilisation to Total Funds Available (4+6+10+14)</th>
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|---------------|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----------|
| Jharkhand     | 9 | 8054.92 | 2684.97 | 10739.89 | 4838.30 | 57.58 | 1326.62 | 33.40 | 0.86 | 34.26 | 6936.26 | 2809.56 | 40.51 | 26.16 |
| Karnataka     | 12 | 1386.67 | 6781.32 | 2280.44 | 9041.76 | 5956.03 | 83.52 | 1222.04 | 7.12 | 82.35 | 89.47 | 8362.21 | 4912.64 | 58.75 | 54.33 |
| Kerala        | 12 | 45.77 | 3042.76 | 1014.25 | 4057.01 | 3022.70 | 99.34 | 507.12 | 9.10 | 16.72 | 25.82 | 3601.41 | 1930.19 | 53.60 | 47.58 |
| Madhya Pradesh| 12 | 581.70 | 10167.05 | 3389.02 | 13556.08 | 8387.48 | 82.50 | 2539.47 | 43.46 | 149.17 | 92.33 | 284.96 | 11773.61 | 6714.72 | 57.03 | 49.53 |
| Maharashtra   | 12 | 750.48 | 13405.01 | 4468.34 | 17873.35 | 11799.76 | 88.02 | 2306.96 | 54.02 | 294.10 | 162.10 | 510.22 | 15367.42 | 8068.32 | 52.49 | 45.13 |
| Manipur       | 8  | 89.37 | 868.24 | 289.41 | 1157.65 | 69.29 | 7.98 | 4.83 | 0.33 | 0.93 | 1.26 | 164.75 | 79.27 | 48.12 | 6.85 |
| Meghalaya     | 10 | 128.14 | 972.76 | 324.25 | 1297.01 | 433.34 | 44.55 | 97.83 | 1.68 | 0.00 | 1.68 | 660.99 | 224.54 | 33.97 | 17.31 |
| Mizoram       | 7  | 14.28 | 225.10 | 75.03 | 300.13 | 218.01 | 96.85 | 0.00 | 0.00 | 0.00 | 0.00 | 232.29 | 56.27 | 24.22 | 18.75 |
| Nagaland      | 11 | 31.12 | 667.26 | 222.42 | 869.68 | 278.69 | 41.77 | 16.74 | 0.02 | 2.25 | 2.27 | 328.82 | 148.42 | 45.14 | 16.68 |
| Orissa        | 12 | 35.81 | 10271.49 | 3423.63 | 13695.32 | 5888.97 | 57.33 | 1708.30 | 2.05 | 52.34 | 0.00 | 54.39 | 7687.47 | 4694.56 | 61.07 | 34.28 |
| Punjab        | 12 | 64.63 | 966.49 | 322.16 | 1268.65 | 787.85 | 79.45 | 218.48 | 8.49 | 13.20 | 21.69 | 1072.53 | 675.80 | 62.99 | 52.43 |
| Rajasthan     | 11 | 743.03 | 5149.28 | 1716.43 | 6865.71 | 4471.55 | 86.84 | 665.52 | 13.77 | 10.28 | 0.00 | 24.05 | 6104.15 | 2549.17 | 41.76 | 37.13 |
| Sikkim        | 11 | 22.77 | 249.22 | 83.07 | 332.29 | 124.61 | 50.00 | 28.00 | 4.52 | 0.10 | 0.00 | 4.62 | 180.00 | 127.10 | 70.61 | 38.25 |
| Tamil Nadu    | 12 | 188.04 | 7940.46 | 2664.82 | 10587.28 | 7940.45 | 100.00 | 1832.80 | 29.10 | 82.61 | 111.71 | 10073.00 | 7310.93 | 72.58 | 69.05 |
| Tripura       | 12 | 23.95 | 1567.66 | 522.55 | 2090.21 | 1220.94 | 77.88 | 358.00 | 6.94 | 0.23 | 7.17 | 1610.06 | 1069.68 | 66.44 | 51.18 |
| Uttar Pradesh | 12 | 5080.72 | 30755.63 | 10251.88 | 41007.51 | 27198.80 | 88.44 | 5054.12 | 18.65 | 187.62 | 206.27 | 37539.91 | 22502.41 | 59.94 | 54.87 |
| Uttarakhand   | 12 | 123.75 | 1619.24 | 539.75 | 2158.99 | 1594.98 | 98.50 | 380.67 | 0.00 | 0.00 | 0.00 | 2099.40 | 976.62 | 46.52 | 45.24 |
| West Bengal   | 11 | 2025.43 | 11441.72 | 3804.91 | 15219.63 | 8324.48 | 72.93 | 930.60 | 16.65 | 16.62 | 80.38 | 1156.55 | 11396.16 | 6156.33 | 54.02 | 40.45 |
| A&N Islands   | 12 | 60.58 | 25.00 | 25.00 | 0.00 | 0.00 | 0.10 | 0.89 | 0.99 | 61.57 | 4.10 | 6.66 | 18.40 |
| Damman & Diu  | 7  | 90.14 | 25.00 | 25.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 90.14 | 0.00 | 0.00 | 0.00 |
| D & N Haveli  |    | 25.00 | 25.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 0.00 | 0.00 | 0.00 |
| Lakshadweep   | 12 | 37.13 | 25.00 | 25.00 | 25.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 37.13 | 17.43 | 48.17 | 69.72 |
| Pondicherry   | 11 | 41.71 | 150.00 | 150.00 | 100.00 | 0.00 | 0.00 | 0.00 | 2.69 | 0.00 | 2.69 | 194.40 | 84.39 | 43.41 | 56.26 |

**N. R. = Not Reported**
Financial Assistance

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

Subsidy

i. Thirty per cent of project cost subject to a maximum of Rs.7500.

ii. For SCs & STs and the disabled, 50 per cent project cost subject to a maximum of Rs10,000.

iii. For groups, 50 per cent of project cost subject to per capita subsidy of Rs10,000 or Rs1.25 lakhs whichever is less.

iv. Subsidy is back ended.

v. Credit by bank: up to four times of group corpus.

A close coordination between different agencies responsible for implementation of the SGSY is critical for the success of the
programme. In order to ensure coordination among Rural Development functionaries, bankers and Panchayat Raj Institutions (PRIs) etc, various Committees are constituted under the SGSY. At the Central level, a Central Level Coordination Committee (CLCC) has been constituted to review and ensure effective implementation of the programme. It consists of representatives from State Governments and various banks to monitor the progress of the programme. Likewise, at the State level, an SGSY Committee has been constituted which meets every quarter to ensure proper follow up and effective implementation of the programme. At the district level there are District SGSY Committees under the chairmanship of the District Collector/Chief Executive Officer, which meets every month to review the progress of the SGSY and suggest corrective action wherever necessary. There are block level SGSY Committees in each block which meet once in a month.

Training

SGSY is a process oriented scheme, which involves organization of rural poor into SHGs, their training and capacity building to enable them to evolve into a self-managed organization. Here the role of Facilitators / Self Help Promoting Institutions (SHPIs), field level functionaries of banks and development functionaries is critical in successful implementation of the scheme. It is beyond doubt that wherever functionaries have been trained in the concept of functioning of SHGs, group dynamics, guidelines of the scheme, marketing, and
entrepreneurship development etc., the quality of groups as well as overall implementation of the programme has been qualitatively better. It has also been observed that large number of development functionaries do not have access to well organized training programmes. Keeping this in view, the ministry has earmarked separate budget for organizing training programmes for Training of Trainers (TOTs), Facilitators / SHPIs, Bank Officials and Development functionaries at various levels.

Training and capacity building of Swarozgaris is an important component of the SGSY. Under the SGSY 10 per cent of financial allocation is earmarked for training and skill development of Swarozgaris. Demand-based skills, leading to placement of the rural poor can be a major cost effective instrument of poverty reduction. Ministry of Rural Development had launched a pilot programme for skill development under SGSY Special Projects for the unemployed youth in rural areas. The result of this project in terms of rural poor youth placed in the organized sector are quite encouraging and the ministry has already upscaled the project at the national level based on the recommendations of Inter-Ministerial group on skill development and training. The Ministry has also developed training manuals on SHG Group processes, Health, Dairying, Goat rearing etc., and manuals for Bankers and DRDA officials in both Hindi and English languages and made them available to them.
Marketing and Technology Support

Marketing has been one of the main concerns of the Ministry of Rural Development under the SGSY. Production of better competitive products requires emphasis on product development. Intensive efforts have been made to improve the products in terms of standardization, certification, form, colour and texture. The quality of the products produced by SGSY beneficiaries is absolutely important to ensure sustained marketing. DRDAs have been directed to facilitate process by organizing training to create awareness among Swarozgars and ensure effective certification of products.

Implementing Agencies

The SGSY is being implemented by the District Rural Development Agencies (DRDAs), with the active involvement of PRIs, Banks, the Line Departments and Non-Government Organisations (NGOs).

Monitoring

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 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 reviews the implementation of the SGSY. At the State level, a State Level Coordination Committee (SLCC) monitors the programme. At the district and block level, the programme is monitored by District level SGSY Committees and Block Level SGSY Committees. 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 the implementation of the programme at the Block / DRDA level. Monitoring is also done through field visits and physical verification of assets.

1.6.13. State Scheduled Caste Development Corporation (Tamil Nadu Adi Dravidar Housing Development Corporation) (TAHDCO)

Brief History

Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO) is a Public Sector Undertaking of the Government of Tamil Nadu under the Department of Adi Dravidar and Tribal Welfare, registered under the Companies Act, 1956. Government of Tamil Nadu and Government of India hold the shares of TAHDCO in the ratio of 51:49 per cent.

TAHDCO was established in the year 1974, initially for construction of houses for SCs and STs. TAHDCO is now the Chief
TAHDCO is designated as State Channelising Agency for the implementation of development schemes for Scheduled Castes of the Ministry of Social Justice and Empowerment and the development schemes for Scheduled Tribes of the Ministry of Tribal Affairs of Government of India. The prime objective of TAHDCO is to achieve and sustain increase in the income levels of SCs and STs, especially those living below the poverty line by enhancing their productive capacities through the following twin strategies.

a. Assistance in acquiring and improving the income earning capacities of their Physical Capital (asset) through TAHDCO’s Financial Assistance Schemes for Income Generating Projects.

b. Assistance in improving the Human Capital (Skills) and thereby improving their more earning capacities, through TAHDCO’s Vocational Training Programmes.

The organisation consists of the following two major wings.

a. Development Wing: consisting of 30 District Manager’s offices in all districts’ Head Quarters, which implements all
development schemes, with a staff strength of about 400 personnel.

b. Construction wing: consisting of 100 Engineers, undertakes construction works by the Executive Engineer's office located at 7 places viz., Chennai, Vellore, Villupuram, Trichy, Coimbatore, Madurai and Tirunelveli.

Over the years, TAHDCO's schemes have served as vehicle for socio-economic mobility of the Scheduled Castes and Scheduled Tribes in Tamil Nadu and continue the same as a catalyst for the progress of Scheduled Castes and Scheduled Tribes in the State.

SCHEMES

TAHDCO implements the following developmental schemes for SCs and STs in Tamil Nadu.

1. Land Purchase Scheme

The Land Purchase Scheme is a scheme of far reaching socio economic significance for SCs and STs, which aims to provide agricultural land as asset and various other agricultural inputs to improve the productivity of land, to landless, small and marginal farmers.

Maximum project cost of Rs.2 Lakhs for 4 components.
Scheme Assistance:

1. Purchase of agricultural land  Rs. 1 Lakh (Max)

2. Land development

3. Minor irrigation facilities  Rs. 1 Lakh (Max)

4. Animal Husbandry Activities

Total  Rs. 2 Lakhs (Max)

i. 50% - as subsidy from TAHDCO

ii. 50% - as loan from banking institutions

iii. Exemption from stamp duty and registration charges to the extent of 75%

iv. Immediate Electricity Service Connection for agricultural pump sets from TNEB on priority.

v. Various other backward and forward linkage assistance from Agriculture and Horticulture Department of the State Government.

vi. This scheme is exclusively for poor SC/St women.

vii. Agricultural land is to be identified by beneficiary and sale agreement entered with the seller.

viii. 2.5 acres of wetland or 5 acres of dry land (inclusive of land already owned) can be purchased under the scheme.
2. Financial Assistance for Individual Beneficiaries

- Financial Assistance for projects upto Rs.7.5 lakhs is given to SC/ST individuals for starting any viable income generating economic activity. 30% of the project cost subject to maximum of Rs.25.000 is given as subsidy from TAHDCO.

- Promoter’s contribution is required to the extent of 5% of the project cost. Balance amount is arranged as Bank Loan.

- All individuals in the age group of 18-55 living below the poverty line i.e having an annual family income of less than Rs. 18,460/- in rural areas 28,536/- in urban areas.

3. Self Help Group Schemes

A. Self Help Groups-Financial Assistance for Economic Activities

- Financial Assistance for Projects up to Rs.5.00 Lakhs is given to Self Help Groups of SC/ST women functioning under the Mahalir Thittam, for starting any viable income generating economic activity.

- 50% of the Project Cost is given as subsidy from TAHDCO

- 50% as loan from banks

- Promoter’s Contribution-up to Rs.2.5 Lakhs Project Cost-Nil

  - Rs. 2.5 Lakhs to 5 Lakhs Project Cost -5%
• Assistance for Dairy farming, Vegetable cultivation, hotels & restaurants, provision stores, power loom, leather goods, transport vehicles, trading activities, etc.

B. Self Help Groups-Revolutioning Fund Assistance

• Revolving Fund Assistance of Rs.25,000/- per SHG, is given to credit rated and eligible SHGs of SC/ST women, which includes Rs.10,000/- as grant from TAHDCO and Rs.15,000/- as loan from Banks, to enable the SHGs to build and strengthen their capabilities.

C. Self Help Groups-Entrepreneurship Development Programme (EDP)

Under the EDP for SHG members, 7 day training in entrepreneurship development is organized for SC/ST members of SHGs under the Mahalir Thittam, through the Tamil Nadu Corporation for Development of Women to enable them to start micro enterprises and avail assistance under the TAHDCO Scheme.

4. Collector's Discretionary Fund Scheme

• Through the mechanism of CDFS, District Collectors are enabled to directly reach out and ameliorate the economic condition of the most marginalized SCs and STs, who are beyond the reach of regular Government schemes.
• 100% grant assistance in the form of assets with a value up to Rs. 10,000/- per person is directly given to marginalize SC/ST, identified by the District Collector, for starting small level income generating activity.

• Bonded laborers, caste-atrocity affected, widows, destitute, disabled, etc. are benefited by this scheme.

5. Self Employment Programme for Youth (SEPY)

• Under the SEPY, in each district, a set of viable self employment ventures are identified in accordance with the local potential, and educated youths in the age group of 18-35 are intensively trained and escorted in obtaining financial assistance to start and run the ventures sustainable over a period of time.

• Financial assistance is provided for a maximum project cost of Rs.7.50 Lacs in which 30% of the project cost or a maximum of Rs.25,000/- as subsidy is provided. The gap is bridged with bank finance with 5% promoter’s contribution.

• Grant is provided to meet expenses towards training, common infrastructure facilities, technological assistance and marketing assistance, etc.
National Schemes

1. National **Scheduled Caste Finance and Development Corporation (NSFDC)**

   - Assistance is given for any viable income generating activity to Scheduled Caste beneficiaries.
   - Project assistance up to Rs.5 lakhs per beneficiary is given.
   - 30% of the project cost subject to a maximum of Rs.25,000/- is given as subsidy.
   - Balance up to 90% is given as term loan from NSFDC.
   - Margin Money assistance--20% of the Project Cost or Max. Rs.1.25 Lakhs.
   - Promoter's Contribution: For project costing up to Rs.1.00 Lakhs—Nil.
     - For project costing above Rs.1.00 Lakhs and up to Rs.2.50 Lakhs--2% of Project cost.
     - For project costing above Rs.2.50 Lakhs to Rs.5.00 Lakhs--3% of Project cost.
     - For project costing above Rs. 5.00 Lakhs--5% of Project cost.
• Interest Rate: Up to Rs. 5.00 Lakhs—6.5% per annum and above
  Rs. 5.00 Lakhs—5% per annum. Term loan is to be
  repaid quarterly within a maximum period of 10
  years.

2. National Scheduled Tribes Finance and Development
Corporation (NSTFDC)

National Scheduled Tribes Finance and Development Corporation
provides financial assistance for schemes/projects for the economic
development of Scheduled Tribes.

• Assistance is given for any viable income generating activity
to Scheduled Tribe beneficiary.

• Project assistance up to Rs. 5 Lakhs per beneficiary is given.

• 30% of the Project cost subject to a maximum of Rs. 25,000/-
is given as subsidy.

• Balance is given as term loan from NSTFDC.

3. National Safai Karamcharis Finance and Development
Corporation (NSKFDC)

• Assistance is given for any viable income generating activity
to sanitary workers and their dependents.

• Project assistance up to Rs. 5.00 Lakhs per beneficiary is
given.
• 30% of the project cost subject to a maximum of Rs. 25,000/- is given as subsidy.

• Balance is given as term loan from NSKFDC/Banks.

4. National Scheme for Liberation and Rehabilitation of Scavengers (NSLRS)

• Assistance is given to scavengers and their dependents for any viable incoming generating activity as alternate source of livelihood.

• Project assistance up to Rs. 50,000/- per beneficiary is provided.

• 30% of the project cost subject to a maximum of Rs. 10,000/- is given as subsidy.

• Balance amount is arranged as loan from NSKFDC/Banks.

1.7. Poverty Alleviation Programmes in Tamil Nadu

Around 65 percent of the State's population is living in rural areas. Though the percentage of persons below poverty level in Tamil Nadu has come down significantly between 1993-94 (35.03 per cent) and 1999-2000 (21.12 per cent) as a result of the implementation of various Central and State sponsored schemes, the level of poverty both in absolute numbers (130.40 lakh persons) and percentage of population
below poverty line (21.12 per cent) in Tamil Nadu is highest among the four southern States. In spite of huge investments on wage and self-employment programmes, the level of unemployment as per the NSSO 55th round (1999-2000) for Tamil Nadu compared to All India is the second highest among major States in 1987-88 and 1993-94 and third highest in 1999-2000.

During the Tenth Plan, it was targeted to reduce the poverty ratio to 10 percent by 2007 and to achieve near elimination by 2012. However, as per the latest NSS data for the year 2004, the poverty ratio in Tamil Nadu was 22 percent. In the urban areas of the state, this ratio was 25 percent.

The Government's policy and programmes have laid emphasis on poverty alleviation, generation of employment and income opportunities and provision of infrastructure and basic facilities to meet the needs of rural poor. For realizing these objectives, self-employment and wage employment programmes continued to pervade in one form or other.

As a measure to strengthen the grass root level democracy, the Government is constantly endeavouring to empower Panchayat Raj Institutions in terms of functions, powers and finance. Gram Sabha, NGOs, SHGs and PRIs have been accorded adequate role to make participatory democracy meaningful and effective.
**Goals, Objectives and Strategy**

The prime goal of rural development is to improve the quality of life of the rural people by alleviating poverty through the instrument of self-employment and wage employment programmes, by providing community infrastructure facilities such as drinking water, electricity, road connectivity, health facilities, rural housing and education and promoting decentralization of powers to strengthen the Panchayat Raj Institutions. To achieve the above, the following priorities and thrust areas have been identified during the Tenth Five Year Plan period.

**Targets for Tenth Plan**

- The goal is reduction of poverty from 21.12 per cent in 1999-2000 to 10 per cent by 2006-07 and near elimination by 2012. Poverty reduction will be attempted;
  
  a) By organizing the rural masses into self-help groups and the establishment of micro-enterprises, training, credit linkages, market support, etc.
  
  b) By providing substantial flow of investment in physical infrastructure like roads, water supply and social infrastructure like health, education and nutrition.

- Special efforts for generation of adequate employment and creation of durable community assets to improve the rural people
especially the small farmers, marginal farmers, rural artisans etc., through programmes like Sampoorna Grameen Rozgar Yojana (SGRY).

• Decentralization of the process of planning by entrusting major role to the Panchayat Raj bodies in the preparation of local level planning.

• Improving the efficiency and capacity of the officials and elected local body representatives.

• Providing all weather roads to all rural habitations having a population above 500.

• Strengthening of Grama Panchayath, the governing body of village assembly, as an agency of social audit and to review the implementation of programmes.

• Special efforts will be made to converge various schemes and programmes for accelerating the development process through special schemes like Village Self-sufficiency scheme etc.

• Emphasis will be given for the maintenance of the assets created under various schemes.

The name of the major schemes / programmes proposed to be implemented during the Tenth plan period to achieve the above targets are:
A. Centrally **Sponsored Schemes**

I. Poverty alleviation programmes

1) Swarnajayanthi Gram Swarojgar Yojana (SGSY)

2) Sampoorna Grameen Rozgar Yojana (SGRY)

II. Rural Housing

1) Indira Awaas Yojana

2) Credit cum Subsidy Scheme

3) Innovative Stream for Rural House and Habitat Development Scheme

4) Pradhan Mantri Gramodaya Yojana (PMGY) (Rural Shelter Component)

III. Member of Parliament Local Area Development Programme

IV. Pradhan Manthri Gram Sadak Yojana (PMGSY)

V. National Project on Biogas Development

VI. Eleventh Finance Commission Grant

VII. Rashtriya Sam Vikas Yojana (RSVY)
B. State Schemes

1) Construction of office buildings for Village Administrative Officers

2) Village Fair Development Scheme

3) Village Self-sufficiency Scheme

4) Member of Legislative Assembly Constituency Development Scheme (MLACD)

5) State Finance Commission Grant

6) Integrated Sanitary Complex for Women

7) Other programmes / Schemes

8) Tamil Nadu Adi Dravidar Housing and Development Corporation Ltd