CHAPTER – 1

INTRODUCTION

A] INTRODUCTION

Swarnjayanti Gram Swarozgar Yojana [SGSY] is launched as the useful and powerful tool to facilitate promotion of self employment, poverty alleviation and acceleration of social development. This chapter gives an idea about introductory aspects of SGSY. It also explains about the scope, objectives, hypothesis and methodology adopted for the study alongwith techniques of sampling and its analysis. The limitations observed in the research study are also discussed categorically.

The basic objectives of all the five year plans had been i) Growth ii) Modernization iii) Self Reliance and iv) Social Justice. However, the progress of our country has not been uniform in achievement of all the four objectives. Admittedly the fruits of growth have not reached to the poor strata of society as expected. This situation did not changed significantly even though there had been emergence of number of programmes for implementing Mahatma Gandhi’s ideas about rural development. Thus, eradication of poverty has been a major challenge before the nation ever since its independence. Notwithstanding the impressive progress made by the country on different fronts, poverty continues to be a matter of serious concern. Though various reports and publications indicate that poverty in India is on the decline since independence, the growth in population has kept total number of poor people almost constant in the country. In the long run poverty can be reduced only through the accelerated economic growth of the poor, which is employment intensive.

Number of Research studies have pointed out that the progress of development in rural areas had benefited richer section of the rural
society. And further revealed, not only a large section of population in rural areas had continued to suffer from the phenomenon of object poverty, worst still, their ranks have been swelling despite overall satisfactory growth of the economy. Such situations forced our planners to have a look at the entire philosophy of development efforts and realized that the available scarce resources must be fed to the poorest among the rural poor. In order to achieve the objective of eradicating poverty and creating sustainable employment in the rural areas by promotion of self managed micro enterprises for income generation, based on the experience, the Ministry of Rural Development, Govt. of India has launched SGSY on April 1, 1999 in its present form by redesigning and restructuring its earlier self employment programmes. The SGSY is envisaged as a historic programme for setting up micro enterprises in the rural areas targeting both individual and group swarozgaris. The SGSY is, therefore, signified as an important tool for combating social co-ordination, formation of groups helping each other through SHGs and self reliance, social upliftment, eradication of unemployment / underemployment and for attacking rural mass poverty with a potent means for achieving distinctive justice with growth. The SGSY programme encompasses all aspects of self employment viz. an Individual in isolation and organization of the rural poor in the Self Help Groups (SHGs) and their capacity building. This is a holistic programme covering all aspects of self employment such as organization of the rural poor in to self help groups, planning of activity clusters, training, credit needs, technology, infrastructural support, marketing etc.

The main objective of SGSY is to bring the assisted poor families above poverty line by providing them income generating assets through a mix of bank credit and Govt. subsidy. Thus, SGSY is a credit cum subsidy programme with credit as the critical component and subsidy as a minor enabling element. It is therefore, a credit driven programme coupled with subsidy thereby enabling the rural poor for generation of swarozagar i.e. self employment and to bring the swarozgaris above poverty line. The
programme seeks to integrate the implementing agencies such as DRDAs, Banks, Line Departments, Panchayat Raj Institutions, NGOs and other semi government organizations.

The programme envisages greater involvement and participation of Banks, Govt. agencies, Non Governmental Organisations [NGOs] and other line departments at various stages of its implementation i.e. selection of the BPL families, identification of key activities, preparation of project reports, selection of cluster of villages for each key activity, formation of groups of men, women and mixed under SHGs and individuals as swarozgaris, sanction and timely supply of credit, asset creation, marketing of goods produced, post-sanction follow-up and monitoring etc to turn around poor families socio-economically.

The SGSY, therefore, is a multi-sectoral, multi-level, and multi-sectional programme integrating the efforts of all development agencies i.e. Banks, Governmental Organisations, Non Governmental Organisations etc. for upliftment of the people living below poverty line.

B] SCOPE

Swarnjayanti Gram Swarojgar Yojana aims at establishing a large number of micro enterprises in the rural areas, building upon the potential of the rural poor. It is rooted in the belief that rural poor in India have competencies and, can be successful producers of valuable goods/services if given the right support.

The present research contemplates to undertake critical evaluation and comprehensive study of financial implications on poverty alleviation of assisted families covered under SGSY in general with special reference to Pune district. All thirteen blocks in Pune district have been selected for the research study. The study encompasses an observation of the scheme at various stages of implementation and evaluation of success of the scheme.
The study includes various stakeholders like Government Departments, Financial Institutions, NGOs, SHGs and Swarozgaris who are member participants in implementation of the scheme.

**C] OBJECTIVES**

The objectives of present study is to assess and ascertain impact of micro enterprises on the economic conditions of assisted families (Swarozgaris) may be individuals or groups (Self-Help Groups) and whether it has really helped in bringing every assisted family above the poverty line.

The major objectives of the study taken are to ascertain following objectives:

1. To ascertain whether the guidelines of the scheme are followed with reference to the selection of beneficiaries and utilization of funds allocated.
2. To estimate the nature and extent of benefits accrued to the assisted families under SGSY.
3. To examine, as to what extent, the assumptions made at the time of formulation of programme regarding economics of the activities/micro enterprises were valid.
4. To assess the impact of institutional credit assistance on income generation and living conditions of identified BPL families to bring them above poverty line on a durable basis.
5. To find out actual performance of the respondents against the estimated and planned repayment.
6. To study the effectiveness of the organizational and operational aspects involved in implementation of the programme.
7. To identify constraints / problems and shortcomings if any faced by the individual beneficiaries and groups, banks and other concerned agencies while implementing the programme.
8. To develop and suggest suitable measures and checklist for improvement and better implementation of this programme.
9. To assess the impact of institutional credit on the social development of the member households individually and in association with SHGs.

**D) HYPOTHESIS**

The hypothesis set for the research study is as under.

1. Swarnjayanti Gram Swarozgar Yojana (SGSY) is one of the important tools and techniques of poverty alleviation programme in rural India for rural people who are living Below Poverty Line.

2. The programme has given adequate emphasis both on supply of credit and Non credit inputs. The credit inputs consist of loan from Banks and subsidy from Govt. whereas the Non credit inputs consist of providing various infrastructural facilities, training to swarozgaris, marketing of products and required backward and forward linkages through Govt. agencies, Non Govt. agencies and other line departments.

3. This programme is an improvement over earlier poverty alleviation programmes implemented since independence.

4. Key activities are identified for entrepreneurship development and employment generation based on available infrastructures and possibility of its exploitation.

5. SGSY is a potential linked credit deployment programme for assisted families both individual and group (SHGs) with a cluster micro enterprise approach for individual village or group of villages.

6. Thrust is given under SGSY for women folk as well as down throden class of rural society inclusive of SC/ST and handicapped class of society.

**E) SAMPLING TECHNIQUE AND METHODOLOGY**

a) **Tools and techniques of the study**

In conformity with the nature, significance and objective of the study, the researcher has adopted two techniques and sources for collecting data.
1. **The theoretical study** -

The theoretical study is used to collect various data from different secondary sources such as Bankers, Lead Bank cell, Government Organisations, Non Government organizations and other sources like Books, Journals, published papers, Office records, observations, discussions etc.

The theoretical study of the thesis has been conducted to fulfill following objectives –

- To understand the conceptual framework of the Yojana/scheme.
- To review the implementing procedure related to the topic of thesis.
- To study guidelines adopted by the various implementing agencies.
- To study various roles imparted by all related line departments.

The researcher has employed comparative analytical approach by collecting reports and data from the following sources –

- Swarnjayanti Gramin Swarozgar Yojana – Guidelines from Government of India.
- District Rural Development Agency (DRDA)- District Level Government Agency.
- Block Development Officer – Panchayat Samiti Office of each Taluka.
- National Bank for Agriculture and Rural Development – NABARD
- National Institute of Bank Management – NIBM
- Rural Development Center and Gramin Mahila Va Balak Vikas Kendra of Bank of Maharashtra – NGO.
- College of Agricultural Banking (CAB).
- Yashada
- Women’s Training and Research Center – Chaitanya
• Lead Bank Cell of the district – Bank of Maharashtra and all other participating Bankers’ in the district.

2. **The empirical study** –

It has been conducted to study the actual procedure adopted and implemented while passing the benefits of the scheme to actual beneficiaries both individual Swarozgaris and Self Help Groups. This study is used to analyse impact of the programme on “Before : After” investment and benefits accrued in terms of income generation and improvement in living condition, recovery performance etc on account of investment. The study also compares the practices followed with actual guidelines laid down in the programme.

The empirical study is relied on Questionnaires both for Individual Swarozgaris and the group of organizations i.e. Self Help Groups. Besides, interviews were conducted and observations noted from other sources to get full understanding for the topic of this study. Tabulation, graphic presentations are the tools used for analysis of data on various aspects.

b) **Sample size and sampling methods** –

The researcher has applied following criteria to select the samples.

1. **Selection of blocks** - All the thirteen blocks/tahsils of Pune District was selected for the study.

2. **Selection of Swarozgaris** - The sample swarozgaris were selected from all thirteen blocks that were supported with credit linkage with bank upto 31 March 2003. Out of total 13740 Individual swarozgaris who are benefited under the scheme since inception of the program, 10% of swarozgaris (1374) were randomly selected for the study. Due coverage of 30% SC/ST, 30% women, 5% disabled and 35% other swarozgaris is given while selecting samples for the study.
3. Selection of SHGs – Under the programme, total 1406 SHGs were formed since inception of scheme till 31.3.2003. Of which gradation formalities of 728 SHGs were completed.

Out of 728 SHGs, which had completed gradation formalities, the selection of SHGs is done in two phases as under:

**Phase I** - Entire 212 (100%) SHGs which were assisted under the programme through Micro Enterprises upto 31.03.2003 are taken for research study. These SHGs are treated as SHGs-I for study purpose.

**Phase II** - Out of remaining 516 SHGs which were given revolving fund upto 31.03.2003 but not assisted with bank finance for economic activity [Micro Enterprises] upto 31.03.2003, 20% [103] SHGs are considered for study to know about their general awareness about the programme other than financial implication. These are treated as SHGs-II for study purpose.

4. Selection of Banks/branches - The sample bank branches was selected from the blocks which disbursed credit to Swarozgaris and SHGs for Economic activities/ Revolving funds upto 31st March 2003. Thus, all beneficiaries (individual swarozgaris and SHGs) are covered through total 109 bank branches of various banks for research study as under:

i) 1374 individual swarozgaris are covered through 109 branches of various banks.

ii) 212 SHGs are covered through 100 bank branches of various banks.

iii) 103 SHGs are covered through 65 bank branches of various banks.

After application of above criteria, the researcher found 1374 individual beneficiaries and 315 Self Help Groups assisted under the programme.
In the light of objectives and hypothesis of this study and the guidelines issued by Govt. of India, the researcher has prepared questionnaire to understand the views and attitudes of related implementing agencies and line department.

To test reliability and to improve quality of data collected, the researcher has presented the questionnaire first to experts in Banking, Government agencies, NIBM, NABARD, NGOs. The researcher modified the questionnaire in the light of the suggestions of experts and selected randomly pilot sample to test the quality of the questionnaire and on satisfaction, collected information on the basis of random sampling. The researcher has employed Excel and Visual Basic packages for processing, analyzing and presenting data collected from the primary sources.

c) **Frame work and Methodology of Analysis** -

To analyse impact of the programme a “Before: After” investment method is used. While analyzing primary data, the individual beneficiaries / SHGs of the respondents are taken as the unit. The benefits accrued on account of investment are analysed in terms of income generation and improvement in economic and living conditions. The study appraises recovery performance of beneficiaries towards institutional loans also.

The impact of microfinance through Swarozgaris and SHGs was studied by comparing Pre-SGSY and Post-SGSY situations. The primary data on various parameters like assets, investments, borrowings, consumption pattern, income generation and other social conditions was collected from individual swarozgaris and SHG households through structured questionnaire. The economic impact was measured in terms of difference in the above variables with respect to Pre-SGSY and Post-SGSY situations. The differences are due to
a] Reduction in the outflow in the form of interest to outsiders.
b] Additional income due to acquiring of more productive assets and
c] Saving due to access to common facilities like drinking water,
medical and sanitation in the village.

These differences are not applicable to each one of the members, but
total number of members in the sample beneficiaries getting the above
benefits is increased. Impact on social and living conditions was
assessed in terms of improvement in sanitation of their street, hygienic
conditions of their family members and houses, increase in enrollment
of their children to schools, eradication of social evils like smoking,
drinking, internal quarrels, superstitious blind faith etc.

d) **Period of the study** -

The scheme/Yojana is announced by Government of India and started
its implementation from April 1999. It is therefore, the starting point of
the study is considered from April 1999 onwards. In order to get
reasonable impact of the programme, the Swarozgaris/SHGs financed
by banks from 1st April 1999 till 31st March 2003 have been taken for
the study covering individual Swarozgaris [1374] and 212 SHGs
[100%]. About 20% [103] SHGs which were given revolving funds upto
31.032003 but were not financed for economic activity upto 31.03.2003
were also selected for study.

A normal period of two to three years is suggested under the
programme to get realistic and actual results of the benefits accrued as
per laid down norms under SGSY. The sample selected for study upto
March 2003 are expected to furnish results by end of third year and
therefore end point of study is considered as March 2006 to get
evident result.
F] LIMITATIONS OF THE STUDY

During study, the research worker experienced following limitations.

a] In some of the cases, some parts of the schedules are not filled in completely.

b] Data received from Bank, Panchayat Samiti and DRDA was with incomplete schedules and mismatches have been noticed in some of the schedules.

c] It is evident from the schedules and also from our field visits that eliciting data from the concerned officials is extremely difficult. This may be due to some of the reasons such as –
   - Improper maintenance of records
   - Undue fear in divulging data
   - Lack of knowledge on the scheme and procedure.

d] Consultations have been made with the concerned field agencies regarding discrepancies in data entry and some of the evident ones have been corrected.

e] Entire analysis has been made on the basis of data made available by the agencies and also data the researcher has collected from the field.

G] ORGANISATION OF THE REPORT

The research study/report is drafted and presented in Nine Chapters.

CHAPTER: - 1 Introduction -

This chapter discusses SGSY as the useful and powerful tool for poverty alleviation and social development. It gives an idea about economic conditions of SGSY beneficiaries. This chapter also explains about the scope, objects, hypothesis and methodology adopted for study along with techniques of sampling and its analysis. The limitations observed in the research study are also discussed categorically.
CHAPTER: - 2  Review of Swarnjayanti Gram Swarozgar Yojana –

This chapter contains introductory aspects and general background of the topic chosen for research study. It elaborates concepts of rural poverty, BPL families and emergence of various programmes on poverty alleviation. It also discusses the meaning, concept, content and scope of SGSY.

CHAPTER: - 3  Socio-economic profile of SGSY beneficiaries -

Socio-economic profile of the sample respondents contains selection of individual Swarozgaris / SHGs groups. It explains formation of SHGs and their gradation. It gives details about size of their family, community distribution, holding pattern and occupational pattern. It also highlights about educational status of the respondents.

CHAPTER: - 4  Techno-financial considerations of micro enterprises

Activity wise Techno-financial parameters considered for selection of potential activity / Schemes etc are covered in this chapter. While considering the activity for finance, potentiality of activity, suitability of climate, availability of raw materials, infrastructural facilities, marketing facilities, economical/financial viability of activity/project and above all the necessity and availability of training needs to be imparted for entrepreneurship applicability are discussed in this chapter.

CHAPTER: - 5  Co-ordination mechanism, delivery of micro credit and hurdles of implementing agencies-

The SGSY is a multi sectoral, multi level, and multi sectional programme integrating the efforts of all development agencies. Apart from two major developmental agencies i.e. Bank [the credit provider] and Government [the subsidy supplier/supporter], the role of every other implementing agencies such as DRDA, Panchayat Raj Institutions, NGOs, Other Semi
Government organizations/line departments etc is specified. Besides, the time lag for obtaining credit, expenses incurred before augmenting and delivery of micro credit has been reflected in this chapter.

CHAPTER: - 6  Analysis – Impact of Micro Enterprises on income generation and poverty alleviation of beneficiaries

This chapter discusses impact on income generation and poverty alleviation of the respondents with credit support given by banks. It also highlights the impact on Assets creations, employment generation, creation of man days and inters strata movement of the supported beneficiaries.

CHAPTER: - 7  Analysis – Impact of repayment capacity & recovery performance of beneficiaries.

The impact of repayment capacity and recovery performance of sample respondents are analyzed and elaborated in this chapter. Various problems aroused hampering repayment of Banks loan and /or reasons for delayed or non payment of institutional loans are discussed here by the research worker.

CHAPTER: - 8  Perceptive impact of programme and short comings observed in implementation -

This chapter covers the perceptive impact of the programme. The hurdles and factors affecting successful achievement of goals and objectives of the programme are discussed thread bare in this chapter. The socio-economical development and best practices followed are also covered in this chapter.

CHAPTER: - 9  Summary, Conclusion and Suggestions -

This chapter is devoted for summarizing the report in a nut shell. Various solutions and suggestions are elaborated in this chapter by the research student to overcome the short comings observed, operational gaps noted
and problems experienced at various levels of implementation and for overall improvement of the programme in a better way.

The hypothesis is tested and recommendations are suggested to improve the quality implementation of SGSY in terms of the stated objectives. The research study reveals that there is a gap between the views of the policy designers and actual implementation of the scheme. The success of implementation of SGSY depends upon the motivation and willingness of the Government, Bank officials, NGOs and other line departments. The scheme can very well achieve the full-fledged success only when there is better co-ordination amongst all these agencies. On the whole, the programme has made some inroads in targeting the right segment of poor.

**CONCLUSION**

This chapter concludes as under:
In order to reach the fruits of growth at the door step of poorest among the poor of rural India, number of programmes were emerged for eradication of poverty since independence.

Swarnjayanti Gram Swarozgar Yojana [SGSY] is, therefore, launched since April, 1999 by our thoughtful planners as a useful and powerful tool to facilitate promotion of self employment, poverty alleviation and acceleration of social development.

The present study is, therefore, taken to ascertain impact of micro enterprises on the economic condition of assisted beneficiaries [Swarozgaris] both individual or groups [SHGs] and to assess the success of this programme in bringing every assisted family above the poverty line successfully in consonance with the guidelines of the scheme.

Thus, the study highlights about nature and extent of benefits accrued to the assisted families and to assess the impact of institutional credit assistance on income generation and living conditions of identified BPL families to bring them above poverty line on a durable basis.
The study was also conducted to identify constraints/ problems/ difficulties and shortcomings and to suggest suitable measures for improvement and better implementation of this programme.

On the whole, the programme has made in roads in targeting the right segment of poor.

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