CHAPTER – 4

EMPLOYMENT GENERATION PROGRAMMES IN INDIA

Employment Generation Programmes during Pre-liberalisation Period.

- Employment Generation Programmes during Post-liberalisation Period.

- Changing Scenario of Employment Generation Programmes.
Unemployment is a basic economic problem of India. It is considered to be the greatest obstacle in the way of economic development of our country. Had this problem been solved, the economic scenario of India would have been revolutionarily changed. Government of India has ever been very serious about this problem. All the five year plans completed so far in the country have concentrated upon this problem. A number of measures have been taken and a number of programmes have been launched with a view to eradicate or at least to minimize the problem of unemployment. In this chapter, we shall discuss some of these programmes, particularly which are in operation now-a-days.

EMPLOYMENT GENERATION PROGRAMMES DURING PRE-LIBERALISATION PERIOD

Though removal of unemployment has ever been a proclaimed objective of India's economic planning, yet until the sixth five year plan, one does not find any reference to long-term employment policy with a bold approach to tackle the unemployment problem in a forthright manner. For a long time, it was assumed that employment situation would automatically improve as a result of economic growth. Direct measures to eliminate unemployment were not preferred as the apprehension was that they could slow down the growth process by raising consumption expenditure on one hand, and cutting down economic surplus on the other. For two decades or so in peripheral manner, reliance was placed on cottage and agro-based industries and infrastructural projects for absorbing the backlog of unemployed and the additional labour force joining the labour market in search of jobs. This Policy was obviously inadequate to tackle the unemployment problem and as a result, the number of unemployed rose to about 22 million in 1969.
The Planning Commission acknowledged in the Sixth plan document the hard reality that despite economic planning, employment opportunities had not adequately increased over the years. The position was not satisfactory even in terms of long-term employment. Keeping in view these facts the employment policy in Sixth Plan aimed at "The two major goals of reducing underemployment for the majority of labour force and cutting down on long-term unemployment". Obviously, for a lasting solution to these problems, employment-oriented rapid economic growth was necessary. Hence, efforts in the direction were combined with short-term measures which provided some relief at least on temporary basis.

Since in our mixed capitalist economy, private and cooperative sectors coexist with public sector, the government committed itself to a policy of employment generation in all the sectors. It was admitted that production in the public sector is highly capital intensive and, thus, there was not much scope for the creation of fresh employment in this sector. Therefore, the government decided to concentrate particularly on policy measures seeking to influence the private demand and utilisation of manpower in private sector. This required emphasis on self-employment ventures in agriculture, cottage and small industries and allied activities as well as non-farm operations. Some of the major employment programmers undertaken were: Integrated Rural Development Programmers (IRDP), National Rural Employment Programme (NREP), National Scheme of Training for Rural Youth for Self-Employment (TRYSEM), Operation Flood II Dairy Project and Fish Farmers Development Agencies. Planning Commission acknowledged the limitations of macro-approach to the problem of unemployment. The

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1 Government of India, Planning Commission, Sixth Five Year plan, 1980-85, P-207.
Sixth Five Year Plan Stated, "It is, therefore, necessary that a disaggregated approach is introduced to find meaningful solution to this complex and challenging problem".\textsuperscript{1} For this purpose, it was proposed to organise in all the districts of the country a District Manpower Planning and Employment Generation Council with appropriate professional staff support. The Council was to be assisted by the District Employment Exchange, District Industries Centre, District Agricultural Office, lead bank and those connected with the organisation of services in preparing a portfolio of opportunities for salaried, self and wage employment during the plan period.

During the late 1970s and 1980s having recognised the fact that in Indian conditions, the percolation effects of growth were not sufficient to generate the required employment opportunities, the need for supplemental employment opportunities and employment programmes for specific target groups/areas was felt and under the Fifth and the Sixth Plans, attempts were made in this direction. The Seventh Plan sticking to the basic approach of these Plans, asserted, "The task is one of adopting a suitable structure of investment and production, appropriate types of technology and mix of production technique and organizational support which would help promote growth in productive employment".\textsuperscript{2} The Planning Commission, thus, argued that in pursuing the objective of employment generation, the country cannot stick to a static technology. However, it stressed that technological upgradation and modernisation should not result in considerable dislocation of labour.

The Seventh Plan assigned a key role to the agricultural sector for employment generation. However, it was well realised that the agricultural sector cannot eliminate the entire unemployment backlog and also absorb additions to the labour force. Therefore, programmes of rural

\textsuperscript{1} Government of India, Planning Commission, Sixth Five Year Plan, (1980-85), P. 207.
\textsuperscript{2} Government of India, Planning Commission, Seventh Five Year Plan, (1985-90, Vol. II), P. 112
development, particularly those of rural capital formation in the form of construction were undertaken. The planners were clear that even the realisation of a high rate of industrial growth could not absorb more than a fraction of unemployed and underemployed labour force in the organised industrial sector.

According to Planning Commission, employment generation does not necessarily imply creating wage employment. Under the Seventh Plan there was considerable emphasis on the creation of conditions for additional self employment. Therefore, apart from sectoral programmes, the package of poverty alleviation programmes aimed at giving self-employment and wage employment to the poor sections of the community were continued on a big scale. From this point of view the National Rural Employment Programme (NREP), the Rural Landless Employment Guarantee Programme (RLEGP), and the Integrated Rural Development Programme (IRDP) were particularly important. The first two were merged into the Jawahar Rozgar Yojana (JRY) in 1989.

EMPLOYMENT GENERATION PROGRAMMES DURING POST-LIBERALISATION PERIOD

It is often rightly argued that a high rate of economic growth is a necessity, but not a sufficient condition to solve the unemployment problem in India. In India, where employment elasticity is quite low, an annual growth rate of 8-9 per cent can provide only a partial solution to the unemployment problem. Raj Krishna has shown that if the population and productivity would continue to grow at existing rates, the most comprehensive daily status unemployment could be eliminated in the next two decades if the long-term employment elasticity could rise to 6.5 per cent.\(^1\) When Raj Krishna did this exercise,

employment elasticity for all sectors was around 0.68. Since then, the employment elasticity has further declined. It has been estimated to be 0.16 for the period of 1993-94 to 1999-2000. This implies that for generating additional employment at 3 per cent annum, GDP should register an annual growth of 18-19 per cent which is something impossible in the given structure of the Indian economy.\(^1\) Therefore, in India, economic growth by itself can never solve the unemployment problem and the government policy which gives overriding priority to economic growth would add to unemployment backlog rather than reducing it. Therefore, under the Eighth Plan, there was emphasis on both the growth of the economy and restructuring of output composition of growth. Defining its employment perspective, the Eighth Plan clearly stated, "The employment potential of growth can be raised by readjusting the sectoral composition of output in favour of sectors and sub-sectors having higher employment elasticity".\(^2\) In certain sectors, where technologies are to be upgraded to a higher level of efficiency and international competitiveness, there is a little scope for generating additional employment. However, in respect of certain other sectors, some flexibility may be available in the choice of technologies and, thus, it may not be difficult to generate considerable employment.

Agriculture, even now, occupies a predominant place in employment structure. In the recent past, agriculture has shown the lowest and rapidly declining employment potential, largely due to the extremely low employment elasticity in Punjab, Haryana and U.P. In order that agricultural growth becomes employment generating, it is necessary that it is diversified, both geographically and crop wise.

\(^1\) Alok Ghos, "Eighth Plan : Challenges and Possibilities – III, Employment, Core of the plan", 1991 P.198

Activities allied to agriculture and crucial for employment generation are animal husbandry, fishery and horticulture. Apart from these activities, programmes of afforestation, regeneration and restoration of degraded land should receive attention due to their large employment potential. The rural non-farm sector comprising manufacturing, services, trade and construction, accounts for over one-fifth of rural employment. It has significant potential for absorbing rural labour. Employment has grown in this sector at a high rate of 5 per cent per annum in recent years.

In urban manufacturing, employment elasticity has declined to a very low level of about 0.33 and in future also with further stress on increasing modernisation of technology, prospects for the expansion of employment in this sector are not at all encouraging. Even the modern small-scale industry has been over capitalised and as a result, its employment potential has very much diminished.

According to present estimates, the employment strategy will enable the attainment of goal of full employment in any case not before 2020 A.D. Therefore, Special Employment Programmes may be continued to provide short-term employment to unemployed and underemployed among the poor. Under the Eighth Plan, the Special Employment Programmes were regarded only an interim measure to provide supplementary employment. The Eighth Plan stated, "The main thrust should be on the acceleration of the rate of employment growth over the years so that the need for special programmes declines in successive years and tapers off by the end of the decade. Continuing necessity of such programmes on a large scale would, in fact, imply the failure of employment oriented development strategy that is envisaged as the main plank of the Eighth Plan".1

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1 Government of India, Planning Commission, Eight Five Year Plan, Volume II (1992-97), P.32
Employment Opportunities during the Ninth Five Year Plan.

The growth of labour force accelerated in the Ninth Plan period in comparison to the preceding decade, which required a commensurate increase in the pace of creating additional work opportunities in this period. This factor needs to inform every aspect of formulation of the Ninth Plan.

Every effort would need to be made in attaining full employment in the post–plan period. Since labour force growth is expected to be at its peak in the Ninth Plan period, attainment of near full employment by the year 2007 may not be an unreasonable target provided that the conditions are created for further acceleration in the growth rate and the intensity of labour absorption is not substantially reduced both sectorally and in terms of the sectoral structure of growth. It is estimated that full employment by 2007 is contingent upon the acceleration in growth of employment in post Ninth Plan period to 2.8 percent compared to a realised growth of 2.36 per cent (1978-94) and projected at 2.44 per cent in the Ninth Plan. This would require GDP to grow at 7.7 percent per annum during the post-plan period, which is well within the realm of feasibility.

Employment Generation Strategies during Tenth Five Year Plan.

The tenth plan aimed at providing gainful employment opportunities to the entire additions to labour force during the tenth plan and beyond. This is an essential condition for improving the quality of employment of an average worker. For, if labour markets do not clear, no strategy for improving the quality of employment is likely to succeed. In a large labour surplus situation, there may be employment of a high quality but only for a select group. Hence, the first strategy to improve the quality of employment, is to increase the aggregate demand for labour.
While a higher rate of economic growth is a necessary condition for increasing the demand for labour, the pursuit of growth objective in isolation may not be sufficient, at least in an immediate foreseeable future, to gainfully absorb the annual additions to labour force. Therefore, in the short-term perspective of a five year plan, growth will have to be supplemented by increasing the employment content of growth in order to fulfil the employment objectives of Plan.

In the rural sectors, Pradhan Mantri Gram Sarak Yojna (PMGSY), Sampoorna Gramin Rozgar Yojana (SGRY) and Swarnajayanti Gram Swarojgar Yojana (SGSY) are expected to create incremental employment opportunities to the extent of 2.86 million. The rural employment generation programmes of KVIC, PMRY and new initiatives for the development of small and medium enterprises are expected to create additional 4.2 million employment opportunities during the Tenth plan.

**Employment Generation Strategies during Eleventh Five Year Plan.**

The ability to generate an adequate number of productive employment opportunities will be a major factor on which the inductiveness of growth will be judged. India is currently at a stage of "demographic transition" where population growth is slowing down but the population of young people entering labour force continues to expand. This will mean that a working person would have fewer dependents, children or parents. The dependency ratio (ratio of dependents to working age population) declined from 0.8 in 1991 to 0.73 in 2001 and is expected to decline further to 0.59 by 2011. If the workforce is gainfully employed, a lower dependency ratio means a higher rate of savings which, in turn, can raise the growth rate. This young demographic profile places India favorably in terms of manpower availability and could be a major
advantage in an environment where investment is expanding in India and the industrial world is ageing.

It is however, essential to produce a growth process in which employment would be available not only for the new entrants to labour force but also in the non-agricultural sector for the workers leaving agriculture. Over 1999-00 to 2004-05, urban employment has grown at a faster rate than population. However, since more urban women have joined the workforce, the unemployment rate has increased over these years.

Rapid growth focused on labour intensive industries and small and medium enterprises will create employment opportunities in the manufacturing and services sectors. The ability to create jobs will be enhanced by greater labour flexibility which may require some changes in labour laws. This is a controversial issue on which it is difficult to reach a consensus but the weight of evidence suggests that while outright hire and fire approaches may not be desirable, there is room for creating greater flexibility short of this position.

The ability to sustain a labour intensive growth process depends crucially upon the expansion of skill capabilities in the labour force. Specific programmes for the development of skills at all levels will be a part of the eleventh plan. The growth rate of labour force rose to the level of 3.06 per cent during 2004-05. Hence, there is an urgent need to provide employment for these increasing additions to labour force. The Tenth Plan had no strategy for employment creation. It wrongly hoped that the targeted 8.0 per cent per annum increase in GDP during the Plan period would do the trick. Jayashree Sengupta very aptly discussed the failure of the Government policy in India, in her though providing article "Aam
Aadmi Ko Kya Mila”. Relevant portions of the article are being reproduced in Box 4.1:

### Box 4.1

**Jobless Growth in India in Recent Years (‘Aam Aadmi Ko Kya Mila’)**

In India, the rise in unemployment has been a silent phenomenon. We have had disguised unemployment in the past, but unemployment never reached more than 5 per cent of the population. According to the National Sample Survey's 55th round, unemployment as a percentage of labour force rose from 5.99 per cent in 1993-94 to 7.32 per cent in 1999-2000. Perhaps we have been witnessing jobless growth in recent years because while the GDP grew at an average rate of 6.4 per cent between 1992-93 to 2000-01, employment growth declined from 2 per cent to 1 per cent.

In the recent past, thousands of workers in agriculture and the organised sector have been laid off. The organised sector (establishments employing 10 or more workers) has been shrinking. The private manufacturing units within the organised sector have been shedding labour in response to higher wages and global competition. Retrenchment of labour has been common in other countries, but in India it is a new phenomenon and the Voluntary Retirement Scheme (VRS) has not been painless. Some workers have been laid off without any severance pay from loss making enterprises. All this has led to widespread human trauma especially because there are no social safety nets, nor facilities for re-training and skills development.

The restructuring exercise may have led to more productivity, but the retrenchment process has thrown several families off balance. Employees lost their jobs and houses, children's schools, healthcare and an 'address', so important in India. In the last decade, those accepting VRS have witnessed a new phenomenon—even their children can't find a job. In the organised sector, labour laws have blaming for keeping millions of workers out of jobs while 'protecting' the jobs of 'permanent' staffers. The fact is that most employers are successfully circumventing labour laws through contractual labour whom they routinely hire and fire. Also, the lack of skills and training among workers encourage industrialists to go for higher technology rather than labour. The Indian labour force is among the least skilled and literate as compared to the skill levels of workers in China or South Korea, especially in the manufacturing sector.

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1 Jay Shree Sengupta, "Aam Aadmi Ko Kya Mila" Tehalka, September 25, 2004
The decline in employment has been most striking in agriculture. Total employment in agriculture dropped. Agricultural employment engaged 56 per cent of the population in 1999-2000. Low agricultural productivity, frequent crop failures due to drought and lack of adequate irrigation localities have made agriculture less profitable; the number of farm workers has been declining. In some areas, high agricultural growth due to mechanisation has led to a permanent fall in demand for agricultural labour. Indeed, low productivity and falling income has created a boom in casual labour.

The government’s response to stagnant agriculture has been poverty alleviation programmes aimed at raising rural incomes. But the delivery of these programmes has not been satisfactory as there have been numerous 'leakages' due to corruption. The jobless from rural areas have been entering the 'informal' sector. It absorbs 92 per cent of the workforce and is characterised by unprotected jobs without regular salaries and engulfs a vast population of self-employed people and daily-wage workers.

These workers also migrate to big cities and end up in slums in sub-human conditions. In a cyber city like Bangalore, 20 per cent of the population lives in slums. It's strange paradox. Unless the government acts fact to give jobs to the 42 million unemployed, its own query might boomerang: aam aadmi ko kya mila?

### CHANGING SCENARIO OF EMPLOYMENT

#### GENERATION PROGRAMMES

Realising the need of generating employment opportunities to achieve a satisfactory rate of employment in the country, Government of India launched a number of employment generation programmes. A few of these programmes are listed below-

- **Nehru Rozgar Yojana (NRY).**

  In response to the challenge posed by Urban Poverty, the Nehru Rozgar Yojana was launched by the Ministry in October, 1989. It was recast in March, 1990 and accordingly the guidelines were suitably revised. The Yojana consisted of three schemes:

  (i) The Scheme of Urban Micro Enterprises (SUME)

  (ii) The Scheme of Urban wage Employment (SUWE), and
(iii) The Scheme of Housing and Shelter Upgradation (SHASU).

The entire expenditure on the Yojana was shared on a 60:40 basis between the Central Government and the State Governments. With effect from VIII Plan, **The Yojana has been wound up and replaced by Swarna Jayanti Shahari Rozgar Yojana w.e.f. 1.12.97.**

**National Food for Work Programme (NFWP or FWP).**

National Food for Work Programme, known as Food for Work Programme also was launched on November 14, 2004 in 150 most backward districts of country with the objective to intensify the generation of supplementary wage employment. The programme is open to all rural poor who are in the need of wage employment and ready to do the manual unskilled work. It is implemented as a 100 percent centrally sponsored scheme and the food grains are provided to States free of cost. However, the transportation cost, handling charges and taxes on food grains are the responsibility of the States. The collector is the nodal officer at the district level and has the overall responsibility of planning, implementation, coordination, monitoring and supervision.

- **Training of Rural Youth for Self-Employment (TRYSEM).**

  The Scheme of Training of Rural Youth for Self-Employment (TRYSEM) was initiated in 1979 with the objective of tackling unemployment problem among the rural youth. It aimed at training about 2 lakh rural youths every year to enable them to become self-employed. Under this scheme, 40 youths were to be selected from each block and for being eligible for selection, the person should belong to a rural family having an income less than Rs.3,500 per year. In making selection, members of scheduled castes and scheduled tribes were to be given preference. Under the scheme, a minimum of one third of the rural youths
trained were to be women. The TRYSEM was merged into Swarnajayanti Gram Swarozgar Yojana in April 1999.

**National Rural Employment Programme (NREP).**

The National Rural Employment Programme (NREP) was started as a part of the Sixth Plan and was continued under the Seventh Plan. The NREP was meant to help that segment of rural population which largely depends on wage employment and has virtually no source of income during the lean agricultural period. Under the NREP, development projects and target group oriented employment generation projects were to be closely intertwined. The programme was implemented as a centrally-sponsored scheme. But its financial burden was to be shared between the Central government and the State governments on 50:50 basis. Under the scheme, a district level employment plan (disaggregated block-wise) was prepared. **On April 1, 1989 it was merged into the Jawahar Rozgar Yojana.**

**Rural Landless Employment Guarantee Programme (RLEGP).**

The Rural Landless Employment Guarantee Programme (RLEGP) was launched on the 15th August, 1983 with the objective of generation gainful employment, creating productive assets in rural areas and improving the overall quality of rural life. The programme was funded by the Central government on 100% basis. Resources were allocated to the States/ Union Territories on the basis of the prescribed criteria giving 50% weightage to the number of agricultural labours, marginal farmers and marginal workers and 50% weightage to the incidence of poverty. Wages were to be paid to the workers under the provisions of the 'Minimum Wages Act'. Part of the wages was required to be paid in the form of subsidised foodgrains.
It was also stipulated that the wage component on a project should not be less than 50% of the total expenditure of the project. The programme included the projects of social forestry, Indira Awaas Yojana and Million Wells Scheme. The Government decided to merge NREP and RLEG. The merger was based on the premise that the objectives and implementation these two programmes are by and large similar.

- Jawahar Rozgar Yojana (JRY).

In February 1989, the government announced a new wage employment scheme, the Jawahar Lal Nehru Rozgar Yojana for intensive employment creation in 120 backward districts. However, later on, it was felt that there was no need to have the separate NREP, RLEG and the Jawahar Lal Nehru Rozgar Yojana. These wage employment programmes had the same objective and similar thrust. Therefore, these programmes were merged into a single rural employment programme on April 1, 1989 and it was given the name Jawahar Rozgar Yojana (JRY).

The JRY completed eleven years in March 1999. The JRY was restructured with effect from April 1999 and was renamed as Jawahar Gram Samridhi Yojana (JGSY). In the first ten years, the JRY generated 7,373 million mandays of employment. Thus, in quantitative terms, the performance of the JRY was not distinctly better than that of the NREP and RLEG. However, in two respects, the JRY was superior to the NREP/ RLEG regime. First, under the JRY there was a clear change in the priorities in favour of economically productive investments, especially which enhance the productivity of land. Second, the JRY approach involving Panchayats in the planning and implementation of employment schemes was superior to the bureaucratic approach followed under the NREP/ RLEG.
**Rural Employment Generation Programme (REGP).**

REGP, launched in 1995 with the objective of creating self-employment opportunities in the rural areas and small towns, is being implemented by the Khadi and Village Industries Commission (KVIC). Under REGP, entrepreneurs can establish village industries by availing margin money assistance from the KVIC and bank loans, for project with a maximum cost of Rs.25 lack. Since the inception of REGP, upto 31 March 2004, 1,86,252 projects have been financed and 22.75 lakh job opportunities have been created.

- **Scheme for Providing Self-Employment to Educated Unemployed Youth (SEEUY).**

  This scheme was launched with a view to provide self-employment to educated rural youth of the country. Under this scheme, a loan upto Rs. 20,000 is provided to such youth at concessional rate of interest and the bank is responsible for the implementation of programme. Rate of interest is fixed at 10% per annum for backward districts and 12% per annum for other districts.

  From 1994-95 onwards, present scheme of Self-Employment for Educated Unemployed Youth (SEEUY) has been integrated into Prime Minister's Rozgar Yojana (PMRY).

- **Self-Employment Programme for Urban Poor (SEPUP).**

  This programme is launched with a view to provide self-employment to the poor youth in urban and semi-urban areas. Under this programme, bank loan is provided to such youth at concessional rate of interest and the bank is responsible for the implementation of the programme.
Prime Ministers Rozgar Yojana for Educated Unemployed Youth (PMRY).

PMRY was started in 1993 with the objective of making available self-employment opportunities to the educated unemployed youth by assisting them in setting up any economically viable activity. By the end of 2005-06, about 20 lakh units have been set up under the PMRY, creating 30.4 lakh additional employment opportunities. While the REGP is being implemented in the rural areas and small towns (population up to 20,000) for setting up village industries without any cap on income, educational qualification or age of the beneficiary. PMRY is meant for educated unemployed youth with family income upto Rs. 40,000 per annum, in both urban and rural areas, for engaging in any economically viable activity. From 1994-95 onwards, scheme for self-employment for educated unemployed youth (SEEUY) has been integrated into this scheme.

Swarn Jayanti Sahari Rozgar Yojna (SJSRY).

In December 1997, the Urban Self-Employment Programme (USEP) and the Urban Wage Employment Programme (UWEP), which are the two special components of the SJSRY, substituted for various programmes operated earlier for urban poverty alleviation. In SJSRY is funded on the same sharing basis as IAY and SGSY. The number of urban poor assisted for setting up micro group enterprises in 2005-06 was 0.98 lakh against a target of 0.80 lakh, while in 2006-07. Against a target of 1.20 lakh, 0.53 lakh was achieved by December 31, 2006. The number of urban poor imparted skill training year, against a target of 1.50 lakh, 0.72 lakh was achieved by was 43.48 lakh in 2005-06 and 1.78 lakh up to December 31, 2006.
**Swarn Jayanti Gram Swarojzgar Yojna (SJGSY).**

SJGSY, a holistic self employment generation programme, was launched on April 1, 1999 by restructuring the earlier integrated Rural Development Programme (IRDP) and allied programmes. The emphasis of SJGSY is on poverty alleviation, capitalising advantages of group lending and overcoming the problems associated with a multiplicity of programmes. The scheme is being implemented on a cost-sharing basis between the Centre ans States of 75:25 for non-north-eastern States and 90:10 for north-eastern. Upto December 31, 2009, 36.78 lakh self- help groups (SHGs) have been formed and 132.81 lakh Swarojgaries have been assisted with a total outlay of Rs.30,896.08 crore.

○ **Sampoorna Grameen Rozgar Yojna (SGRY).**

SGRY, launched on September 25, 2001 to provide additional wage employment in rural areas, has a cash and foodgrains component. The cash-component of SGRY is funded on the same sharing basis as IAY and SJGSY, while foodgrains are provided free of cost to the States and UTs. In 2005-06, 82.18 crore person days of employment were generated with the Centre releasing Rs.5497.43 crore as cash component and about 37.30 lakh tonnes of food grains to the States/UTs. Besides, under the special component of SGRY, with the state/UTs meeting the cash components, the Centre released 15.64 lakh tonnes of foodgrains to the 11 calamity affected States. In 2006-07 upto October 31, 2006, the number of person – days of employment generated under SGRY was 18.41 crore while the Centre's contributions in terms of cash and foodgrains component upto December 31, 2006 were Rs.2,762 crore and 16.67 laks tonnes, respectively. Under the special component, about 4.44 lakh tonnes of food grains have been released to calamity – hit States in current year upto December 2006.
**Integrated Rural Development Programme (IRDP).**

The Integrated Rural Development Programme (IRDP) launched in 1978-79 and extended all over the country in 1980-81 was essentially conceived as an antipoverty programme under the Sixth Five Year Plan. It, however, through a programme of asset endowment also meant to provide self-employment in a variety of activities like sericulture, animal husbandry and land-based activities in the primary sector; weaving, handcrafts, etc., in the secondary sector; and service and business activities in the tertiary sector. Under the Plan, the IRDP aimed at covering 15 million families in all the blocks of the country.

- **National Rural Employment Gurantee Scheme (NREGS).**

With the NREG Act being passed in September, 2005, the NREGS was implemented since February 2, 2006 in 200 identified districts of the country with an object of providing 100 days of guaranteed unskilled wage employment to each rural household opting for it. The ongoing programmes of SGRY and National Food for Work Programme (NFWP) have been subsumed undo NREGS in these districts. NREGS was extended to 300 districts during 2007-08. The coverage was extended to all rural districts of the country in 2008-09. As against the budgeted outlay of Rs.39,100 crore for the year 2009-10, an amount of Rs.24,758.50 crore has been released to the States/UTs till September, 2009. During the year 2009-10, 4.34 crore households have been provided employment under the scheme. Out of the 182.88 crore person days created under the scheme during this period, 29 per cent and 22 per cent were in favour of SC and ST population respectively and 50 per cent in favour of women. The NREGS, a demand-driven scheme, has its focus on works relating to water conservation, drought proofing (including afforestation/tree plantation), land development, flood control/
protection (including drainage in water logged areas) and rural connectivity in terms of all – weather roads etc.

- **Employment Assurance Scheme (EAS)**

  The EAS is being implemented in 1752 backward blocks. The scheme aims at providing 100 days of unskilled manual work to the rural poor who are seeking employment. It is targeted at the poor, particularly during the lean agricultural season in rural areas.

**MAJOR EMPLOYMENT PROGRAMMES**

In this part, we shall study selected the following major employment generation programmes in details –

- National Rural Employment Programme (NREP)
  - Food for Work Programme (FWP)
  - Rural Employment Generation Programme (REGP)
  - Jawahar Rozgar Yojana (JRY)
  - Jawahar Gram Samridhi Yojana (JGSY)
  - Integrated Rural Development Programme (IRDP)
  - Swarana Jayanti Shahari Rozgar Yojana (SJSRY)
  - Sampoorna Gram Swarozgar Yojana (SGRY).
  - Swarjnayanti Gram Swarozgar Yojana (SGSY).
  - Employment Assistance to Special Categories.
  - Prime Minister's Rozgar Yojana (PMRY).

1. **National Rural Employment Programme (NREP)**

   The problem of employment in rural areas is mainly of seasonal unemployment and under employment. Full employment opportunities for the rural work force will have to be found within the agricultural and allied sectors themselves, through intensification and diversification of
agriculture based on the expansion of irrigation and unproved technology. However, the very dimensions of the problem call for a multifarious strategy which aims, on one hand, at resource development of vulnerable sections of the population, and on the other, necessities supplementary employment opportunities to the rural poor, particularly during lean periods, in a manner that will contribute directly to the creation of durable assets for the community. Programmes in the nature of Small Farmers' Development Agencies, Integrated Rural Development, Drought Prone Areas Programme, Desert Development Programme, Command Area Development Programme, TRYSEM and the like, aim at resource development on individual or area basis. So far as the object of providing supplementary employment opportunities, is concerned a beginning was made in this direction through the Food for Work Programme. Based on the experience of this programme, it is possible to build it into a well directed and sustained national programme for providing supplementary employment opportunities to those seeking work, particularly during the lean employment periods of the year. In the past, however, special programmes for solving the problem of unemployment and, under-employment have often tended to be formulated and implemented in isolation of the on-going developmental projects. It is necessary to view employment as an indivisible component of development and ensure that both in concept and implementation, employment and development become catalysts of each other, and the benefits to the community from the limited resources available may be maximised.

During the Plan period, additional opportunities for employment will become available through the large number of developmental projects to be undertaken in the public and private sectors. Such opportunities will, however, not be sufficient to absorb the growing
number of the rural work force. Rural development programmes in the form of individual beneficiary and area development schemes and other sectoral programmes in the Plan will also provide opportunities to many of the rural poor for gainful employment through production enhancing activities. Beneficiaries of these activities will in the main be those with an asset base. A large number of people in the rural area are without assets or with grossly inadequate assets and need to be provided wage employment. This segment of the rural poor which largely depends on wage employment, virtually has no source of income during the lean agricultural period. The National Rural Employment Programme is conceived, to take care of this segment of the rural poor. Under this Programme, development projects and target group oriented employment generation projects will be closely intertwined.

NREP will be implemented as a centrally sponsored scheme on 50:50 sharing basis between the Centre and the States. The Centre will provide its share in the form of foodgrains to the extent surplus foodgrains are available, and the rest in cash. Inter-State allocation of foodgrains will be made on a rational criteria related to the population size of target group, i.e., a States' population of marginal farmers and agricultural labourers and its rural population below the poverty line. The States will be encouraged to procure sorghum, millets and other locally grown foodgrains and utilise them under the scheme. Suitable financial and operational arrangement will be worked out in each State on this behalf. This would besides, making additional foodgrains available for NREP, help insulting the producers from uneconomical sale of their produce and also save substantially the cost of movement of foodgrains from distant work sites to markets or godowns. For the storage of foodgrains so procured, rural godowns programme and other programmes
for building up storage capacity in rural areas e.g., cooperative societies godowns, can be suitably used.

The wage paid under the programme should be at par with the minimum agricultural wage prescribed for the area. The quantum of foodgrains as part of the wage should be such as to be adequate for the family's need. In any case, the foodgrains component should not exceed two Kgs. per head per day. Efforts will also be made to organise mobile fair price shops at the centres where rural works are in progress so that the cloth, vegetable oil, salt and other essential items of consumption may also be made available. Contractors are to be totally excluded from the execution of rural works on which the employment is offered through NREP. Neither will the distribution of foodgrains be entrusted to middlemen or contractors.

Only about half the States had involved Panchayati Raj institutions in the Food for Work Programme. Given proper technical and administrative supervision, these institutions have the capability of planning and executing works answering to local needs, at comparatively low cost. It is, therefore, desirable that these institutions are involved in planning and execution works under NREP to the extent possible, considering local conditions and nature of the work. The educational research and technical institutions in the block would be associated with the Panchayati Raj Institutions in preparing a shelf of the projects which will help to ensure that the assets created are at least equal in value to the wages paid. Following pictures shows the beneficiaries getting training under NREP:
It is contemplated that a district level employment plan disaggregated blockwise will be formulated. This plan will estimate the numbers likely to be seeking work, separately for skilled and unskilled workers, and the work opportunities likely to be available under various plan and non-plan works in different districts. The work opportunities and shortfalls will be identified, preferably in terms of blocks and the programme of works under NREP be formulated accordingly. The aim of the NREP should be to provide employment opportunities during the lean agricultural period.

It is necessary that the State Governments have a shelf of projects on a sufficiently dispersed scale prepared for each block so that the programme may be implemented on a planned and systematic basis and technical soundness of the works be ensured. Preparation of projects should be a continuous process. For this purpose, the State Governments will have to strengthen/build up adequate technical personnel at the block and higher supervisory levels. Some of the States have a rural engineering organisation or some technical personnel at the block level, but considering the size and spread of the programme, it is quite inadequate. Some States have none at all. It is necessary that each block should have a reasonable complement of technical staff (supervisors). To ensure the effective monitoring of programme, suitable strengthening of staff will be necessary at all levels. The locally available expertise of technical
institutions like IITs, Agricultural Universities, Engineering Colleges, etc. as well as of voluntary organisations should be fully utilised. Block level project preparation and monitoring groups could be set up wherever the size of the programme warrants it.

The implementation agencies would be required to give priority to the works relating to the social forestry and pasture development, soil and water conservation, irrigation, flood protection and drainage, field channels in irrigation command areas, construction and improvement of village tanks and ponds, school and dispensary buildings and the works to improve village environments, hygiene and sanitation. Only those roads may come in the priority category which can be made at least semi-pucca with culverts or have a reasonable prospect of being brought within the regular road programmes of the State or Panchayati Raj Institutions, as the case may be. While only such works as create community assets should be taken up, an exception may be made in case of the works benefiting the individuals belonging to Scheduled Castes and Scheduled Tribes in respect of group housing and land development projects. Special attention will be paid to the programmes where women can be gainfully employed.

In order to ensure that the benefits of this programme reach the weaker sections of the society, at least 10 per cent of the allocation under the programme would be earmarked for utilisation exclusively on the programmes of direct benefit to Scheduled Castes, viz., drinking water wells in Harijan Bastis, community irrigation schemes in which majority of the beneficiaries are Harijans, environmental improvement works in Harijan localities and housesites/group housing for the Harijans. Another at least 10 per cent of the allocation under the Programme would be specifically earmarked for utilisation on the programmes of social
forestry and fuel plantations. The utilisation of provisions by the States on these two activities will be specially monitored.

It will be desirable to regulate employment on the rural works taken under the NREP and other Plan works so as to take particular care of the families in target group. Specific attention will also be paid to promoting women's participation in this programme.

2. Food for Work Programme (FFP)

The Food for Work Programme was started in January, 2000-01 as a part of the Employment Assurance Scheme (EAS) in eight drought affected States viz. Chattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa, Rajasthan and Uttaranchal. The Food for Work Programme (FFWP) was later expanded to form a part of any wage employment scheme of the Central or State Governments being implemented in the notified districts during the period of natural calamities, such as drought, flood, cyclone or earthquake. Now the programme is in operation in the States of Andhra Pradesh, Bihar, Chattisgarh, Gujarat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa and Rajasthan. For the States/areas which are formally notified natural calamities affected, the programme continues up to 31st of March 2002.

Salient Features of the Food for Work Programme (FFWP)

- The Food for Work Programme is a general scheme, which can form a part of any wage employment scheme of the Central or State Government being implemented in the notified district of the State during the period of natural calamities. The cash component of the wage and material is met from the Scheme under which it is being implemented. The cost of transportation of foodgrains from
FCI godowns to the worksites/PDS and its distribution is the responsibility of the State Government.

Government of India makes available appropriate quantity of foodgrains to each of the affected States. Foodgrains are supplied to the States free of cost. The cost is borne by the Government of India to enable the State Governments to provide adequate wage employment opportunities to the needy rural poor. The eligibility criteria for employment are relaxed so as to include both BPL and APL families. The States may make payment of wages partly in kind (upto 5 Kgs. of foodgrains per manday) and partly in cash. The State Governments are free to calculate the cost of foodgrains paid in wages, at either BPL rates, or APL rates, or any rate between the two. The workers are paid the balance wage in cash, so that they are assured of the notified minimum wages.

- For foodgrains released, Ministry of Rural Development directly makes payment to the FCI on the submission of bills against the lifting of foodgrains by the States.

- Supply of foodgrains is made to the workmen preferably at the work site. The officials supervising the work (decided by the State Government) under the Food for Work Programme will be responsible for the distribution of foodgrains at the worksite or through PDS. The payment of wages, cash as well as foodgrains, must be made weekly.
Following Works should be given Priority

Since the Food for Work Programme is meant for providing wage employment in the natural calamity affected States, preference shall be given to labour-intensive works, particularly those which would help in drought-proofing such as moisture conservation works, watershed development works, water harvesting, digging up village ponds/tanks and construction of rural-link roads (Kutchha Road) etc. As far as possible, the works to be taken up should result into durable assets.

3. Rural Employment Generation Programme (REGP)

Introduction

On the basis of recommendation of the High Power Committee report, submitted in May 1994, headed by the then Prime Minister of India, the KVIC launched Rural Employment Generation Programme (REGP) with effect from 1st April, 1995 for the generation of two million jobs under the KVI sector in the rural areas of the country. The term 'Rural Area' has been defined under the KVIC Act, 1956 as under:
Any area classified as village as per the revenue records of the state, irrespective of population. It also includes an area classified as town, provided its population does not exceed 20,000 as per 1991 census.

Similarly, the term village industries has been defined as "Any industry located in rural area which produces any good or renders any service with or without the use of power in which the fixed capital investment per head of artisan or worker does not exceed Rs. 50,000 or such other sum as may be specified by Central Government from time to time". All activities which do not appear in the negative list circulated by KVIC are eligible for financing under the scheme.

**Main Objectives:**

- To generate employment in rural areas.
  - To develop entrepreneurial skill and attitude among rural unemployed youth.
- To achieve the goal of rural industrialization.
  - To facilitate the participation of financial institutions for higher credit flow to rural industries.

**Salient Features of the Scheme**

The scheme is applicable to all village industries project set up in rural areas. The eligible agencies under the scheme are: *(i)* individuals (rural artisans/entrepreneurs) *(ii)* institutions, cooperative societies, Trusts & SHGS for projects upto Rs. 25.00 lakhs. Partnership Firms, Private/Public Limited companies, Joint ventures, Joint Borrowers, Co-obligators of HUF are not eligible under the Scheme.

Under this programme, capital subsidy in the form of margin money is provided at the rate of 25% of the project cost upto Rs. 10 lakhs and 10% of the balance project cost upto Rs. 25 lakhs.
In case of weaker section beneficiaries viz., SC/ST/OBC/Women/Physically Handicapped/Ex-servicemen and for Hill Border, Tribal Areas, North Eastern Region, Sikkim, Andaman & Nicobar Islands, Lakshadweep, Margin Money grant will be at the rate of 30 per cent of the remaining cost of the project. Cost of land should not be included in the project cost. Under the scheme, the borrower is required to invest his own contribution of 10 per cent of the project cost. In case of SC/ST and other weaker section borrowers, the beneficiaries contribution will be 5% of the project cost. Banks will sanction 90 percent of the project cost in case of general category borrowers and 95 percent to weaker section beneficiaries/institutions and disburse full amount of the loan. After the sanction of the credit facility by the bank, eligible amount of margin money will be kept in term deposit for two years in the account of borrower at the leading bank branch, which will be credited to the borrower's loan account after a period of two years from the date of first disbursement of loan.

**Status and Progress of REGP**

During the year 2004-05, the number of projects financed was 23,453 as against 24,747 financed in the previous year. Further in employment generation through the scheme, the Andhra Pradesh stood at No. 1 followed by Uttar Pradesh, Rajasthan, Madhya Pradesh, West Bangal and Haryana.

**(a) Flow of Funds:** For extending the support to entrepreneurs for providing margin money and other backward-forward linkages, an amount of Rs.292.40 crore was released to meet the margin money claims of entrepreneurs and another Rs.3.48 crore for the purpose of arranging backward, forward linkages for REGP units in the Country. The banks which include nationalized commercial banks
as well as cooperative banks, extended financial assistance of about Rs.665.21 crore which helped the entrepreneurs to establish the units. Percentage in each category to the total number of projects was fairly good for all the categories i.e., for Scheduled Castes it was 11.50%, for Scheduled Tribes 7.50%, OBCs 23.58%, Women Entrepreneurs 26.56% and Others which include Ex-servicemen, Physically handicapped, hill and border areas 2.46%.

(b) **Industry-wise Development**: The KVIC has broadly classified all village Industries into 7 groups and care is being taken to ensure that the development in all industries is according to the availability of local needs, raw material, technical competency and market requirements. The maximum number of units established was in the agro and food processing followed by services sector.

(c) **Physical Performance of REGP**: During the year 2004-05, a total of 23453 projects have been financed under the scheme generating 5,30,025 number of employments. A sum of Rs.292.40 crore has been utilised as margin money for this period.

The amounts allocated and utilised under REGP, during the last three years are given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Allocated (Rs. lakh)</th>
<th>Amount Utilised (Rs. lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>34401.50</td>
<td>29239.95</td>
</tr>
<tr>
<td>2005-06</td>
<td>36669.09</td>
<td>32095.75</td>
</tr>
<tr>
<td>2006-07</td>
<td>36291.73</td>
<td>34979.35</td>
</tr>
</tbody>
</table>

(Provisional)

**Source**: Ministry of Rural Development, Government of India.
The estimated number of people benefited under REGP, during the last three years is given below:

Table 4.2: People Benefitted under REGP

<table>
<thead>
<tr>
<th>Year</th>
<th>People Benefitted (Lakh Persons) (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>5.30</td>
</tr>
<tr>
<td>2005-06</td>
<td>5.68</td>
</tr>
<tr>
<td>2006-07</td>
<td>5.95</td>
</tr>
</tbody>
</table>

Source: Ministry of Rural Development, Government of India.

New Initiatives

For the smooth implementation of the programme, following new initiatives were taken by KVIC during the year 2004-05:

- Decentralisation of the implementation of scheme by making payment of margin money through the State offices and KVI Boards.
- Fixation of targets for projects and margin money for all field offices based on rural population of the State.
- Financing of units based on coir as raw material is allowed.
- Financing of auto-rickshaws in Andaman and Nicobar Islands, house boats, shikaras and tourist boats in Jammu and Kashmir are also allowed under rural transport, keeping in view the special requirement of these States.
- For providing information/guidance to new entrepreneurs, REGP helping counters are opened in all the field offices of the KVIC and the State KVI Boards.
346 number of model branches of public sector banks are identified. They are provided margin money in advance on quarterly basis.

- Training to all KVIC/KVIB's field offices' staff is providing to acquaint them with the implementation of programme.

- Extensive publicity programme was made through workshops, awareness camps, exhibitions etc.

4. Jawahar Rozgar Yojana (JRY)

**Introduction**

By merging the two erstwhile wage employment programme-National Rural Employment programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP), the Jawahar Rozgar Yojana (JRY) was started with effect from April 1, 1989 on 80:20 cost sharing basis between the Centre and the States. The main object was additional gainful employment for the unemployed and under-employed persons in rural areas. The other object was the creation of sustained employment by strengthening rural economic infrastructure and assets in favour of rural poor for their direct and continuing benefits. Though the people below poverty line were the target group for employment, preference was to be given to Scheduled Castes, Scheduled Tribes and freed bonded labourers. Thirty percent of employment opportunities were to be reserved for women in rural areas. Gram Panchayats were to be involved in the planning and implementation of the programme. This yojana has been restructured as Jawahar Gram Samridhi Yojana (JGSY) w.e.f. 1999.

At the instance of Planning Commission, the Programme Evaluation Organisation (PEO) undertook a quick study of JRY with a
view to assess the extent to which the Yojana helped in providing employment to the target group; to analyse the type of assets created under the yojana including their quality and usefulness; to comprehend the arrangements for the maintenance of assets created; and to study the problems encountered in the implementation of the Yojana.

**Criteria for Sample Selection**

Though JRY being implemented in all States/Union Territories, a closer analysis of data revealed that it covered a little over 90 percent of the rural poor (population below poverty line) and 80 percent of the total rural population lived in 10 States. These were: Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. In these States, rural population living below poverty line ranged from 26 per cent in Rajasthan to 48 per cent in Orissa. It was, therefore, decided to take up the study in these 10 States.

From each of these ten selected States, two districts-one identified as 'best performing' and the second as 'least performing' with reference to the percentage utilisation of available funds under the JRY during 1990-91 were selected. Similarly, from each of the selected districts, two Gram Panchayats - one 'best performing' and the other 'least performing' were selected. From each selected Gram Panachayat, 15 beneficiaries who worked under JRY and received, wages were selected at random from the muster rolls maintained by the Gram Panchayats. On the basis of the above sampling design, 10 States, 20 districts, 40 Gram Panchayats and 600 beneficiaries were selected for the study.
Main Findings

1. The percentage achievement in terms of mandays of employment generated was more than the percentage utilisation of total funds available during the years 1989-90 and 1990-91 at all levels.

2. The proportion of mandays of employment for Scheduled Castes and Scheduled Tribes to the total mandays of employment generated was more than 50 percent. But the women's share remained at 22 to 25 percent at the district level. However, at the selected Gram Panchayat level, it was 15 to 18 percent, only.

3. Based on the data collected, it is observed that 35.9 percent of the total population in all the selected Gram Panchayats was available for employment. Of these, 14.8 percent and 14.3 percent were actually employed during 1989-90 and 1990-91 respectively. The Yojana had provided negligible employment during the first half of the year and the major work was left to be done during the second half.

4. Of the total women available for employment, women employed under the Yojana declined from 7 per cent in 1989-90 to 4 per cent in 1990-91.

5. It has been noted that of 40 selected Gram Panchayats, 2 in 1989-90 and 6 in 1990-91 did not utilise the funds at all. In the first half of 1991-92, 19 Gram Panchayats did not report any utilisation of funds.

6. The Gram Panchayats which had utilised the funds, could provide employment to a person, for an average number of 11.44 and 15.68 days during 1989-90 and 1990-91, respectively. This shows that the Yojana did not provide employment to the extent expected.
7. It has been revealed that the illustrative list of works, as per the JRY Manual has become exhaustive at the operational level.

8. It was observed that the quality of assets created was not upto the mark in 56 per cent of the Gram Panchayats. Eight-nine per cent of the selected assets created were useful. It was observed that no adequate attention was given to the maintenance of assets.

9. At the Gram Panchayat level, it was felt that wage - material ratio was not workable. The Panchayat Secretary was over worked and the plan of action instead of being prepared by Gram Panchayat, was being prepared by the block agency thereby ignoring the felt needs of the area. In respect of technical problems at the Gram Panchayat level, it was reported that technical guidance was not available, measurement of works was delayed, and operational area of the junior engineer was too big. Following pictures shows the beneficiaries working on a field under JRY:
Major Suggestions

1. The number of persons available for employment and who actually got employed under JRY was not maintained at any level. It is, therefore, suggested such information may be maintained in the interest of proper planning and execution of the Yojana.

2. As Gram Panchayats are mainly responsible for the planning and execution of the Yojana, it is suggested that the Gram Panachayat elections may be held regularly and in time.

3. As the illustrative list of works given in the JRY Manual, issued by the Ministry of Rural Development, has become the exhaustive list at the operational level, it is, therefore, suggested that the assets as per the felt need of the area may be taken up and illustrative list should serve only as a guideline.

4. As the quality of maintenance of assets in most of the cases was found to be either average or poor, it is suggested that the Gram Panchayats may be involved so as to ensure regular and good quality maintenance of the assets. A regular supervision and monitoring of the maintenance of assets should be ensured at higher level.

5. Training of Pradhans of the Gram Panchayats and proper awareness of the Yojana may be ensured by implementing agencies at the State and District levels. Involvement of contractors may be discouraged.

6. Last but not the least, it is suggested that the Yojana be implemented on selectivity basis- in the areas of concentration of the poor. This is important particularly at the Gram Panchayat level.
5. Jawahar Gram Samridhi Yojana JGSY)

Jawahar Gram Samridhi Yojana (JGSY) has been launched to ensure the development of rural infrastructure at the village level by restructuring the erstwhile Jawahar Rozgar Yojana (JRY). Jawahar Rozgar Yojana was one of the major wage employment programmes. It also contributed to a great extent in creating durable rural infrastructure, which has a critical importance in the development of village economy thereby improving the standard of living of the rural poor. Both Jawahar Rozgar Yojana and Employment Assurance Scheme resulted in the creation of durable assets in the form of school buildings, roads and other infrastructure.

It was, however, felt that a stage has come when the development of village infrastructure needs to be taken up in a planned manner. Accordingly, the Government restructured the existing wage employment programme namely Jawahar Rozgar Yojana (JRY) and Employment Assurance Scheme (EAS). The new programme- Jawahar Gram Samridhi Yojana (restructured JRY) is dedicated entirely to the development of rural infrastructure at the village level and is being implemented through village panchayats. This programme has come into effect from 1st April 1999.

Objectives of JGSY

The primary objective of JGSY is to create the demand driven community village infrastructure including durable assets at the village level and also the assets to enable the rural poor to increase the opportunities for sustained employment. The secondary objective is to generate the wage employment for the unemployed poor in the rural areas.
Main Features of JGSY

The main emphasis of Jawahar Gram Samridhi Yojana (JGSY) is to create rural infrastructure at the village level.

- Implementation of Jawahar Gram Samridhi Yojana entirely by the Village Panchayats.

Direct release of funds to the Village Panchayats by District Rural Development Agencies (DRDAs)/Zilla Parishads (ZPs).

- A Village Panchayat is the sole authority for preparation of Annual Action Plan and its implementation with the approval of Gram Sabha.

Empowerment to the Gram Sabha for approval of schemes/works.

- Village Panchayats can execute works/schemes up to Rs.50,000/- without technical/ administrative approval. However, Gram Sabha's approval is must.

22.5% of JGSY funds have been earmarked for individual beneficiary schemes for SCs/ STs.

- 3 per cent of annual allocation would be utilized for creation of barrier free infrastructure for the disabled.

Wage under JGSY will either be the minimum wage notified by the State or higher wage fixed by State through the prescribed procedure.

- The Panchayats can suitably relax 60:40 wage-material ratio for building up demand driven rural infrastructure.

15 per cent of funds can be spent on the maintenance of assets.

- Social Audit by the Gram Sabha.
Village level Monitoring & Vigilance Committee to oversee and supervise the works/schemes undertaken.

- DRDA/ZP will be responsible for overall guidance, coordination, supervision, monitoring and periodical reporting.

**Works to be Taken Up**

All works that result in the creation of durable productive community assets can be taken up by the village panchayat under the programme as per the felt need of the area/people.

While creating rural infrastructure, the wage-material ratio of 60:40 prescribed under JRY may suitably be relaxed so as to enable the build-up of demand driven rural infrastructure. Care should, however, be taken to ensure that purely material oriented works are not taken up and simultaneous efforts should be made to take up the labour intensive works with sustainable low-cost technology.

**Following Works should be given Priority:**

- Infrastructure for SCs/STs habitations.
- Infrastructure support for SGSY.
  - Community infrastructure for education and health.
- Other social, economic and physical infrastructure.

**The Following Works will not be allowed to be Taken Up:**

- Building for religious purposes such as temple, mosque, gurudwara, church etc.
- Monuments, memorials, statue, idols, arch gate, welcome gate.
- Bridges.
- Building-for higher secondary schools.
- Building for colleges.
- Desiltation of tanks.
Black topping of roads.

Earmarking of Resources

There is no sectoral earmarking of resources under JGSY, except the following:

(a) 22.5% of annual allocation must be spent on individual beneficiary scheme for SCs/STs as per JGSY Guidelines. Diversion of funds meant for SCs/STs to other works is not permitted.

(b) 3% of annual allocation should be utilized for the creation of barrier free infrastructure for the disabled. In case, funds are not utilized under this head, the village panchayats may utilize the funds for other works under JGSY.

(c) The State Governments are provided an amount of Rs.10.00 lakh each or 1% of the annual allocation, whichever is less, to meet the training expenses of officials/non-officials (elected Panchayat functionaries) involved in the implementation of JGSY provided that at least 75% of this amount must be spent on the training of non-officials (Panchayat functionaries).

6. Integrated Rural Development Programme (IRDP)

Introduction

- This programme was launched in 1978-79 and extended all over the country in 1980-81.

- The Integrated Rural Development Programme (IRDP) aims at providing self-employment to the rural poor through the acquisition of productive assets or appropriate skills that would generate additional income on a sustained basis to enable them
to cross the poverty line. Assistance is provided in the form of subsidy and bank credit.

The target group consists largely of the small and marginal farmers, agricultural labourers and rural artisans living below the poverty line. The pattern of subsidy is 25 per cent for small farmers, 33-1/3 per cent for marginal farmers, agricultural labourers and rural artisans and 50 per cent for Scheduled Caste/Scheduled Tribe families and physically handicapped persons.

- The ceiling for subsidy is Rs.6,000/- for Scheduled Caste/Scheduled Tribe families and the physically handicapped; for others, it is Rs.4,000/- in non-DPAP/non-DDP areas and Rs.5,000/- in DPAP and DDP areas. Within the target group, there is an assured coverage of 50 per cent for Scheduled Castes/Scheduled Tribes, 40 per cent for women and 3 per cent for physically handicapped. Priority in assistance is also given to the families belonging to the assignees of ceiling surplus land, green card holders covered under the Family Welfare Programme and freed bonded labourers.

**Allocation of Funds under IRDP**

IRDP is a Centrally Sponsored Scheme that is in operation in all the blocks of the country since 1980. Under this scheme, Central funds are allocated to States on the basis of proportion of rural poor in a State to the total rural poor in the country.

- The IRDP has been successful in providing incremental income to the poor families, but in most of the cases, the incremental income has not been adequate to enable the beneficiaries to cross the line
on a sustained basis mainly because of a low per family investment.

The major constraint in the implementation of IRDP has been sub-critical investments that have adversely affected the Incremental Capital-Output Ratio (ICOR) levels and thereby undermined the viability of projects. Though the average per family investment has been rising steadily in monetary terms, but in real terms, the increase has been inadequate and in some cases, sub-critical due to the inflationary trends and increase in the cost of assets.

- At the instance of the Ministry of Rural Development (now renamed as the Ministry of Rural Areas & Employment), the Reserve Bank of India appointed a High Powered Committee in 1993 under the Chairmanship of Dr. D.R. Mehta, Deputy Governor of Reserve Bank of India to make an in-depth study of the IRDP and recommend suitable measures for its improvement. The Committee was asked to review, among other factors, the process of selection of appropriate income generating assets, credit structure, recovery of loans and procedural matters in respect of obtaining loans, and also the efficacy of existing administrative structures of the District Rural Development Agencies (DRDAs).

In consonance with the recommendations of the High Powered Committee, the initiatives taken by Government under IRDP included:

(a) Targeting the segment of literate unemployed youth below the poverty line for IRDP activities by giving them subsidy upto Rs.7500 or 50 per cent of the project cost (whichever is lower).
(b) Promotion of group activities through the enhancement of ceiling on subsidy to Rs.1.25 lakh or 50 per cent of the project cost (whichever is lower) for all group ventures involving at least 5 members

(c) Back-ending of subsidy to prevent leakages in subsidy administration.

(d) Shifting the emphasis to financial targets and qualitative parameters from physical coverage of families, and

(e) Enhancing the limit of allocation to programme infrastructure from 10 percent to 20 percent in all the States and 25 per cent in the North Eastern States.

Among the other steps taken to enhance the efficacy of the programme are: abolition of the cut off line to enable all families below the poverty line to be assisted under the programme, targeting the investment per family at progressively higher levels each year, extension of the family credit plan to 213 districts of the country, enhancing the ceiling limit of collateral free loans to a uniform limit of Rs.50,000 with a view to easing the constraints faced by poor beneficiaries while taking loans from the banks, extension of the cash disbursement scheme to 50 percent blocks in the country, decentralisation of the sanctioning powers for infrastructural projects below Rs.25 lakh and entrusting the banks with the task of identification of beneficiaries in about 50 districts on a pilot basis.

In pursuance of the High Powered Committee's recommendation, for the first time in 1995-96, credit targets were fixed. There has been a continuous increase in the volume of credit mobilised by
banks. However, there are genuine reasons for the inability of banks to meet credit requirements of IRDP beneficiaries in full. These include: poor recovery of IRDP loans, lack of adequate rural banking infrastructure in certain areas and the weak financial performance of Regional Rural Banks and Cooperative banks.

- Inadequate development of infrastructure and Insufficient forward and backward linkages and market facilities has been an area of concern under the IRDP. In an attempt to fill up the critical infrastructural gaps and strengthening the linkages and marketing facilities, the allocation under IRDP towards the development of infrastructure was increased from 10 percent to 20 percent in all the States and to 25 percent in the North Eastern States. However, despite this enhanced provision and relaxation in sanctioning norms, the actual expenditure on infrastructural development was a mere 5 percent to 7 percent of total allocation under the programme at all-India level. There is, therefore, a critical need to prepare a perspective infrastructural plan at the district and block level and to ensure that the earmarked for infrastructural development under IRDP are closely monitored and not diverted elsewhere.

**New Initiatives under IRDP:**

IRDP will be a holistic programme covering all aspects of self-employment, namely, the organisation of beneficiaries and their capacity building, planning of activity clusters, infrastructure, technology, credit and marketing.

- The existing sub-schemes of TRYSEM, DWCRA, SITRA and GKY to be merged into IRDP.

- Progressive shift from the individual beneficiary approach to the
group and/or cluster approach.

To facilitate group approach, SHGs will be formed and steps will be taken to nurture them.

- For cluster approach, each district will identify 4 to 5 activity clusters in each block based on local resources and occupational skills of the people. The infrastructure needs for identified activities will be met in full.

  Banks will be closely involved in the planning and preparation of projects, identification of activity clusters, infrastructural planning as well as capacity building and choice of activities of SHGs.

- Promotion of multiple credits rather than one time credit injection.

Following pictures show the women of two different Self Help Groups (SHGs) working on their activities:

![A Self Help Group engaged in income generating activity](image1)

![A Self Help Group engaged in income generating activity](image2)

**Project for Linking Banks with Self-Help Groups:**

NABARD initiated a Pilot project to link Banks with Self-Help Groups (SHGs), with the objective of meeting the credit needs of the poor through formal financial institutions.

- Evaluation studies show success with increase in loan volume to SHGs, shift to income generating activities, nearly 100 percent recovery and reduction in transaction costs.
85% of the groups linked with banks were exclusively of women.

- Scheme is being expanded, and will be replicated all over the country.

Furthermore there would be a strategic shift from an individual beneficiary approach to a group and/or cluster approach:

(a) To facilitate this process, Self Help Groups (SHGs) will be formed under IRDP and steps will be taken to nurture these groups to enable them to function effectively. Efforts would be made to involve women members in each SHG. Besides, formation of exclusive women groups will also continue as at present under DWCRA.

(b) Alternatively, a cluster approach would be preferred wherein a few specified activities are identified for assistance in an area. This would necessitate the formulation of a menu of "activity-based" project profiles in different sectors to suit the local resource endowment and the occupational skills of the local people. Accordingly, each DRDA would set up four to five activity clusters. Appropriate infrastructure and technology inputs would be built into the project.

(c) The Family Credit Plan would be extended to all the districts of the country in a phased manner. The feedback from the States suggests that this strategy has met with reasonable success and has raised investment levels.

- Investment is the most crucial variable in determining the incremental income generated under IRDP. Credit flows and the average level of investment per family would aim at achieving enhanced levels of investment in the range of Rs.25,000 to
Rs.50,000 depending on the estimate of the poverty line and the poverty gap. These higher levels of investment will give the beneficiary the necessary financial support for diversifying into high-value-addition sectors and non-traditional activities that have a market potential.

In this effort, financial institutions would have to play a more significant and dynamic role by enhancing credit flows and tendering constructive assistance to the beneficiary making their investments viable under this programme. Adoption of simplified procedures by financial institutions would facilitate the BPL families in accessing groups' loans under IRDP.

- At present, there is a complex gamut of ceiling limits on subsidy. The ceiling limit on subsidy would be fixed at 30% of the project cost subject to a maximum of Rs.7,500. However, in the case of SC/ST it would be fixed at 50% of the project cost subject to a ceiling of Rs.10,000. Therefore, for the purpose of administrative expediency, the area specific differential in subsidy administration would no longer exist. For group activities, however, the subsidy would continue to be Rs.1.25 lakh or 50 per cent of the project cost, whichever is lower.

The emphasis, therefore, would be on establishing a continuous line of credit for the beneficiary, wherein it would be possible for the borrower to the obtain need-based additional credit for working capital purposes, meeting unforeseen expenditure related to proper maintenance of assets etc.

- Experience has shown that the IRDP has been relatively more successful in land-based activities. In recognition of this fact, purchase of land was made a permissible activity under the
programme. For land-based activities, besides providing assistance for the purchase of inputs to enhance the productivity of land, there exists a potential for diversifying into other allied activities which have a high value-addition, such as sericulture, aqua-culture, horticulture and floriculture, on the existing lands of the small and marginal farmers. In addition to these activities, SHGs would be given 'pattas' for development of wastelands, social forestry, soil conservation and watershed projects.

Non-farm sector in the rural areas has witnessed both growth and diversification in the past few years. Around 50 percent of the IRDP investments are now made in the secondary and tertiary sectors, based on local resources and local requirements. These include processing industries, handlooms and handicrafts. Again, in most villages, there is scope for tailoring and ready-made garments, chemist shops, woodcraft, country tiles, general store etc. In addition, in the villages of a reasonable size, other business/service ventures like flour milling, motor rewinding, cycle repair etc. could also be promoted under IRDP.

○ Greater emphasis should be placed on developing rural industries that would catalyze the overall development of that area.

The artisans in the rural areas, despite their rich heritage and skills, largely belong to the poverty group. The scheme for Supply of improved toolkits to rural artisans is directed to this particular target group.

○ To enable the rural artisans to take the advantage of new opportunities thrown up by the market, it is also necessary to support them with appropriate product designs and training,
improved technology on one hand and professional management and marketing support on the other.

The Department of Science and Technology, National Small Industries Corporation, Small Industries Services Institutes and the IITs would interact with the State Governments for development of appropriate technology and improved toolkits for various artisan groups.

- States would be required to conduct a district-wise survey of the total number of rural poor artisans, the number of such artisans provided with improved toolkits and the balance number to be covered.

  Availability of infrastructural facilities is an essential pre-requisite for the success of IRDP activities. Substantial investment in programme infrastructure would be ensured, through a larger apportionment of funds, in consonance with the enhanced provision of 20 per cent for IRDP infrastructure.

- Workshops would also be set up in tribal areas so that the tribal themselves could undertake the process of initial value-addition to minor forest produce. Funding for infrastructure would also include the setting up or upgradation of technology resource centres.

- There are certain areas in the country that have a very poor banking infrastructure. The areas of Northeast and some parts of Jammu & Kashmir fall under this category. Attention would be given to evolving innovative strategies and programmes to take care of the unbanked areas.
While diversifying the rural economies in high-productivity sectors, provision of adequate training facilities and upgradation of skills would be given priority.

- To strengthen the contents and design of the training curriculum, the training institutes would have to constantly upgrade their syllabi in tune with the rapid changes in the job market. A basic foundation course would be a critical ingredient of the training curriculum which would make the trainees aware of simple accounting procedures, bookkeeping techniques and procedures in financial management, information on how to approach the banks and other financial institutions for loans, where to access the latest technology, etc.

The quality of training would be improved. Inadequacy of proper infrastructural support has posed as a bottleneck in this effort. While the emphasis would continue to be on imparting training through the established and recognised training institutes like ITIs, Community Polytechnics, Krishi Vigyan Kendras, etc., the training infrastructure in these professionalised training institutes would be suitably strengthened. Special thrust will be given to the creation of training opportunities for women via strengthening of women ITIs, womens wings in general ITIs and women polytechnics.

- With a view to ensuring that the benefits under the programme reach the more vulnerable sections of society, the Plan would continue with the assured coverage of at least 60 per cent for Scheduled Caste and Scheduled Tribe families, 40 per cent for women and 3 per cent for the physically handicapped.

- Experience in the implementation of IRDP suggests that programmes focussed on women, or in which women have played a
dominant role, have performed better. The DWCRA programme has been an excellent vehicle for extending IRDP credit support for women beneficiaries in some States. The group strategy would, thereby, become the main plank for achieving the stipulated reservation for women over the next few years.

A voluntary organisation or a technology group could lend support to group activities by ensuring training, technological upgradation and convergence of various schemes. In addition, the DRDAs and PRIs would provide support for capacity building and provide access to credit, technology and markets to SHGs. A cadre of para professionals from within the community would be created to enhance the capability of the SHGs and help the community to access the facilities and services meant for them.

- The organisational structure (staffing pattern) of the DRDAs would be suitably revamped and strengthened with the induction of professional cadres and technical experts. The expertise would have to be developed in the fields of credit technology upgradation, activity-specific training and infrastructural development.

- The DRDA's agenda for operation would not be limited only to the achievement of physical targets, but also to ensure the quality of the programme and realisation of intended benefits for the targeted poor beneficiaries.

7. Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

Government of India launched a rationalised poverty alleviation scheme Swarna Jayanti Shahari Rozgar Yojana replacing three existing schemes, viz.

(i) Nehru Rozgar Yojana (NRY),
(ii) Urban Basic Services for the Poor (UBSP), and

(iii) Prime Minister's Integrated Urban Poverty Eradication Programme (PMI UPEP)

(1) The Scheme

The scheme contains all essential features of the three schemes and is operative since 1st December, 1997 in all urban towns in India.

- SJSRY seeks to provide gainful employment to the urban poor (living below the urban poverty line) unemployed or under-employed, through setting up of self-employment ventures or provision of wage employment. Inputs under the scheme would be delivered both through the medium of community structures to be set up on UBSP pattern and Urban Local Bodies (ULBs). The scheme is to be funded on a 75:25 basis between the Centre and the States.

Swarna Jayanti Shahari Rozgar Yojana consists of Two Special Schemes, namely

(a) The Urban Self-Employment Programme (USEP)

(b) The Urban Wage Employment Programme (UWEP)

- Among other components of the scheme, the following are the two components of Urban Self-Employment Programme (USEP) where credit from banks is involved:

(a) **Urban Self Employment Programme (USEP)- Assistance to Individual Urban Poor Beneficiaries for setting up Gainful Self-Employment Ventures.**

   (i) **Identification:** A house-to-house survey for the identification of genuine beneficiaries should be done. Non-economic parameters also should be applied to identify the
urban poor in addition to the economic criteria of the urban poverty line. Community structures like Community Development Societies (CDS) should be involved in this task under the guidance of the Town Urban Poverty Eradication Cell (TUPEC)/Urban Local Bodies (ULBs).

(ii) **Eligibility:** Under-employed and unemployed urban youth whose annual family income is below the poverty line and who have got education up to ninth standard, shall be assisted with bank's loan and Government subsidy.

(iii) **Minimum/Maximum Age Limit:** No age limit is prescribed.

(iv) **Definition of Family:** Identification of the family will be done on the basis of independent kitchen.

(v) **Coverage:** SJSRY would be implemented in all areas falling under the jurisdiction of Urban Local Bodies of any category, irrespective of population size.

(vi) **Project Cost:** Project cost up to Rs.50,000/- is provided under the scheme in case of individual. If two or more eligible persons join together in a partnership, the project with higher costs would also be covered provided the share of each person in the project cost is Rs.50,000/- or less.

(vii) **Subsidy:** Subsidy would be provided at the rate of 15% of the project cost, subject to a ceiling of Rs.7,500/- per beneficiary (for individual USEP). In case of more than one beneficiary join together and set a project under partnership, subsidy would be calculated for each partner separately at the rate of 15% of his share in the project cost, limited to Rs.7,500/- per partner.

(viii) **Margin Money:** The borrower has to bring in 5 per cent of the project cost as margin money. Partnership would be
permitted wherein the overall project cost will be a simple sum of individual project cost allowable per borrower. Such project would be eligible for subsidy equal to the total permitted subsidy per person and each member would have to bring in 5 percent of his share of project cost as margin money.

(ix) **Repayment:** Repayment schedule ranges from 3 to 7 years, after initial moratorium of 6 to 18 months, as decided by the bank.

(x) **Physical Targets:** Physical targets under the USEP of SJSRY will be decided by the State Governments in conformity with the guidelines of the scheme as also the result of beneficiary survey to ensure adequate flexibility of operation of the scheme.

(b) **Development of Women and Children in Urban Areas (DWCUA)**

(i) **Activities:** The programme envisages special incentive to urban poor women who decide to set up self-employment ventures in a group. Such groups may take up any economic activity suited to their skill, training, aptitude and local conditions.

(ii) **Size of the Group:** DWCUA group shall consist of at least 10 urban poor women and will be entitled to a subsidy of Rs. 1,25,000/- or 50 percent of the cost of project, whichever is less. Best efforts should be made to encourage the group to set itself up as a credit society.
(iii) **Loan Component if the Project Cost is up to Rs.2,50,000:**

The loan component would be equal to the project cost less 50% subsidy and less margin money (5% of the project cost).

(iv) **Loan Component if the Project Cost exceeds Rs.2,50,000:**

No maximum ceiling is prescribed for the project cost. In cases where the project cost exceeds Rs.2,50,000/- for the DWCUA Group, the loan component would be equal to the project cost less subsidy (Rs.1,25,000) and margin money (at the rate of 5% of the project cost), would be the component of bank loan.

(v) **Margin Money:** 5 percent of the project cost will be contributed as margin money by the group as a whole.

(vi) **Repayment of Loan:** Same as under the USEP for individual self-employment.

(vii) **Income Criteria:** Each member of the Group should fulfil the urban poverty norms as per official methodology as decided by the Planning Commission. The beneficiaries under SJSRY will be identified on the basis of monthly per capita income and not on the basis of annual family income.

(2) **Instructions and Guidelines**

**Sub-targets:** The percentage of women beneficiaries under the SJSRY Scheme shall not be less than 30 percent. SCs/STs must be benefited to the extent of the proportion of their strength in the local population. A special provision of 3 percent shall be made for the disabled under the scheme.

○ **Priority Sector Status:** Loans granted under the scheme should be treated as the advances under priority sector and accordingly the
loan applications should be disposed of expeditiously within the time schedule prescribed in this regard i.e., applications for loans upto Rs.25,000/- within a fortnight and those for credit limits above Rs.25,000/- within 8 to 9 weeks.

**No Dues Certificate:** The loan application may contain a clause for eliciting particulars about any loan taken by the applicant from any banking / financial institution of the State/Central Government, repayment particulars and the balance outstanding if such a facility is availed of. All the particulars furnished by an applicant in his application should be certified by him. Based on the information furnished by an applicant, the bank may consider dispensing with production of 'No Due Certificate' as a compulsory requirement, if satisfied about the status of the borrower, so that the delay in sanction and disbursement of loan could be avoided. In case the bank decides to verify the status of the loan account of the borrower with other banks in the area, it should send specific communication in duplicate and requesting the other banks to send back the duplicate copy duly certified. The banks receiving the reference for verification should furnish the same or provide details of its dues within a maximum period of 10 days. If no response is received within 15 days of request of verification from any bank, it may be presumed that the referred bank has no dues.

- **Rejection of Applications:** Branch Manager may reject applications (except in respect of SC/ST) and such cases of rejection are to be verified subsequently by the Divisional / Regional Manager. In case of proposals from SCs/STs, rejection should be at a level higher than that of a branch manager. Further, rejection of applications should not be on flimsy grounds.
Security: An entrepreneur eligible for assistance under the self-employment scheme, can take a composite loan upto Rs. 50,000/- and group loans upto Rs.3.00 lakhs which would not require a collateral security or guarantee. Besides margin, as also the subsidy by the Government, the borrower would hypothecate/mortgage/pledge to the bank the assets created out of the bank loan.

○ Training: The entrepreneurs selected under the scheme would be provided training and other entrepreneurial development assistance by Government. Training is a compulsory input before the disbursement of loan under scheme. This requirement may be waived if a borrower has already received the training from a registered NGO/VO or has learnt the activity such as cobblerly, carpentry etc., or learnt the trade as an apprentice from private/public registered body and requisite certificate to that effect is produced. However, training may not be insisted upon as a pre-condition for loan in respect of the activities not requiring special skill.

Rate of Interest: Loans under the scheme will carry interest as per the directives on interest rates issued by Reserve Bank of India from time to time.

○ Defaulter: A defaulter to a bank/financial institution will not be eligible for assistance under the scheme.

(3) Administration of Subsidy

○ Subsidy under USEP/DWCUA component of SJSRY is to be treated as back-ended subsidy with lock-in-period of two years. The subsidy amount may be utilized / adjusted towards the repayment of loan at the time of maturity. The subsidy admissible
to the borrower should be kept in 'Subsidy Reserve Fund Account'. Further, it has been decided that no interest will be paid on the subsidy amount held by banks and for the purpose of charging interest on loan, the amount of subsidy would be excluded.

While arriving at the project cost (including subsidy amount disbursed to the beneficiary), bank should make clear distinction between the loan and subsidy component and the interest may be charged on loan component. If subsidy is not given (where beneficiaries are not eligible for assistance under the scheme), bank would be liable to return the subsidy amount to the Government of India.

- As regards the treatment to be given to the subsidy portion, held back-ended, when the loan under SJSRY becomes bad / doubtful / long overdue for repayment, it is clarified that the amount of subsidy may be adjusted against defaulted loan only at the end of the transaction at the time of closure of loan provided that:
  
  (i) The loan becomes bad and doubtful of recovery in the circumstances beyond the control of bank,
  
  (ii) Appraisal procedure for the sanction and disbursement of loan, post-disbursement supervision, etc. are carried out in accordance with the instructions issued by head/controlling Office, and
  
  (iii) The loan is not misutilised. In case of misutilisation of loan, the subsidy is required to be refunded/ not to be claimed by banks.

- The balance lying to the credit of Subsidy Reserve Fund Account will not form part of DTL for the purpose of CRR/SLR.
(4) Monitoring and Review

The scheme will be monitored by the District Level Consultative Committee and the State Level Bankers' Committee at their periodical meetings.

- **Community Based Organisations to be set up Under the SJSRY**

The community based organisations include Neighbourhood Groups (NHGs); Neighbourhood Committees (NHCs) and Community Development Society (CDS).

1. **Neighbourhood Group (NHGs)**

This is an informal association of women living in a mohalla or basti or neighborhood. This is a group of manageable size (preferably from 10 to 40 to represent urban poor or slum families). Geographic contiguity and homogeneity should be the basis to carve out the boundaries of the NHGs. At least one woman resident among them who is willing to serve as a volunteer, should be selected as a Resident Community Volunteer (RCV) through community consensus or election or any other democratic process. There should be a change or rotation (if the need be) of such volunteers at periodic intervals. The responsibilities of RCVs include:

   (i) to serve as a channel of information and communication among the families in cluster;

   (ii) to represent the views of the group in the neighborhood committees and community development societies and other forums;

   (iii) to support the planning, implementation and monitoring of activities at the neighborhood level;
(iv) to foster and encourage the participation in community improvement and

(v) to motivate the community for being the members of thrift and credit society and to contribute to community development fund.

2. Neighbourhood Committees (NHCs)

A Neighbourhood Committee (NHC) is a more formal association of women from the above neighbourhood groups located in close proximity and as far as feasible within the same electoral ward. The Committee should consist of all the RCVs from neighbourhood groups as executives (with voting right) of NHC. There can also be a provision for honorary membership without a voting right for Community Organizers (COs), representatives from other sectoral programmes in the community, supervisor, school teacher, etc. The Convener / President of the NHC will be selected / elected by the executive members of the NHC. The convener will ensure that the meetings are convened on regular basis. The NHC would be responsible.

(i) to identify local problems and priorities;

(ii) to ensure the groups involvement in meeting community needs and goals (mini-plans);

(iii) to support local action with the partnership of responsible agencies including community contracts;

(iv) to provide feedback to agencies of programme effectiveness and out-reach especially for children and women;

(v) to develop community capacity through training in association with COs, NGOs and other sectoral departments;
(vi) to develop community based thrift and credit system as well as neighborhood development fund; and

(vii) to facilitate the recovery of loans from beneficiaries in time.

The NHC may be registered under the Societies Registration Act or other appropriate Act, if so desired. If registered, these NHCs may also apply for grants-in-aid under various schemes.

3. Community Development Society (CDS)

The CDS is a formal association of all the neighborhood development committees at the town level, based on common goals and objectives. The CDS may consist of elected/selected representatives of NHCs as executive members (with voting right); and other members with honorary membership (with no voting right) which may include community organiser representatives of NGOs, sectoral department, leading citizen, elected representatives of the area and other resource persons. The Community Development Society (CDS) should be registered under the Societies Registration Act or other appropriate Act to provide access to grants-in-aid under various schemes and for a wider Financial and credit base. The CDS would be responsible:

(i) to represent the need of all communities, especially women and children;

(ii) to keep in touch with other agencies and departments to promote the action in community towards fulfillment of their needs.

(iii) to identify the needs of specific training and to arrange for the same;
(iv) to facilitate community surveys to be carried out to identify the genuine beneficiaries for economic and shelter benefits;

(v) to prepare community plans and proposals, mobilizing resources from the community, town or other sectoral departments;

(vi) to extend help to Bank in coordination with UPE Cell, for ensuring repayment of loans by the beneficiaries in time; and

(vii) to create small community assets in low income areas in consultation with town UPE Cell and Urban Local Body (ULB).
Operational Details in Regard To
"Training and Infrastructural Support under USEP"

1. Norms For A Training Course:
   (i) Average size of Training Class .........................= 25 Trainees
   (ii) Duration per Training Course .........................= 300 Hours*
   (Minimum)
   (iii) Average expenditure on training, including material cost, trainer's fees, other miscellaneous expenses to be incurred by training institution as well as monthly stipend to trainee. = Rs.2000/-**

2. Support To Training Institution:
   Any training institution, including private institutions, can seek training support for undertaking training programmes for the beneficiaries in relation to equipments/training aids or construction of workshops, by submitting a proposal to the DUDA through the ULB concerned. The DUDA can allocate upto 15% of the funds earmarked for training and infrastructure support to the training institutions.

3. Infrastructural Support To Micro Enterprises In Relation:
   The DUDA, in consultation with the ULB concerned, can approve projects for this support. The total expenditure. On the marketing of products should not exceed 15% of funds earmarked for training and infrastructure support. The DUDA, in consultation with ULB concerned, will decide the infrastructural facilities to be created for the marketing of products of micro enterprises getting support under this programme, if required. Any unspent amount should be utilized for imparting, training.

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* Total training days for a skill up gradation training may vary from a minimum of two months to six months, subject to minimum 300 hours training and total expenditure not exceeding Rs.2000/- per trainee.

** Monthly expenditure on training per trainee, including material cost, trainer's fees, other miscellaneous expenses to be incurred by training institution, as well as monthly stipend to trainee, may vary depending upon the trade and duration of training, subject to the minimum stipend of Rs.100/- per month and Rs.230/- per month as training cost respectively.
8. Sampoorna Grameen Rozgar Yojana (SGRY)

There were two major Programmes of this Ministry for Wage-Employment Generation in the rural areas: Employment Assurance Scheme (EAS) and Jawahar Gram Samriddhi Yojana (JGSY). The EAS was basically meant for the creation of additional employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line and the JGSY aimed at the creation of need based rural infrastructure at the village level. These programmes contributed to a great extent in alleviating rural poverty and in improving quality of rural life.

The need was felt that different programmes for wage-employment in the rural areas be merged and one ambitious programme be introduced which would take care of food security, additional wage-employment and village infrastructure at the same time. With this noble idea, a new wage-employment programme namely the Sampoorna Grameen Rozgar Yojana (SGRY) was announced by the Hon’ble Prime Minister on 15th August, 2001. The new programme was launched on 25th September, 2001.

Objectives

The objectives of the Programme are to provide additional wage employment in the rural areas alongwith the creation of durable community, social and economic infrastructure in rural areas. The programme is self-targetting in nature with special emphasis providing wage employment to women, scheduled castes, scheduled tribes and parents of the children withdrawn from hazardous occupations.
Strategy

The programme is being implemented in two streams:-

(i) The First Stream of the Programme is being implemented at the District and intermediate level Panchayats. 50% of the funds are earmarked out of the total funds available under the SGRY and distributed between the Zilla Parsihad and the intermediate level Panchayats or Panchayat Samitis in the ratio of 40:60.

(ii) The Second Stream of the Programme is being implemented at the village Panchayat level, 50% of the SGRY funds are earmarked for this stream. The entire funds are released to the village Panchayats through the DRDAs/Zilla Parishads.

Salient Features of SGRY

The objective of Sampoorna Grameen Rozgar Yojana is to ensure the food security, gainful employment and also to strengthen the rural infrastructure. The salient features of SGRY are:

The Sampoorna Grameen Rozgar Yojana (SGRY), a Centrally Sponsored Scheme (CSS), is being implemented with the total outlay of Rs. 10,000 crores.

- Under the Scheme, 50 lakh tonnes of foodgrains amounting to about Rs. 5,000 crore (at economic cost) is being provided every year, free of cost, to the State Governments and Union Territory Administrations.

- Rs. 5,000 crore has been kept to meet the cash component of wage and material cost.
The cost of the cash component of the programme is shared by the Centre and State in the ratio of 75:25.

- The payment of foodgrains is to be made by the Ministry of Rural Development to the Food Corporation of India (FCI) directly.

About 100 crore mandays of employment are envisaged to be generated every year in the rural areas through the SGRY.

- Every worker under the SGRY, will be provided minimum 5 kgs. of foodgrains per manday as part of wages.

The balance of wages will be paid in cash so that they are assured of the notified minimum wages.

- The State Governments and UT Administrations will be free to calculate the cost of foodgrains (paid as a part of wage) at either BPL rates or APL rates or anywhere between the two.

- Panchayati Raj Institutions (PRIs) can take up works as per the felt need of particular areas.

**Special Component of SGRY**

There is a provision of special component under the SGRY for augmenting food security through additional wage employment in the calamity affected rural areas. The main features of the Special Component are as under:
Special component of the SGRY is in operation w.e.f., 1st April, 2002.

- 10% of the foodgrains allocated under the SGRY earmarked for the Special Component, which is about 5 lakh tonnes of foodgrains.

Special component of the SGRY is demand driven and allocated to particular the States on the basis of the requirement to deal with the calamities such as drought, earthquake, cyclone, flood, etc.

- Under special component, only foodgrains are provided free of cost to the States. Cash component for the scheme is provided by the State Governments either from the State Sector Scheme or Centrally Sponsored Scheme.

**Quality Control of Foodgrains**

The normal procedure by way of joint sampling, as is done for the PDS, will operate. In case of any complaint, the sample from the field will be compared with the sample packet retained at the FCI Depot and action initiated against all responsible in this behalf, if any discrepancy is established.

**Ban on Contractors**

No contractor is permitted to be engaged for the execution of any the work and no middle men/ intermediate agencies employed for executing works under the scheme. Full benefit of wages to be paid should, at all times, reach the workers.

**Annual Action Plan**

The Annual Action Plan (AAP) will independently be prepared every year at all Panchayati Raj Institution levels. Responsibility for the preparation of Annual Action Plan will be that of the Zilla Panchayat for
the works to be taken at the District level while the Panchayat Samitis will be responsible for the preparation and approval of their own Plans. In respect of the works to be taken up at Samiti level. The Gram Panchayats will be responsible for preparation of their own plans, which are to be approved by the Gram Sabha. The Gram Panchayats can take up any work with the approval of the respective Gram Sabhas. No financial limit has been proposed as several States have already delegated powers to the Gram Panchayats and it would be left to the State Government to prescribe the same in the light of prevailing delegation of powers. The works will need to be approved and incorporated in the Annual Action Plan, as approved by the Gram Sabha.

**Monitoring and Evaluation**

Responsibility and accountability of implementation of the programme will be of the States/UTs. The programme is regularly monitored by the Department of Rural Development in accordance with the existing inbuilt mechanism through periodical reports, Vigilance and Monitoring Committees and visits by officers of the State Government and by Area Officers of the Ministry of Rural Development. The Programme will also be evaluated through reputed institutions / independent institutions / organisations also.

**Works to be Taken Up**

The works to be taken up will be labour intensive, leading to the creation of additional wage-employment, durable assets and infrastructure, particularly those which would assist in drought-proofing such as soil and moisture conservation works, watershed development, promotion of traditional water resources, afforestation and construction of village infrastructure, link roads, primary school buildings, dispensaries, veterinary hospitals, marketing infrastructure and Panchayat Ghars.
Works Prohibited

(i) Buildings for religious purposes and the like,
(ii) Monuments, memorials, statues, idols, arch gates/welcome gates and the like,
(iii) Big buildings and bridges.
(iv) Government office buildings and compounds
(v) Buildings for Higher Secondary Schools and Colleges.

Table 4.3: Financial Performance of SGRY
(Rs. Crore)

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<tr>
<th>Year</th>
<th>Stream</th>
<th>OB</th>
<th>Total Release (Centre +State)</th>
<th>Other Receipts</th>
<th>Total Available Funds</th>
<th>Expenditure</th>
<th>% Age Expenditure</th>
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<td>531.50</td>
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<td>37.07</td>
<td>2032.58</td>
<td>1009.77</td>
<td>49.68</td>
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Source: Government of India, Ministry of Rural Development

Table 4.4: Physical Performance of SGRY
(Lakh Mandays)

<table>
<thead>
<tr>
<th>Year</th>
<th>Stream</th>
<th>Scheduled/Caste</th>
<th>Scheduled/ Tribes</th>
<th>Others</th>
<th>Total</th>
<th>Women</th>
<th>Workers Completed (No.)</th>
<th>Works in Progress (No.)</th>
<th>Foodgrains Released (lakh tonnes)</th>
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<tbody>
<tr>
<td>2001-02</td>
<td>1st</td>
<td>822.96</td>
<td>596.24</td>
<td>1175.00</td>
<td>2605.54</td>
<td>750.43</td>
<td>170928</td>
<td>94593</td>
<td>1693</td>
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<tr>
<td></td>
<td>2nd</td>
<td>881.76</td>
<td>589.17</td>
<td>1183.31</td>
<td>2624.24</td>
<td>693.77</td>
<td>936261</td>
<td>284731</td>
<td>17.56</td>
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<tr>
<td>2002-03</td>
<td>1st</td>
<td>533.23</td>
<td>344.38</td>
<td>706.09</td>
<td>1583.70</td>
<td>390.13</td>
<td>115578</td>
<td>143167</td>
<td>1364</td>
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<tr>
<td></td>
<td>2nd</td>
<td>574.01</td>
<td>281.80</td>
<td>691.56</td>
<td>1547.37</td>
<td>369.03</td>
<td>384869</td>
<td>367292</td>
<td>1362</td>
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Source: Government of India, Ministry of Rural Development
9. Swarnjayanti Gram Swarojgar Yojana (SGSY)

Introduction

The Swarnjayanti Gram Swarojgar Yojana (SGSY) is the major on-going programme for the self-employment of rural poor at present. The programme was started on 01.04.1999 after the review and restructuring of 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), Ganga Kalyan Yojana (GKY), and Million Wells Scheme (MWS). The earlier programmes are no more in operation with the launching of this scheme.

Objectives

The basic object 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 government subsidy. The programme aims at establishing a large number of micro enterprises in rural areas based on the ability of the poor and potential of each area.

Salient Features

Swaranjayanti Gram Swarojgar Yojana (SGSY) is a holistic programme for promoting self employment of rural poor.

- It covers all aspects of self employment of rural poor -organisation of rural poor into Self Help Groups (SHGs).
- It focuses on the capacity building of the Groups through financial assistance, training, selection of key activities, infrastructure build up, technology and marketing support.
Self Help Groups (SHGs) to be a national movement - 11.47 lakh
Self Help Groups already formed.

- Involvement of NGOs/CBOs/Animators for social mobilisation,
training and capacity building of Self Help Groups.

- 15% of the Central allocation earmarked for the sanction of projects
for the development of infrastructure and activity cluster.

**Social Mobilisation of the Poor**

A major shift of the SGSY from the erstwhile programmes is in
terms of its emphasis on social mobilisation of the poor. The programme
focuses on the organisation of the poor at grassroot level through a
process of social mobilisation for poverty eradication. Social mobilisation
enables the poor to build their own organisations 'Self-Help Groups'
(SHGs), in which they participate fully and directly and take decisions on
all issues that will enable them to cross the poverty line. An SHG may
consist of 10-20 persons belonging to families below the Poverty Line
and a person should not be a member of more than one group. However,
if necessary, 20% and in exceptional cases upto 50% of the members in a
group may be from APL (marginally above the poverty line and residing
continuously with BPL families) if agreed to by BPL members of the
group. Efforts have to be made to involve the women members in each
SHG. 10% of Self-Help Groups in each block should be exclusively for
women.

Following pictures show the Swarozgaris working on their rozgar under
SGSY:
Activity Clusters - Planning and Selection

The SGSY emphasises on providing assistance to the Swarozgaris for those activities which have been identified and selected as key activities in terms of their economic viability in the area. Each block may select about 10 key activities but focus should be on 4-5 Key activities based on local resources, occupational skills of the people and availability of markets so that the Swarozgaris can draw sustainable income from their investment. The SGSY adopts a project approach for each key activity. Project reports are to be prepared in respect of each identified
key activity. The banks and other financial institutions have to be closely associated and involved in preparing these project reports, so as to avoid delay in sanctioning of loans and to ensure the adequacy of financing. Selection of the activities has to be done with the approval of the Panchayat Samitis at the block level and District Rural Development Agency/Zilla Parishad at the district level. These key activities should preferably be taken up in activity clusters so that the backward and forward linkages may effectively be established and the economies of large scale production may be reaped. It is desired that a major share of the assistance to be provided under the SGSY should be for activity clusters.

**Target Group**

Families below the Poverty Line (BPL) in rural areas constitute the target group of the SGSY. Within the target group, special safeguards have been provided to vulnerable sections, by way of reserving 50% benefits for SCs/STs, 40% for women, 15% for minorities, and 3% for disabled persons.

**Financial Assistance**

Assistance under the SGSY, to individual Swarozgaris or Self Help Groups, is provided in the form of subsidy by the government and credit by the banks. Credit is a critical component of the SGSY, subsidy being a minor and enabling element. Accordingly, the SGSY envisages greater involvement of banks. They are to be involved closely in the Planning and preparation of project reports, identification of activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs, selection of individual Swarozgaris, pre-credit activities and post-credit monitoring including loan recovery.
The SGSY also seeks to promote multiple credit rather than a one-time credit 'injection'. The credit requirements of the Swarozgaris need to be carefully assessed. The Swarozgaris are allowed and, in fact, encouraged to increase credit intake, over the years.

Subsidy under the SGSY to individuals is uniform at 30% of the project cost subject to a maximum of Rs.7500/-. In respect of SCs/STs and disabled persons, the subsidy may be upto 50% of the project cost, subject to a maximum of Rs.10,000/-. For groups of Swarozgaris, the subsidy is 50% of the cost of the scheme, subject to per capita subsidy of Rs.10,000/- or Rs.1.25 lakh, whichever is less. There is no monetary limit on subsidy for Irrigation Projects. Subsidy is back ended.

**Training of Swarozgaris**

The SGSY seeks to lay emphasis on skill development through well-designed training courses. Those, who have been sanctioned loans, are to be assessed and given necessary training. The design, duration of training and the training curriculum is tailored to meet the needs of the identified key activities. The DRDAs will be entitled to meet the expenses, incurred by training institutions for both the basic orientation and skill development training from out of the SGSY funds. However, total expenditure on basic orientation and skill development training will not exceed Rs.5,000/- per trainee. Duration of skill development will be decided by the State Government depending upon the activities and skill level of Swarozgaris.
Marketing and Technology Support

The SGSY attempts at ensuring upgradation of technology in identified key activities. The technology intervention seeks to add value to the local resources, including the processing of locally available material from natural and other resources for local and non-local market.

The SGSY provides for the promotion of marketing of goods produced by the Swarozgaris, by organising exhibitions/ melas at District/State/ National/International levels for exhibition and sale of goods produced, provision of market intelligence, development of markets and consultancy services, and institutional arrangements for the marketing of goods including exports. DRDAs could spend upto Rs.5.00 lakh per annum for the management of professional inputs related to identification of the viable activities, preparation of projects for product & design development, value addition, packaging, etc.

Implementing Agencies & Funding Pattern

The SGSY is being implemented by the District Rural Development Agencies (DRDAs), with the active involvement of Panchayati Raj Institutions (PRIs), the Banks, the Line Departments and the Non-Government Organisations (NGOs). The Yojana (SGSY) is financed on 75:25 cost sharing basis between the Centre and the States.

Monitoring

A comprehensive system of monitoring has been adopted under the SGSY. The programme is monitored from the Central level down to the grass-root level. At the Central level, the Central Level Co-ordination 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. In addition, the progress under the SGSY is monitored periodically through the reports and returns submitted by DRDAs/States. Detailed monitoring formats for reporting the progress of the programme have been circulated to all the DRDAs. Implementation of the programme is monitored and reviewed through the Project Directors' Workshops and periodic meetings with the State Secretaries. At the Block/DRDA level, monitoring is done through field visits and physical verification of assets. Efforts are underway to bring all the DRDAs of the country within online networks for the smooth flow of information from the Districts to the Centre and the States/UTs.

**Special Projects under the SGSY**

To try out new initiatives and for the co-ordinated efforts of different departments in poverty reduction, 15% of the funds under the SGSY is set apart by the Ministry for such efforts for special projects. The projects can be in any individual district or across the districts. The objective of each special project is to ensure a time-bound programme for bringing a specific number of BPL families above the poverty line through self-employment programmes. The projects may involve different strategies to provide long term sustainable self-employment opportunities either in terms of organisation of the rural poor, provision of support infrastructure, technology, marketing, training etc. or a combination of these
Table 4.5: Financial and Physical Progress under SGSY

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td>A. Financial Progress (Rs. Crores):</td>
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<td></td>
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<tr>
<td>Total Allocation</td>
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<td>1332.50</td>
<td>774.50</td>
<td>756.37</td>
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<td>Total Funds Available</td>
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<td>1608.18</td>
<td>1299.01</td>
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<td>Total Funds Utilised</td>
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<td>969.78</td>
<td>439.99</td>
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<td>% age of Utilisation to Funds Available</td>
<td>48.92</td>
<td>69.52</td>
<td>74.66</td>
<td>48.20</td>
<td>60.32*</td>
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<td>% age of Utilisation to Allocation</td>
<td>65.19</td>
<td>83.90</td>
<td>125.21</td>
<td>58.17</td>
<td>53.03*</td>
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<td>% age Utilisation to Subsidy</td>
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<td>52.67</td>
<td>85.85</td>
<td>36.82</td>
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<td>Total Credit Target</td>
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<td>3205.00</td>
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<td>Total Credit Mobilised</td>
<td>1056.46</td>
<td>1459.44</td>
<td>1329.63</td>
<td>524.57</td>
<td>4370.10</td>
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<td>% age of Credit Mobilised</td>
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<td>45.54</td>
<td>41.62</td>
<td>20.60</td>
<td>38.21*</td>
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<td>Credit Disbursed to SHGs</td>
<td>187.30</td>
<td>256.64</td>
<td>318.29</td>
<td>187.40</td>
<td>949.63</td>
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<td>Credit Disbursed to Individual Swarozgaris</td>
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<td>Total Subsidy Disbursed</td>
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<td>701.85</td>
<td>665.11</td>
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<td>Subsidy Disbursed to SHGs</td>
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<td>167.93</td>
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<td>Subsidy Disbursed to Individual Swarozgaris</td>
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<td>533.92</td>
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<td>Total Investment</td>
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<td>Per Capita Investment (In Ruppes)</td>
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<td>21481</td>
<td>21255</td>
<td>22153</td>
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<td>Credit Subsidy Ratio</td>
<td>1.95</td>
<td>2.08</td>
<td>2.00</td>
<td>1.88</td>
<td>1.98</td>
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<td>B. Physical Progress (Nos.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-Help Groups (SHGs) formed since 1.4.99</td>
<td>292426</td>
<td>515691</td>
<td>950078</td>
<td>1195023</td>
<td>1195023</td>
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<td>SHGs Taken up Economic Activities</td>
<td>29017</td>
<td>26317</td>
<td>30575</td>
<td>15588</td>
<td>101497</td>
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<tr>
<td>% age of SHGs Taken up Eco. Activity to Grade-II</td>
<td>39.09</td>
<td>25.98</td>
<td>56.60</td>
<td>20.32</td>
<td>35.50*</td>
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<td>SHGs Swarozgaris Assisted</td>
<td>347912</td>
<td>318803</td>
<td>365668</td>
<td>183633</td>
<td>1216016</td>
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<td>Individual Swarozgaris Assisted</td>
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<td>572792</td>
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<td>Total Swarozgaris Assisted</td>
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<td>1006152</td>
<td>938460</td>
<td>362505</td>
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<td>% age of SHGs Swarogar is Assisted</td>
<td>37.25</td>
<td>31.69</td>
<td>38.96</td>
<td>50.66</td>
<td>39.64*</td>
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<td>Total SC/ST Swarogar is Assisted</td>
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<td>448736</td>
<td>427647</td>
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<td>Women Sarozgaris Assisted</td>
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<td>410231</td>
<td>385844</td>
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<td>Disabled Sarozgaris Assisted</td>
<td>8529</td>
<td>6737</td>
<td>6059</td>
<td>2910</td>
<td>24235</td>
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<td>% age of SC/STs Assisted</td>
<td>44.32</td>
<td>44.60</td>
<td>45.57</td>
<td>44.83</td>
<td>44.83*</td>
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<tr>
<td>% age of Women Assisted</td>
<td>44.62</td>
<td>40.77</td>
<td>41.11</td>
<td>47.51</td>
<td>43.45*</td>
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<tr>
<td>% age of Disabled Assisted</td>
<td>0.91</td>
<td>0.67</td>
<td>0.65</td>
<td>0.80</td>
<td>0.76*</td>
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</table>

*Average per year

Source: Government of India, Ministry of Rural Development
**Reasons for the Slow Progress of the SGSY**

The SGSY is a process oriented scheme. The initial preparatory works, i.e., the organisation of poor, formation of Self-Help Groups, their training and capacity building, gradation of groups requires substantial time and follow up. The Groups become eligible for financial assistance for the economic activities after about one year of formation. Therefore, the progress was slow than expected, during earlier the years of implementation.

A related important reason for the slow progress of the programme is delay in the sanction and disbursement of loans by Banks. Slow progress in the utilisation of infrastructure and training funds by the States is also the reason for slow progress of the SGSY.

**Steps Taken for Proper Implementation of the SGSY**

(i) Based on the recommendations of National Conference on the "SHG Movement and the SGSY", held last year, report of the Working Group on Poverty Alleviation for the 10th Five Year Plan and feedback / suggestions from the States/UTs, certain amendments have been made in the SGSY guidelines to make the scheme more effective:

(a) **Size of SHG.** In case of minor irrigation and disabled and in difficult areas i.e. hills, deserts and sparsely populated areas, the number of persons in a group may range from 5-20.

(b) **Composition of SHG.** A Self-Help Group (SHG) may consist of 10-20 members from families below the poverty line. However, if necessary 20% and in exceptional cases upto 30% of the members in a group may be from APL; (marginally...
above the poverty line and residing continuously with BPL families).

(c) **No. of Key Activities.** About 10 key activities may be selected in each block. Focus should be, however, on 4-5 key activities for Micro enterprise development in clusters.

(d) **Subsidy Norm.** The subsidy for group of Swarozgaris, would be 50% of the project cost, subject to per capita subsidy of Rs.10,000/-. Subsidy for disabled persons will be 50% of the project cost, subject to a maximum of Rs. 10,000/-.  

(e) **Relaxation of Time in Grading.** For minor irrigation schemes, relaxation of time for second grading could be allowed by the Block SGSY Committee, if the group is found creditworthy and project is viable.

(f) **Provision for Animators / Community Coordinators.**  
Provision has been made for utilising the services of individuals as animators/ community coordinators for social mobilisation, training and capacity building of SHGs by the DRDAs.

(g) **Flexibility in Utilisation of Funds.** The funds can be utilised on the following items depending upon the requirement in the district keeping in view the stage of implementation of the scheme. However, expenditure on infrastructure will not exceed 20% of the allocation (25% in case of NE States):

(i) Training.

(ii) Infrastructure.

(iii) Revolving Fund to SHGs.

(iv) Subsidy for Economic Activities.
(h) **Expenditure on Basic Orientation and Skill Development**  
Expenditure on training has been enhanced upto Rs.5000/- per Swarozgari.

(i) **Income from the Economic Activity.** The economic activity taken up by the SHGs / Swarozgaris should generate anticipated incremental income; as envisaged in the Project to enable them to cross the poverty line.

(j) Expenditure incurred on **Fairs and Exhibitions** for Swarozgaris may be met from the funds available under the SGSY Programme Infrastructure,

(k) An Amount up to Rs. Five Lakh annually may be spent from the funds available under the scheme on **Management of Professional Inputs** related to marketing research, value addition or products diversification or any other input which would facilitate the marketing of produce.

(ii) To review the progress of SGSY, a meeting of the Central Level Coordination Committee (CLCC) was held with the representatives of Reserve Bank of India, National Agricultural Bank for Rural development (NABARD) and also the Banking Division of the Ministry of Finance. The following major recommendations have been made by the CLCC :

(a) There should be greater co-ordination at the block level between the bankers and Government functionaries for sorting out the problems relating to banks under SGSY.

(b) The Subsidy portion of the Revolving Fund under SGSY be enhanced to Rs. 20,000/- (currently Rs. 10,000/-).
(c) The amount payable by the Life Insurance Corporation (LIC) against claims under GLIS be enhanced to Rs. 6,000/- in case of natural death (currently Rs. 5,000/-) and Rs. 12,000/- in case of death due to accident (currently Rs. 10,000/-).

(d) The banks operating in rural areas i.e., Commercial Banks, RRBs and Co-operative Banks and those willing to play the role of facilitator under the SGSY in forming, developing and nurturing SHGs, may be involved as SHPIs and requisite incentives in this regard may be provided by the States/UTs.

(e) Regional SARAS would be organised in different States/UTs so as to increase the marketing of products produced by Swarozgaris under the SGSY.

(f) The issue of high interest rates would be examined suitably by the RBI and all the Banks.

(iii) Vigilance and Monitoring Committees have been formed at the State, District and Block levels for monitoring the implementation of the programme. Local MPs and MLAs are the members of the District and Block level Committees.

(iv) Training of field level functionaries as well as bank officials about the programme, are organised in every State/UTs.

(v) The Swarozgaris from different State/UTs participate both in National and International Trade Fairs to promote the marketing of the SGSY products.

(vi) For individual loans upto Rs.50,000 and group loans upto Rs.5.00 lakhs, the assets created out of bank loan would be hypothecated to the bank as primary security. In cases where
movable assets are not created mortgage of land may be obtained. Where mortgage of land is not possible, third party guarantee may be obtained at the discretion of the bank.

**Concurrent Evaluation of SGSY**

In order to evaluate the functioning and implementation of the SGSY the Centre for Management Development (CMD), Thiruvananthapuram was given the responsibility to carry out a detailed study on the scheme. Major findings of the study are summarised below:

**Utilisation of funds**

Based on the parameters of coverage of Below Poverty Line (BPL) families to total BPL families, proportion of funds utilised to total funds available, proportion of receipt of funds to total allocation, preference given to group in fund utilisation etc., the study tried to establish provisional ranking of States/UTs on the performance under SGSY. Among the major States, Tamil Nadu, Punjab, and Andhra Pradesh were the top three whereas among the group of Other States/UTs, Himachal Pradesh, Tripura and Goa were among the top three. The performance of SGSY in Assam, MP, Orissa, West Bengal and Bihar was the lowest.

- As far as the utilisation of funds is concerned, apart from the economic assistance for Swarozgaris, infrastructure development constituted as much as 17.61% of the total funds.

**Economic Upliftment**

The average income generated by the sample individuals and

- Groups were found to be steadily increasing. The average annual incremental income obtained by the individuals was Rs. 8,673 and that of groups was Rs. 40,442.
The average cost of the various projects taken up under SGSY in different States varied from Rs. 15,970 to Rs. 37,965.

- SGSY activities helped to satisfy the desire of self-employment in a majority of beneficiaries (56.35%).
- 46.39% SHGs achieved increment in their income through SGSY activity.
- Increase in savings in SHGs was reported in 39.88% of the cases. 57.29% of the SHGs were involved in the primary type of micro enterprises and 8.57% had invested in land development activities.

The average loan amount of the group in different States varied from Rs. 54,095 in Nagaland to a maximum of Rs. 3,31,099 in Madhya Pradesh.

### Training, Skill Development, Product Design and Product Development

- Though 20 States have identified State Level Agencies for training purposes, yet only 12 were able to organise State Level Training Programmes.

  Only 10 States took steps for ensuring exclusive mechanism for providing product design and product development.

- 66.50% individual beneficiaries had not undergone any kind of skill development.

  53.36% of the sample group Swarozgaris did not undergo training for skill development.

- The products produced by the Swarozgaris were found to be of inferior quality due to non-adequate training and skill development facilities.
Problems with Banks

The major complaints of the Swarozgaris were non-co-operation from the banks, delay in bank procedures and delay in the disbursement of loans.

- 52% of the Swarozgaris reported that the loan amount was provided in a single dose.

Credit portion of the Revolving Fund was found to have been postponed in certain cases.

- Lack of co-ordination between banks and block officials was also noted.

No effective follow up was being made after sanctioning loans to the Swarozgaris.

Social Upliftment

- 67.44% of the total sample beneficiaries were women and 46.79% were from SC & ST category and physically challenged constituted 2.45%.

60% of the total swarozgaris were found to be illiterate and 50.92% were agrarian.

- 93.37% of sample beneficiaries participated in group decision-making process.

Most of the assets (45.52%) created under the SGSY were livestock assets.

SHGs

- A number of SHGs were formed with an eye to avail of the revolving fund and subsidy and no economic activity was being
carried out. SHGs getting active support from the NGOs and other community-based organisations were found to be doing better in their selected economic activities. In most of the States, especially in Northern States, the influential persons in the village were found to own a group.

The grading of the group was found to be time consuming and in certain cases, SHGs / Swarozgaris from the same village were found to be engaged in similar types of micro enterprises thereby reducing the demand for their produce and lowering their profitability.

- Only 2.5% of the total groups participated in trade fairs/exhibitions.

In order to achieve the targets set, the officials encouraged formation of SHGs without assessing the entrepreneurial potential of the rural poor.

**Recommendations**

Keeping in view the problems faced under the SGSY, the study calls for certain recommendations:

**Banks**

- Efforts should be made to motivate the banks to take active interest in the project and reduce the time taken for processing the applications and disbursing loan.

- The loan should be given immediately after the swarozgari completes the training for skill development as envisaged in the SGSY Guidelines.
Facilitating Agencies

Appropriate agencies have to be identified for providing assistance in product design and product development.

- Professional agencies with expertise in identifying key activities may be appointed for the identification of the same. Key activities are to be identified keeping in view the local demand, availability of raw materials and aptitudes as well as the skill of the people.

Service of better NGOs having good track record may be ensured for the successful implementation of the scheme.

Monitoring and Evaluation

- In order to develop a consistent system of monitoring the implementation of SGSY at the Block/DRDA level through field visits and physical verification of assets as well as progress of the swarozgari towards income generation, a schedule of inspection of families by various levels of officers are a must.

There is a need for the installation of strong follow-up, reviewing and monitoring systems apart from the identification of committed manpower and resource persons at all levels to take the scheme forward and to augment its outreach and efficacy.

Gram Panchayat

- Gram Panchayats may be given a greater role in the recovery of loans along with the bank and block officials. Wilful defaulters should be identified and dealt with strictly.

- Extensive awareness campaign may be launched with the help of Gram Sabha and Block officials in order to impart proper awareness regarding the scheme.
Marketing

- The marketing of SGSY products may be tried through special co-operatives formed for the purpose in each village by organising melas and exhibitions.

10. Employment Assistance to Special Categories

Employment services continued making efforts to cater to the special needs of vulnerable sections like women, Scheduled Castes/Scheduled Tribes, persons with disabilities and disabled Ex-servicemen job-seekers.

(i) Women

Year-wise performance of Employment Exchanges in respect of woman job-seekers for the period 2001 to 2006 is given in following Table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Registration</th>
<th>Placement</th>
<th>Live Register of Women</th>
<th>Total Live Register</th>
<th>% of Live Register of Woman to Total Live Register</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1540.8</td>
<td>31.5</td>
<td>10884.8</td>
<td>41995.9</td>
<td>25.9</td>
</tr>
<tr>
<td>2002</td>
<td>1343.1</td>
<td>25.9</td>
<td>10649.5</td>
<td>41171.2</td>
<td>25.9</td>
</tr>
<tr>
<td>2003</td>
<td>1448.8</td>
<td>26.7</td>
<td>10752.3</td>
<td>41388.7</td>
<td>26.0</td>
</tr>
<tr>
<td>2004</td>
<td>1551.5</td>
<td>24.5</td>
<td>10711.5</td>
<td>40457.6</td>
<td>26.5</td>
</tr>
<tr>
<td>2005</td>
<td>1606.9</td>
<td>32.4</td>
<td>10605.6</td>
<td>39347.8</td>
<td>27.0</td>
</tr>
<tr>
<td>2006 (Jan-June)</td>
<td>1281.9</td>
<td>17.4</td>
<td>11305.5</td>
<td>40675.7</td>
<td>27.8</td>
</tr>
</tbody>
</table>

(ii) Scheduled Castes / Scheduled Tribes

Performance of Employment Exchanges in respect of Scheduled Caste/Scheduled Tribe and Other Backward Class Job seekers during 2004 is indicated in following Table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Activity</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1994</td>
</tr>
<tr>
<td>Scheduled Caste</td>
<td>Registration</td>
<td>7.05</td>
</tr>
<tr>
<td></td>
<td>Placement</td>
<td>0.19</td>
</tr>
<tr>
<td></td>
<td>Live Register</td>
<td>66.28</td>
</tr>
<tr>
<td>Scheduled Tribe</td>
<td>Registration</td>
<td>3.47</td>
</tr>
<tr>
<td></td>
<td>Placement</td>
<td>0.08</td>
</tr>
<tr>
<td></td>
<td>Live Register</td>
<td>23.10</td>
</tr>
<tr>
<td>Other Backward Clases</td>
<td>Registration</td>
<td>9.23</td>
</tr>
<tr>
<td></td>
<td>Placement</td>
<td>0.17</td>
</tr>
<tr>
<td></td>
<td>Live Register</td>
<td>82.32</td>
</tr>
</tbody>
</table>


Salient Features in Respect of SC/ST Job Seekers are as under

Live Register of SC Job-seekers has decreased from 66.28 lakh in 1994 to 64.70 lakh in 2004.

- Live Register of ST Job-seekers has decreased from 23.10 lakh in 1994 to 22.18 lakh in 2004.

SC & ST job-seekers were 16.0% and 5.5% respectively of the total job-seekers on the live register at the end of year 2004.

- Placement of SC job-seekers has declined from 19.0 thousands in 1994 to 16.0 thousands in 2004.
Coaching-Cum-Guidance Centers

Twenty two Coaching-cum-Guidance Centres for SCs/STs have been set up. These Centres:-

- provide employment related coaching-cum-guidance to SC/ST applicants.
- provide information on job requirements and the type of test/interviews.
- take up appropriate follow up action with employers to ascertain the results of submission against reserved vacancies.
- undertake job development work besides providing occupational information/vocational guidance and counselling and organising confidence building programme for job-seekers.
- provide facilities to SC/ST job-seekers for practising shorthand and typing at some of the above centres;
- arrange from time-to-time, pre-recruitment training programme for SC/ST candidates to improve their employability in competitive examinations.

Special Coaching Scheme for SCs/STs

- A Special Coaching Scheme to prepare SC/ST candidates for competitive examinations/selection tests for Group 'C' posts is also being operated by DGE&T in Delhi and Ghaziabad.
- So far, 6680 SC/ST job seekers have successfully completed coaching till 30th June, 2006 for clerical/stenographer posts in 23 phases.
The coaching is of 11 months' duration and the trainees are given a stipend @ Rs.175/- per month besides free course books and limited stationery.

**Introduction of New Courses in Existing Coaching-Cum-Guidance Centre for SCs/STs**

This scheme was started with effect from February 2004, with a view to provide computer training to SC/ST educated job seekers registered with employment exchanges through outsourcing training facilities. The training of six months duration is arranged at many centres and is coordinated by respective Centres of the DGE&T located at these places. During 2004-05 and 2005-06, 467 and 518 SC/ST candidates respectively were imparted training under the scheme. During the 2006-07, 672 candidates were imparted training.

Twenty two coaching-cum-guidance centre for SCs/STs have been set up in 22 States. Vocational guidance and training is provided to SC/ST job seekers through these centres. Besides, the facilities for practicing typing and shorthand are provided to SC/ST job seekers in 13 coaching-cum-guidance centres. These centres have also been arranging pre-recruitment training programme for SC/ST candidates to improve their employability in competitive examinations conducted by Staff Selection Commission and other recruitment boards for Group 'C' and equivalent posts.

**(iii) Disables Persons**

**Employment Exchanges**

The Employment Exchanges have been making special efforts to cater to the special needs of disable job-seekers as under:-
Table 4.8: Performance of Employment Exchanges in Respect of Disabled Job-Seekers (in Thousand)

<table>
<thead>
<tr>
<th>Year</th>
<th>Registration</th>
<th>Placements</th>
<th>Live Register</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>60.1</td>
<td>3.5</td>
<td>510.0</td>
</tr>
<tr>
<td>2002</td>
<td>59.4</td>
<td>3.4</td>
<td>532.7</td>
</tr>
<tr>
<td>2003</td>
<td>66.1</td>
<td>4.9</td>
<td>661.7</td>
</tr>
<tr>
<td>2004</td>
<td>52.4</td>
<td>3.4</td>
<td>565.9</td>
</tr>
</tbody>
</table>


There has been consistent increase in the number of persons with disabilities on the live register.

→ The number of disabled job-seekers placed in employment during 2004 was 3.4 thousand.

Special Employment Exchanges for Physically Handicapped

Special, employment exchanges under established the National Employment Service, are generally responsible for the placement of physically handicapped.

- Special employment exchanges were also set-up over three decades ago for their selective placement. These exchanges attempt at securing the most satisfying form of employment for the disabled suitable to their physical and mental potentialities. At present, 43 Special Exchanges (as on December 2005) are functioning in the country.

- In pursuance of the recommendations of the Working Group on Employment Service and the Task Force on the reorganization of special employment exchanges, it was decided to set up special cells in employment exchanges for the promotion of employment of physically handicapped.
Thirty eight special cells for the physically handicapped with a special placement officer attached to the normal employment exchanges and funded by the Central have been set up by the Ministry of Social Justices & Employment.

The Performance of the Special Employment Exchanges during 2005 is given in the following table:

**Table 4.9: Performance of Special Employment Exchanges During the year 2005**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration</td>
<td>11790</td>
</tr>
<tr>
<td>Placement</td>
<td>1150</td>
</tr>
<tr>
<td>Live Register</td>
<td>111927</td>
</tr>
</tbody>
</table>

**Source:** Report of Task Force on Employment Opportunities, Planning Commission, Government of India.

**Vocational Rehabilitation Centres for Handicapped**

The Ministry of Labour & Employment had been fully responsive and committed to the implementation of the provisions of the 'Persons with Disabilities Act, 1995'. The Directorate General of Employment and Training (DGE & T) has been regularly co-ordinating and supporting the Ministry of Social Justice & Empowerment (Ministry of SJE).

Twenty Vocational Rehabilitation Centres (VRCs) for handicapped have been functioning in the country, out of which, one centre at Vadodara has been set up exclusively for women with disabilities.

- These centres evaluate the capacities of people with disabilities and provide them adjustment training and skill training with a view to integrate them in the economic mainstream and make them the productive citizens of the country.
- These centres play pro-active role in creating the public awareness and community participation in the rehabilitation of people with disabilities.
During 2005-06, these centres registered 30967, evaluated 30452 and rehabilitated 10518 persons with disabilities.

- The targets for newly established centres are being assessed keeping in view the local conditions.

The performance of twenty Vocational Rehabilitation Centres for the period January 2006 to July 2006 is given in following.

**Table.4.10: Performance of Vocational Rehabilitation Centres During January-July, 2006**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Blind</th>
<th>Deaf &amp; Dumb</th>
<th>Orthopaedically Handicapped</th>
<th>Leprosy Persons</th>
<th>Mentally Retarded Persons</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Clients at beginning of 2006</td>
<td>14</td>
<td>19</td>
<td>60</td>
<td>-</td>
<td>4</td>
<td>97</td>
</tr>
<tr>
<td>2</td>
<td>No. of Clients Admitted during Jan-July 2006</td>
<td>1950</td>
<td>2829</td>
<td>15226</td>
<td>26</td>
<td>659</td>
<td>20690</td>
</tr>
<tr>
<td>3</td>
<td>No. of Clients Evaluated during Jan-July 2006</td>
<td>1947</td>
<td>2758</td>
<td>15030</td>
<td>24</td>
<td>650</td>
<td>20409</td>
</tr>
<tr>
<td>4</td>
<td>No. of Clients who left the Centre without Completing evaluation</td>
<td>2</td>
<td>29</td>
<td>83</td>
<td>-</td>
<td>4</td>
<td>118</td>
</tr>
<tr>
<td>5</td>
<td>No. of Clients still under evaluation at the end of 2006 (Jan-July)</td>
<td>15</td>
<td>61</td>
<td>173</td>
<td>2</td>
<td>9</td>
<td>260</td>
</tr>
<tr>
<td>6</td>
<td>No. of Clients rehabilitated during Jan-July 2006</td>
<td>462</td>
<td>1347</td>
<td>4322</td>
<td>11</td>
<td>139</td>
<td>6281</td>
</tr>
</tbody>
</table>


**Assistance to Disabled Ex-Servicemen and Dependants**

- In order to provide placement services to the disabled Ex-Servicemen/Border Security Force Personnel and the dependants of
Defence Service Personnel/Border Security Force personnel killed or severely disabled in action, against the vacancies reserved for ex-servicemen earmarked for priority categories. An Ex-Servicemen Cell was set up in the Directorate General of Employment & Training in July, 1972. Subsequently, the scope of the special service was also extended for the benefit of ex-servicemen during peace time as well as the dependants of Defence Service Personnel killed or severely disabled in peace time provided that the death or disability attributable to military service with effect from February, 1981.

- At the end of August, 2006, there were 235 disabled soldiers and 2344 dependants awaiting employment assistance through the Ex-Servicemen Cell.

**Minorities**

In pursuance of the Prime Minister's directive for full integration of minorities in all aspects of national life, the State Governments have been advised to ensure that no discrimination is made against minority communities in the matters of registration and in sponsoring names by employment exchanges. The State Governments have also been advised to create monitoring cells to watch the progress of minorities in the matter of their registration and placement and to instruct the employment exchange registration camps in minority concentration areas.

- In all, there were 60.57 lakh job-seekers on the live registers of Employment Exchanges belonging to the minority communities at the end of December, 2004. These account for 15.0% of total job-seekers on the live register.
11. Prime Minister's Rozgar Yojana (PMRY)

Salient Features

Prime Minister's Rozgar Yojana (PMRY) for providing self-employment to educated unemployed youth of economically weaker sections has been in operation since October 2, 1993. The scheme aims at assisting the eligible youth in setting up self-employment ventures in industry, service & business sectors. The scheme intends to cover urban and rural areas.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Parameters for Eligibility</th>
<th>Salient Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Age</td>
<td>(i) 18 to 35 years for all educated unemployed (ii) 18 to 40 for all educated unemployed in North-East States, Himachal Pradesh, Uttarakhand and J&amp;K. (iii) 18 to 45 years for scheduled Castes/Scheduled Tribes, Ex-servicemen, Physically Disabled and Women.</td>
</tr>
<tr>
<td>2</td>
<td>Educational Qualification</td>
<td>VIII pass. Preference will be given to those who have been trained for any trade in Government recognised/approved institutions for the duration of at least six months.</td>
</tr>
<tr>
<td>3</td>
<td>Family Income</td>
<td>Neither the income of the beneficiary along with the spouse nor the income of parents of the beneficiary should exceed Rs.1,00,000/- p.a.</td>
</tr>
<tr>
<td>4</td>
<td>Residence</td>
<td>Permanent resident of the area for at least 3 years. (Relaxed for married men in Meghalaya and for married women in rest of the country.</td>
</tr>
<tr>
<td>5</td>
<td>Defaulter</td>
<td>Should not be a defaulter to any nationalized bank/financial institution/ co-operative bank. Further, a person already assisted under other subsidy-linked Government schemes, would not be eligible under this scheme.</td>
</tr>
<tr>
<td>6</td>
<td>Activities Covered</td>
<td>All economically viable activities including agriculture and allied activities but excluding direct agricultural operations like raising crop, purchase of manure etc.</td>
</tr>
<tr>
<td>7</td>
<td>Project Cost</td>
<td>Rs. 2.00 lakh for business/ service sector and Rs. 5.00 lakhs for industry sector, loan to be of composite nature. If two or more eligible persons join together in a partnership, project upto Rs. 10.00 lakhs are covered. Assistance shall be limited to individual admissibility.</td>
</tr>
<tr>
<td>8</td>
<td>Self Help Group (SHG)</td>
<td>Self Help Groups can also be considered for assistance under the scheme.</td>
</tr>
</tbody>
</table>
- Educated Unemployed Youth Satisfying the eligibility criteria laid down under the Scheme
- A SHG may consist of 5-20 educated unemployed youth.
- No upper ceiling on project cost.
- Loan may be provided as per individual eligibility taking into account the requirements of the project.

- The subsidy ceiling is Rs. 15,000/- per beneficiary subject to a maximum of Rs. 1.25 lakh per Group.
- Subsidy may be provided to the SHG as per the eligibility of individual members taking into account the relaxation provided in North Eastern States, Uttarkahand, Himachal Pradesh and Jammu & Kashmir.
- Required margin money contribution should be brought in by the SHG collectively.
- Implementing agencies may decide the need of predisbural training for all the members/majority of the group.

<table>
<thead>
<tr>
<th></th>
<th>Subsidy &amp; Marging Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Subsidy will be limited to 15% of the project cost subject to ceiling of Rs.12,500/- per entrepreneur. Banks will be allowed to take margin money from the entrepreneur varying from 5% to 12.5% of the project cost so as to make the total of the subsidy and the margin money equal to 20% of the project cost.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Collateral Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>No collateral security for units in Industrial sector with project cost upto Rs.5.00 lakh (the loan ceiling under the PMRY). For partnership projects, the exemption limit for collateral security will be Rs.5.00 lakh per borrowed account. For units in service and business sector, no collateral security for project upto Rs.2.00 lakh.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Rate of interest &amp; Repayment Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Normal rate of interest shall be charged. Repayment schedule may range from 3 to 7 years after an initial moratorium as may be prescribed.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Reservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Preference should be given to weaker section Including women. Assistance to SC/ST beneficiaries should be targeted in such a manner that they are benefitted in proportion to their population in the respective district/state. However, the number of SC/ST beneficiaries should not be less than 25% and 27% for Other Backward Classes (OBCs).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Each entrepreneur whose loan is sanctioned is provided training as per details given below:</td>
</tr>
</tbody>
</table>
### Recovery of loans

1. Panchayat Raj Institutions like Gram Panchayats be empowered to identify and sponsor candidates to the District Task Force Committee so as to ensure the disbursement of loan to genuine persons and better recovery of loan.
2. To reduce the level of sickness/closure of PMRY units, the District Level Selection Committee/Task Force Committee be made accountable for the proper scrutiny of applications and selection of viable projects.

### Implementing Agency

The District Industries Centers and Directorate of Industries are mainly responsible for implementation of the Scheme along with the banks.