

Chapter-1

Introduction

During their over two hundred years of colonial rule, the British in India did everything that benefitted their industries back home in England¹. The exploitation of Indian Economy during the period rendered it very backward and impoverished with the result that at the dawn of independence, we faced a great challenge of mass poverty, as about 40 per cent people in 1951 were living in poverty. From 1951 to 1974, India's first quarter-century of independence, the percentage of population living in poverty increased from 47 to 56 per cent. During the next quarter-century, this figure reduced to 26 per cent by 1999-2000. In headcount terms, the number of poor people's was 170 million in 1951, 321 million in 1974 and 260 million in 1999-2000.²

To address the problem of economic backwardness, we ushered into an era of planned development. During the 60 years of planned development several schemes and programmes³ were launched with a view of eradicate poverty. Though it would be "incorrect to say that all the poverty eradication programmes have failed because the growth of the middle class people indicates that economic prosperity indicated have been very impressive in India, but at the same time, the distribution of wealth is not all even across the country."⁴

Poverty is a situation when people are deprived of basic necessities of things of life like food, clothing and shelter. In India poverty is a social socio-economic problem which itself is responsible for various problem taking with birth of the economy. According to World Summit on Social Development, Poverty is a condition characterized by severe deprivation of basic human needs, including; food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also an access to services. It includes a lack of income and productive resources to ensure sustainable livelihoods.⁵ Prof. Ragnar Nurkse said that,

¹Though the separate matter that to exploit India is a better way, they definitely brought some development to this country.

² Technical Report, *Poverty in India*, Nathan Associates Inc. Washington, 2002, p. 1

³ Some of the prominent schemes and programmes for poverty alleviation have been: Integrated Rural Development Programme (IRDP), National Rural Employment Programme (RLEGP), Jawaharlal Rozgar Yojana (JRY), Indira Awaas Yojana (IAY), Rajiv Gandhi Grameen Vidutikaran Yojana (RGGVY), The total Sanitation Campaign, Pradhan Mantri Gram Sadak Yojana, Sampoorna Grameen Rozgar Yojana (SGRY), National Rural Employment Guarantee Scheme (NREGS), Swarnjayanti Gram Swarozgar Yojana (SGSY), etc.

⁴ Muthalagu, K., "Poverty Eradication in India under Anti-Poverty Programmes - Some Observations" in Kurukshetra, Vol.54, No.12, December 2007, p. 3

⁵ En.wikipedia.org/wiki/poverty/24/04/2011; Also World Summit on Social Development

“A man is a poor because he is poor.” It means a poor man is always poor because he is engulfed in the so called “vicious circle” which trends people to be poor because they do not have any alternative to get rid of it. According to Adam Smith, “man is rich or poor according to degree in which he can afford to enjoy the necessaries, the conveniences and the amusements of human life.”⁶

Planning Commission of India has adopted definition of poverty provided by the poverty line as the mid-point of the monthly expenditure. At 2002-03 prices the expenditure estimated as Rs.383.18 per month and per human being in rural areas and Rs.442.10 per month and per human being in urban areas. Government of India has fixed Rs.16, 144.20 as annual income of a household as the poverty lines.⁷ It is estimated that in rural areas people take 2400 calories in daily and in urban areas they take 2100 calories in daily.⁸ Concept of poverty is usually associated with income, which reflects the lack of minimum required consumption needs. Unemployment leads to financial crises and reduces the overall purchasing capacity of the people.⁹ According to Datt and Sundharam, poverty can be defined as a social-phenomenon in which a section of society is unable to fulfil even its basic necessities of life.¹⁰

The concept of poverty¹¹ being used by researchers is usually associated with income. Income poverty reflects the lack of minimum required consumption needs. Poverty and unemployment are two major challenges that the Indian Economy is facing at present. Unemployment leads to financial crisis and reduces the overall purchasing capacity of the people.¹²

The problem of poverty has continued to remain the central challenge of development at the global level. Poverty is not only an economic problem but it gives rise to various social problems and criminal activities. High poverty levels associated with low quality of life,

⁶ www.azadindia.org/social-issues/poverty/05/05/11

⁷ Yadav, B.S., Virendra Singh and Nandini Sharma, *Economic Reforms and Poverty alleviation in India*, Shree Publisher and distributor, New Delhi, 2008, p. 4

⁸ Sen, Raj Kumar and Biswajit Chatterjee, *Indian Economy*, Deep and Deep Publications, New Delhi, 2002, p.392

⁹ www.economywatch.com/./poverty.html/28/04/2011;

¹⁰ Datt, Rudder and K.P.M.Sundharam, *Indian Economy*, S.Chand and Company, New Delhi, 2006, p. 359

¹¹ Poverty is used in two senses: absolute poverty and relative poverty. Absolute poverty is a level of poverty in which certain basic needs of living such as food, health and shelter cannot be met. It refers to the lack of certain consumption needs. Absolute poverty means that poverty that live below the breadline. Relative poverty, on the other hand, compares income level interpersonally. It measures the conditions of individuals in relation to others, a situation of living and working condition of other members of the same society at the same time and in this sense measurement of poverty is relative.

¹² Kannabrian, “Relation between Poverty and Unemployment” in *EPW*, July 8-15, 2006, p. 3015

deprivations, malnutrition, illiteracy and low human resources development.¹³ Infact, it is a root cause of all type of social evils in the country.

South Asia has been the centre of poverty. Out of 1.2 billion developing world's poor (20 percent of the total population living on less than \$1 a day), 43.5 percent living in South Asia (India, Pakistan, Bangladesh, Nepal, Bhutan, Maldives, Sri Lanka and Afghanistan), 24.3 percent in Sub-Saharan Africa, 23.2 percent in East Asia, 20 percent in Europe and Central Asia, 6.5 percent in Middle East and North Africa.¹⁴

1.1 Poverty in India

In a large country such as India, with substantial regional differences in physical endowments, climatic conditions, social tradition and differences in the initial levels of development, growth rates are bound to vary among regions. During the entire period of national planning a steady widening of regional disparities has taken place. The disparities are in growth rates, poverty levels and in social development. Government of India allocated resources according to need for poverty alleviation programmes.

India recognized the challenges of poverty and made its removal the central aim of its economic planning. At the beginning of the new millennium more than 250 million people in the country are below the poverty line and 75 per cent of them lived in rural area. In rural areas, people mainly depend on the agriculture and a small proportion is engaged in other non-agricultural works or activities. Due to the poor physical and social capital base a large proportion of the people are forced to seek employment in occupation with extremely low levels of productivity and wages.

The planning Commission estimates the incidence of poverty in India on the basis of house hold consumer expenditure surveys conducted by the National Sample Survey Organisation (NSSO), which measures monthly per capita consumer expense (MPCE) every five years. The last such survey was held in 2009-2010. The Planning Commission's estimates are significant since they are used to determine the official national and state level below poverty line (BPL) population. The BPL population is currently estimated at 29 per cent in rural areas and 26 per cent in urban areas. The BPL estimates set a rough ceiling on how many people are eligible for BPL identity

¹³ www.scn.org/cmp/modules/emp-pov.htm/ 28/04/11

¹⁴ Yadav, B.S., Virendra Singh and Nandini Sharma, *op. cit.* 1

cards, which provide some commodities at greatly reduced prices. Estimates of people below poverty line at different intervals are presented in Table-1.1.

Table-1.1
Poverty in India

Year	People Below Poverty Line	
	(In per cent)	
1973-1979	54.4	
1980-1986	39.1	
1987-1993	36.2	
1994-2000	26.1	
2001-2006	22.0	

Source: Government of India, 2007

Poverty estimates in rural areas, urban areas and for the whole of India at different intervals starting from 1973-74 to 2007-08 are given in Table-1.2 below:

Table-1.2
Estimates of Poverty

Year	All India		Rural		Urban	
	Numbers (In millions)	Percentage	Numbers (In millions)	Percentage	Numbers (In millions)	Percentage
1973-74	321	54.9	261	56.4	60	49.0
1977-78	329	51.3	264	53.1	65	45.2
1983-84	323	44.5	252	45.7	71	40.8
1987-88	307	38.5	232	39.1	75	38.2
1993-94	320	36.0	244	37.3	76	32.4
1999-00	260	26.1	193	27.1	67	23.6
2007-08	220	19.3	170	21.1	49	15.1

Source: Tenth Five Year Plan

In India poverty is in its worst form particularly in the rural areas where lives more than 70 population of the country many of them do not have any source of income any they don't have access to basic necessities of life such as food, shelter, drinking water etc. Poverty in India has been defined on the basis of poverty line which refers to annual income of a family. According to the report of the Planning Commission of India the annual income of a BPL family varies from Rs. 11000 to Rs. 19650 per annum. Any family earning less than this income is supposed to live below poverty line. In India 26 per cent of population is still living below poverty line, which means millions of people in the country do not have sufficient food to eat, water to drink, shelter to live and cloth to wear.¹⁵

Comparative position regarding percentage of population living below poverty line in rural and urban areas along with the total population in India and Haryana has been exhibited in Table-1.3 below.

Table-1.3
Percentage of People of BPL Population in India and Haryana

Year	Rural Population		Urban Population		Total Population	
	India	Haryana	India	Haryana	India	Haryana
1973-74	56.44	34.24	49.01	40.18	4.90	35.36
1977-78	53.07	27.73	45.24	36.57	1.30	29.33
1983-84	45.65	20.56	40.29	24.15	4.50	21.37
1987-88	39.09	16.22	38.20	17.09	8.90	16.64
1993-94	37.27	28.02	32.26	16.38	6.00	25.05
1999-2000	27.09	8.27	23.62	9.90	6.10	8.74

During the last four decades, poverty has declined in Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab and West Bengal. Haryana and Punjab have been successful in reducing the incidence of poverty by following strategy of high agricultural growth. Poverty ratio in Haryana has been declining continuously over the last 30 years and presently the state has the sixth lowest incidence of poverty in the country.

1.2 Efforts to Eradicate Poverty under various five Year Plans

India ushered into the era of planned development in 1951, when the First Five Year Plan was launched. The central purpose of planning was identified as that of initiating process of

¹⁵ Misra, S.K. and V.K. Puri, *Indian Economy*, Himalaya Publishing House, New Delhi, 2010, p. 206

development, which will raise the standard of living of the people. The tenth plan completed its term in March 2007 and the eleventh plan is currently underway.¹⁶ Although poverty has been a major challenge before the planners ever since independence and, therefore, adequate funds have been allocated for removal of poverty ever since the First Five Year Plan, however, special emphasis has been laid and more funds have been allocated for poverty removal since the Fourth Five Year Plan onwards.

The Fourth Plan (1969-74) provides a necessary corrective to the earlier trend which helped particularly the stronger sections in agriculture as well as in industry to enable them rapidly to enlarge and diversify the production base. At the same time, there are some new schemes, e.g., for a network of service centers in the rural areas, which will open out opportunities for young entrepreneurs. Prime Minister Indira Gandhi gave the slogan *garibihatao* and towards this end several steps were initiated during the Fourth Five Year Plan. Under the Fifth Five Year Plan (1974-79) the strategy of 'direct attack' on poverty was adopted and it laid emphasis on employment, poverty alleviation and justice. The plan also focused on self-reliance in agricultural production and defense. The major thrust of Sixth Five Year Plan (1980-85) was on strengthening the socio-economic infrastructure for development of rural areas, alleviation of rural poverty and reducing regional disparities.

The main objective of the Seventh Five Year Plan (1985-90) was to establish growth in areas of increasing economic productivity, production of food grains, and generating employment opportunities. The thrust areas of Seventh Plan were: social justice, removal of oppression of the weak, using modern technology, agricultural development, anti-poverty programs, adequate supply of food, clothing, and shelter, increasing productivity of small and large scale farmers, making Indian economy self-dependent etc. The Seventh Plan was focused on achieving the prerequisites of self-sustaining growth by the year 2000. The Plan expected a growth in labor force of 39 million people and employment was expected to grow at the rate of 4 per cent per year. It was realized under the Eighth Five Year Plan (1992-97) that a sustainable strategy of poverty alleviation has been based on increasing the productivity and employment opportunities and it is necessary to formulate specific poverty alleviation programmes for generation of a certain minimum level of income for the rural poor. The decline in the rural poverty is attributable to both

¹⁶ <http://www.planningcommission.nic.in/plans/planrel/fiveyr/welcome.html>

the growth factor and the special employment programmes launched by the government in order to generate more income in rural areas.

Ninth Five Year Plan India (1997-2002) with the main aim of attaining objectives like speedy industrialization, human development, full-scale employment, poverty reduction, and self-reliance on domestic resources. Ninth Five Year Plan was formulated amidst the backdrop of India's Golden jubilee of Independence. The main objectives of the Ninth Five Year Plan of India are to prioritize agricultural sector and emphasize on the rural development, to generate adequate employment opportunities and promote poverty reduction, to stabilize the prices in order to accelerate the growth rate of the economy, to ensure food and nutritional security, to provide for the basic infrastructural facilities like education for all, safe drinking water, primary health care, transport, energy, to check the growing population increase, to encourage social issues like women empowerment, conservation of certain benefits for special sections of society, to create a liberal market for increase in private investments etc.

The Tenth Five Year Plan (2002-2007) has been improvement in quality of life of the people and generation of income and wealth through rapid economic growth is one of the key components for achieving this aim. The strategy for poverty alleviation includes acceleration of economic growth with a focus on employment intensive sectors, access to basic minimum services for improving the quality of life of the people and direct state intervention in the form of targeted anti-poverty programmes, including provision of subsidized food grains.

The Eleventh Five Year Plan (2007-2012) addresses the task of reducing the numbers of the poor frontally. The rapid growth will be essential to reduce the number of the poor and for sustainable poverty reduction, but for growth to benefit the poor disproportionately, it will have to be accompanied by more rapid employment expansion than hitherto, greater investment in health, education, water -sanitation, and child nutrition than so far and directly targeted poverty-reduction programmes.

1.3 Schemes and Programmes to Combat Poverty

India lives in villages; therefore, upliftment of villages is the key to the progress of the country. Even though there has been a great departure of population from villages to the city and towns since independence in spite of this majority of our population still lives in villages. The Green Revolution brought prosperity in the villages but a lot more needs to be done. This is in

respect of link roads to villages, educational facilities, provision of better and improved health services and sanitary conditions, piped water to villagers, banking, postal and telephone services etc. Therefore, the government is implementing a number of schemes for development, health and family welfare, education, agriculture development, women and children development etc. in rural areas. The main objective of these schemes is to generate self-employment, reduce poverty and economic inequality and improve the quality of life. The social welfare schemes are aimed at generating employment opportunities, removal of poverty and improving the living conditions of poor people. Some of these schemes and programmes are related below:

1. National old age Pension Scheme under which Rs. 550 per month would be paid to persons above 60 years old and Rs. 750 per month to the destitute.
2. National Family Benefit Scheme will provide benefit of Rs 5000 to Rs. 10000 in case of natural death or due to accident for households who belong to the below the poverty line and age group people of age 18 to 65 years.
3. Ganga Kalyan Yojana (GKY) has been launched with effect from Feb 1, 1997. The objective of this scheme is to provide irrigation through exploitation of ground water (bore-wells and tube-wells) to individuals and group of small farmers living below poverty line by providing subsidy by government and term credit by financial institutions. The funding pattern is 80:20 between the central and state governments.
4. Integrated Rural Development Programme (IRDP) was initially launched in 1978-79 in 2300 blocks and was extended to cover all the 5011 block of the country with effect from October 21, 1980 to improve the economic and social life of the 'poorest of the poor' in rural areas. There is a special component of the programme for organising rural women in productive activities on a group basis who are offered training and provided with suitable assets for increasing their family income.¹⁷
5. Training of Rural Youth for Self Employment (TRYSEM) is a national scheme which was launched by Central Government on August 15, 1979. The aim of this Scheme is to provide the rural youth with necessary skills and give the technical knowledge for self-employment for those persons who belong to age group of 18 to 35 years.¹⁸

¹⁷ Jyoti, op. cit., p.52

¹⁸ Yadav, B.S., op. cit., p.134

6. The Special Scheme for Development of Women and Children in Rural Area (DWCRA) aims at strengthening the gender component of IRDP. It was started in 1982-83 on a pilot basis in 50 districts and after that it was extended to all the districts of the country. The Scheme is aimed at improving the condition of women and children through self-employment.
7. Million Well Schemes (MWS) was taken up as a sub scheme of National Rural Employment Programme and Rural Landless Employment Guarantee Programme in 1988-89. The aim of this scheme is to provide open irrigation wells free of cost to the poor, small and marginal farmers who are below poverty line and free the bonded labourers belonging to the SCs/ STs category. In 1993-94 it included the non-SCs/STs category who are the below poverty line and listed in the IRDP register of the village.
8. PradhanMantri Gram SadakYojana (PMGSY) was launched in December 2000 with the objective to provide all-weather connectivity to all the eligible unconnected habitations in the rural areas. Up to March 2009, a total length of about 2,14,281.45 kilometres of road works has been completed with cumulative expenditure of Rs. 46,807.21 crore.¹⁹
9. Indira AwaasYojana (IAY) was launched to provide financial assistance for construction of houses to BPL rural households belonging to the SCs and STs, widows and physically handicapped persons living in rural areas.²⁰
10. Antyodaya Anna Yojana (AAY) was launched on December 25, 2001. Under this scheme, 1 crore poorest families out of the BPL families covered under the Targeted Public Distribution system are identified. 25 kgs of food grains were made available to each eligible family at a highest subsidized rate of Rs. 2 per kg for wheat and Rs. 3 per kg for rice.²¹
11. Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was launched in 2005 by UPA Government. The basic objective of this Scheme is to provide at least 100 days of guaranteed wage employment in a financial year to every household in rural areas whose adult members volunteer to do unskilled manual work.

Swarnjayanti Gram SwarozgarYojana

¹⁹ Kapila,Uma, *Indian Economy Since Independence*, Academic Foundation, New Delhi, 2010, p.905

²⁰ *Ibid*

²¹ Yadav, B.S., op. cit., p.134

Even though there have been several achievements to the credit of the wage employment programmes launched by the government from time-to-time but these could not give intended results. The government, therefore, launched a wage employment guarantee programme viz. Swarnjayanti Gram Swarozgar Yojana (SGSY) with effect from April 1, 1999 by replacing the existing programmes that IRDP, TRYSEM, SITRA, MWS and GKY. It is a holistic programme covering all aspects of self-employment of the below poverty line families such as imparting training for skill up gradation, infrastructure development and marketing of product. The central and state governments fund SGSY in the ratio of 75:25.

Salient Features of SGSY

1. The objective of SGSY is to bring the assisted poor families above the poverty in three years by providing them income-generating assets.
2. SGSY aims at establishing a large number of micro enterprises in the rural areas building upon the potential of the rural poor. It may be individuals or poor groups but it will give more emphasis on the group approach.
3. The required funds were released directly to DRDA. The released funds were earmarked for training, infrastructure development, revolving fund assistance and subsidy to various economic activities under the specific programme.
4. SGSY give emphasis on the cluster approach for establishing micro-enterprises and for this purpose, certain key activities are to be identified in each block.
5. SGSY will be adopting a project approach for each key activity. The project report will be prepared in respect of identified key activities. The banks and other financial institutions will be closely associated throughout the project.
6. SGSY focuses on group approach. The group approach involves organization of the poor into SHGs and their capacity building. The efforts have to be made to involve women member in each SHG.
7. SGSY is a credit-cum-subsidy programme; credit is the critical component of SGSY, subsidy being a minor and enabling element.
8. SGSY seeks to promote multiple credits rather than a one-time credit 'injection'. The credit requirement of *Swarozgaris* is need to be carefully assessed.
9. 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 need of the identified key activities. The DRDAs are allowed to set apart up to 10% of the Scheme funds for training.

10. SGSY provides for promotion of marketing of goods produced by SGSY *Swarozgaris*, which involves provision of market intelligences, development of markets as well as institutional arrangements for marketing of the goods including exports.
11. SGSY is implemented by the DRDAs through the PanchayatSamitis. The process of planning, implementation and monitoring integrate the banks and other financial institutions, the Panchayati Raj Institutions and the Non-Government Organisation as well as technical institutions in the district.
12. SGSY particularly focuses on vulnerable groups among the rural poor. SCs/STs, women and disabled *Swarozgaris* will account for at least 50 per cent, 40 per cent, and 3 per cent of the total *Swarozgaris*, respectively.
13. The Gram Sabha will authenticate the list of families below the poverty line identified in BPL Group.
14. Fund under SGSY will be shared by the Central and State Government in the ratio of 75:25.

1.4 Review of Literature

For conducting any piece of research study, review and survey of literature related to the study being conducted, is of paramount significance. Surveying of researches conducted, in the field help the investigator in understanding the problem from different perspectives. Such a review also helps in defining the problem in researchable form. Besides, survey of the studies conducted by the other investigators in the field related to the problem in hand also helps the researcher in framing the objectives and the corresponding hypotheses of the study. Perhaps the most significant contribution of such survey is that they help the investigator in interpretation of results of the study that researcher investigates. With the above objectives in view, the investigator also surveyed the relevant literature in this section.

According to Shylendra (2008),²² there is a massive mobilization of women taking place as a result of SHG movement. The growth of SHG incidentally has occurred during the economic reforms period The SHGs movement has a good potential to serve both as a human face of the

²² Shylendra, H.S. "Role of Self-Help Group" in Yojana 2008, pp.25-28

economic reforms as well as contribution towards women's emancipation. There is a major onus on all actors involved in SHG promotion and development to further intensify their efforts in enabling SHGs to reach a mature stage.

According to the author, we need a major investment in capacity building of SHGs and proactive policies to help overcome the constraints faced by SHGs to integrate them fully into the development programmes aimed at woman's empowerment.

According to Selvakumar and Sunder (2007),²³ the objective of SGSY is to bring the assisted poor families (*Swarozgaris*) above poverty line by providing them income-generating assets through a mix of bank credit and government subsidy. SGSY aims at establishing a large number of micro-enterprises in the rural areas, building upon the potential of the rural poor. It is rooted in the belief that rural poor in India have competencies and given the right support can be successful producers of valuable goods/ services. SGSY is different from earlier programmes in terms of the strategy envisaged for its implementation and has been conceived as a holistic programme of self-employment covering all aspects of self-employment viz. organization of the rural poor into self-help groups and their capacity building, training, planning of activity clusters, infrastructure build-up and technology and making support.

The authors feel that SGSY is the best tools to eradicate poverty in rural India. The government support and assistance is essential for the success of programme like SGSY. However, the physical and financial progress of SGSY shows its worst results in recent years. Therefore, the government should come forward to allot huge amount of funds to this programme. The role of NGOs is important for the success of SGSY because they are the field workers of this programme.

Tripathy (2007)²⁴ feels that over the years a plethora of poverty alleviation programmes have been implemented in India and a huge amount of social and financial investment has been made to achieve sole aim and objective of poverty eradication. Most of the programmes were based on top down approach and did not consider needs and requirements of the people. Accordingly, the economically vulnerable groups continued to remain under-confident and the guarantee for security of their livelihood was found missing in the entire endeavour to eradicate poverty from

²³ Selvakumar M. and R. Sundar, "Swarnjayanti Gram SwarozgarYojana (SGSY): Tool for Poverty Eradication" in *Kurukshetra*, December 2007, pp. 18-22

²⁴ Tripathy, K.K., "Micro-Credit Intervention and Poverty Alleviation" in *Kurukshetra*, December 2007, pp.4-8

the soil of India. To meet the gap in the implementation of the erstwhile self-employment programme called IRDP, the Central government announced a holistic programme called SGSY. This programme was based on a group (community) approach to rural development where the rural poor were organized in the SHGs, provided micro-credit and took up viable economic activities on their own.

The author feels that to sustain community economic activities, leadership and membership training backed by participatory management is a must for the SHGs. SHGs provide a great scope for convergence of the program/activities of various ministries, departments and organizations. With appropriate mechanisms, various ministries/departments/organizations can look towards the SHGs for targeting their programmes, which ultimately would help in improving the quality of life in rural India.

Loganathan and Asokan (2006)²⁵ are of the view that SHGs have provided access to credit to their members, helped to promote saving and yielded moderate economic benefits; reduced the dependence on moneylenders, and resulted in empowerment benefits to women. On the other hand, field reports suggest that contrary to the vision for their development, SHGs are generally not composed of mainly the poorest families. There is greater evidence of social empowerment rather than significant and consistent economic impact and financial skills of group members have not developed as planned.

According to Kannabrian(2005)²⁶ the Declaration on SHGs ‘Women’s Empowerment and Poverty Reduction’ points out that one alarming outcome of the emergence of SHGs has been the manner it has altered the nature of discourse on development and social justice by placing the onus of overcoming poverty on the poor. Expecting the poor pull themselves out of poverty through entrepreneurship only leaves the systemic inequalities and factors that create poverty unchallenged and secure. According to him, the increasing participation of women in micro-credit and formation of women self-help groups have done little more than assuring short term relief to ease immediate needs. What is absent is a long term social, political and cultural vision that will end their subordination of woman.

²⁵Logaathan,P. and R. Asokan, “Inter Regional Development of Self-Help Groups in India” in Kurushetra, September 2006, pp. 9-12

²⁶ Kannabrian, Vasanth, “Marketing Self-Help, Managing poverty” in Economic and Political Weekly, August 20, 2005, pp.4-9

Mandal (2005)²⁷ examines the SGSY guidelines for formation of SHGs, talks of certain functional aberrations, submits a few issues for debate/reflection and suggests that some improvements and policy refinements are essential for increasing the outreach and efficacy of the programme. According to him SHG is inherently a weak group, as it is voluntary and autonomous organization. Apart from internal group solidarity and collective strength (of federation), the group cannot withstand onslaught of external and internal adversity. Being independent, the group can with stand onslaught of external and internal adversity. Being independent, the group is seldom guided and supervised by external agent/ agency. In this respect, the Graeme model of Bangladesh is relatively stronger than the SHGs. When a group consists of genuine poor or disadvantaged section, such autonomous nature poses more problems. It is advised that monitoring and intermediary role should be played continuously at least until the groups takes up economic activity.

According to Yadav (2006)²⁸ till February 2006 about 13 rural poor families had access to financial services through over 98,500 SHGs in Rajasthan. During the last four years SHGs-Bank Linkage Programme has witnessed significant progress in the state. The performance of the government development department and non-government organizations and the banks under the programme has been commendable, National Bank for Rural Development, the state government and the banks have discussed the issue of strengthening the SHG movement in the state regarding standard accounting package (cash book, thrift, micro-credit plan, minute book, etc.) and computerization of data base, common software of SHGs to facilitate Management Information System (MIS). Consequently, it has been decided that the Groups should invariably be related at the time of second linkage and rating given by SHPI should accompany the loan application. For initial linkage, the banks and SHPI would continue with their own rating norms.

Niramla, Shambhat and Bhuaneswari (2004)²⁹ have examined the determinants of earning of rural women under SHG scheme in Pondicherry. The authors surveyed the benefits and problems experienced by the SHGs. The findings of the study showed majority of the respondents

²⁷ Mandal, Amal, "Swarnjayanti Gram SwarozgarYojana and Self-Help Groups: An assessment" in Kurushetra, September 2005, Vol.53, No.11, pp.4-9

²⁸Yadav, Subah Singh, "Self-Help Group Movement in Rajasthan: Bright Prospects" in Kurushetra, September 2006, pp.26-28

²⁹ Niramla, K. Shambhat and Bhuaneswari, P, "SHG for Poverty Alleviation in Pondicherry" in Journal of Rural Development, Vol. 23, No. 2, August 2004, pp.203-215

to be engaged in nonfarm activities, which were largely traditional and less remunerative in the nature, the regression results revealed that nature of occupation, higher asset possession and large credit amount significantly reduced the respondents monthly earning, while higher income of the husband significantly raised it. The main benefits of SHGs were increased participation in social service and organized action, having received new skills/training and better access to credit facilities.

The authors have recommended that the respondents should be encouraged to venture into more diversified and remunerative activities which would raise their earnings and their savings too. They should also be strictly made to utilize the SHGs credits for productive purposes alone. Further, training relating to the activity chosen by them should be imparted. Above all, effective implementation of the scheme is recommended for poverty alleviation and empowerment of the rural poor women.

Shylendra (2004)³⁰ makes an attempt to critically assess the SHG-Bank Linkage programme focusing on its approach and the strategy and arrive at possible way to take it forward. The main aim of the programme is to tap the potential of SHGs concept to bring banking services to the doorsteps of the poor. In terms of reaching physical targets, the programme seems to have done quite impressively in the last one decade. It has all the potential to unfold new avenues for banking with the poor. The results achieved so far appear to be the outcome of the persistent effort made by the NABARD in mobilizing a large number of NGOs and financial institutions. The Programme still has a very long way to go if it has to become the core strategy of the banking sector. The key to the future success lies in retaining the basic character and strength of SHGs along with integrating them appropriately with outside systems to meet the needs of the members in an enduring way. This calls for highly coordinated efforts among the all stake holders at different levels.

The book by Jalihal and Shivamurthy (2003)³¹ related to the rural poverty alleviation in India. Concept, causes, situational facts related with poverty are discussed in detail. The book highlights the strategies and programmes adopted for poverty alleviation and to provide

³⁰ Shylendra, S.H., "The SHG Bank Linkage Programme: An assessment and Future Straregies" in Journal of Rural Development, Vol. 23, No. 4, September 2004, pp.411-431

³¹ Jaihal, K.A. and M. Shivamurthy, *Pragmatic Rural Development for Poverty Alleviation: A Pioneer Paradigm*, Concept Publishing, New Delhi, 2003

employment. The weaknesses of these programmes have also been elaborated the length. The authors point out that after more than half a century since independency, we have today the largest population of poor people in the world. One-fourth of rural population is below poverty line and despite massive UN aid projects the gaps between the rich and the poor has actually doubled in the last three decades. It has been pointed out that SGSY can play an important role towards poverty alleviation since it seeks the involvement of the people. It has been suggested that the government should pay greater attention towards effective and successful implementation of this scheme.

Sarangi (2003)³² conducted this study of the women-led SHGs in Purushottampur block of Ganjam district of Orissa state. The study concludes that SHGs working this block have successfully implemented their planning at the local level with proper guidance from the government machinery of the district. Besides various programmes for the upliftment of rural women, the SHGs in the block are extending a helping hand to the district administration in different rural development projects. These activities range from construction of roads to sanitation programmes. SHGs are also discharging their social responsibilities with great interest.

Singh (2003)³³ in his paper presents the detailed examination of the role of non-government organization in fostering SHGs. Myrada, the non-government organization, is studied in this respect. The mission of Myrada is building of people's institutions rather than on delivery of goods. The focus of institutions building goes against the prevalent culture of patronage where benefits flow to individuals with the right contacts. The author has pointed out that Myrada plays a catalytic role in developing such groups and has over 1006 groups of women with the focus on woman's right and on access to and control of resources, which they require to cause a sustainable livelihood.

Komala (2010)³⁴ studies that empowerment of women has emerged as an important issue in our country. In India, nearly half of the population consists of women. In India their work participation rate is less than half of men. The role of women in the development of nation is very important now days. So women should be respected both in the society as well as family. To

³² Parsant, Sarangi, "Self-Help Groups: A Experiment in Orissa" in Kurushetra, February 2003, Vol.51, No.4, pp.30-32

³³ Singh, Om Raj, "Role of NGO's in Fostering Self-Help Groups: A Case Study of Myrada" in Kurushetra, February 2003, Vol.51, No.4, pp.33-35

³⁴ Komala. K., K.V.Alyna and Chikkarangaswamy, "SHGs as an Instrument for women Empowerment", Southern Economist, vol. 48, No. 16, January 1, 2010, pp.31-33

increase the status of women, they must be empowered in all aspects such as economically, socially, politically and culturally. To empower women government has introduced various schemes such as DWCRA, TRYSEM and SGSY.

This study consists from Mysore district in Karnataka of seven Taluks namely: H.D.Kote, Hunsur, K.R.Nagar, Mysore Rural, Nanjungud, Priya Patna and T. Narasipur. The total number of SHGs formed in this district is 6153 while the total number of members is 108157 and all the groups consist of only women, there are no any men in SHGs in this district. SHG members are being trained for undertaking various productive activities like making agarbati, candle making etc. which makes them be economically independent. So SGSY has been important in empowering women in Mysore district.

Anita (2009)³⁵ analysed the performance of SHGs in Tamil Nadu. The study reveals that micro-finance through SHGs has reached the people. This study is conducted in Madurai district of Tamil Nadu state which comprises of seven Taluks and thirteen Blocks. For the purpose of collecting primary data, five blocks namely Vadipatti, Kullupati, Alanganllur, Sadapatti and Chellampatti were selected which topped the list regarding the number of loans sanctioned and amount disbursed to women in Madurai district during the period of 2007-08. 200 beneficiaries under SGSY scheme from these five blocks were randomly selected by using proportionate random sampling technique. In this study the details regarding income saving and assets were collected from the sample beneficiaries through direct personal interview method and analysed that the availability of credit to women results in independency enhancing their social and economic activities as well as empowering themselves in decision making process.

The study concludes that SGSY scheme in Madurai has enhanced the income of the respondents, assets creation and employment generation. Regarding the amount of investment by women in the income generating activities it has been found that the majority of (51 percent) of them have made small investment ranging from Rs. 1000-2000 followed by Rs. 2000-3000 (32 per cent). This study also assesses the problem and constraints in the programme implementation.

³⁵Anita. P., "Economic impact of SGSY scheme on women Beneficiaries: An Empirical Analysis", Southern Economist, Vol. 47, No. 9, September 15, 2009, pp.19-22

Umdor (2009)³⁶ analyzed the performance of SHGs in Meghalays. In India, the increasing use of SHGs in recent years as a credit needs of the rural poor is largely due to the limited success of the government strategy to institutionalize credit. This study undertakes an impact assessment of SHGs as an effective credit for both productive and consumption activities, increase in household income and diversification of sources of income. Social empowerment is seen in terms of SHGs members' enhanced status and recognition in the family as well as boosting their self confidence in the society.

Pati (2009)³⁷ assumes more significance in case of developing nation with low per capita income and high level of poverty. The author says that in the developing nation the financial viability of rural lending institutions is not satisfactory, because the government run many programmes for removal of poverty but most of the programmes were not sustainable because they were expensive, collected too little revenue, depended too heavily on outside funding and often suffered serious default problems.

SGSY scheme was launched in April 1, 1999 to promote the economic well-being of people by providing micro-credit through the SHGs. This attempts to delve in to the issue of sustainability with the help of an empirical data set generated through a primary survey of SHGs. Along with the secondary data a primary data set for 177 SHGs operating in the state of Meghalaya under SGSY scheme. Through a set of questions i.e. interview schedule, information regarding the performance of these SHGs for a three year period i.e. from 2003-04 to 2005-06 is collected.

The writer observes that the small membership of the self-help group and the crude nature of their activities do not qualify them because many of SHGs are illiterate or semi-literate, who do not understand finance and accounting matters nature of formation of the groups, successful saving mobilization and high loan repayment rates the sustainability of SHGs is not very clear.

Vatta and Singh (2001)³⁸ attempt to describe the process of development of self-help groups in Hoshiarpur district of Punjab identify their weaknesses and evaluate the impact of the groups on the income of the members. The study reveals that despite considerable progress achieved in

³⁶ Umdor. S and B. Panda, "An Assessment of SHGs under SGSY Programme: Evidence from Meghalaya", *Asian Economic Review*, August 2009, Vol. 51, No. 1, pp. 311-324

³⁷ Pati. A.P., "Subsidy Impact on sustainability of SHGs: An Empirical Analyses of Micro Lending through SGSY scheme", in *Indian Journal of Agricultural Economics*, Vol.64, No.2, April-June 2009.

³⁸ Vatta, Kamal and Parminder Singh, "The Performance of Self-Help Groups in Punjab: A Study of Hoshiarpur District" in *Indian Journal of Agricultural Economics*, Vol. 56, No. 3, July-September 2001.

the formation of self-help groups, the banks do not provide credit to the below poverty line (BPL) groups. The above poverty line (APL) groups were able to get more benefits from these schemes because of their greater awareness, education and managerial abilities. As judged by the criterion of being eligible for getting bank loan after six months of the formation of the groups and regularity in its saving, it is revealed that about 83 per cent of BPL groups were eligible to get bank loan but only 5 percent of them could get it, The provision of even little credit helps the rural poor to improve their income level. Undue delays in sanctioning of the loan need to be eliminated to achieve the objective of economic enlistment of the poor. An extensive awareness campaign is needed to convince the bankers that the poor are bankable and advancing credit to them is more profitable and secure in terms of recovery.

The study of Singh (2001)³⁹ presents an insight into the working of three self-help groups in two villages viz. Thaska in Yamuna Nagar district and Barwala in Panchkula district of Haryana. Information was collected from the members of the SHGs as well as from the concerned banks. The study indicated that the SHGs even with heterogeneous socio-economic groups can operate successfully provided the intention of the entire member is good. The president, secretary and cashier with reasonably good literacy level functioned with better results. The loan for purchasing buffaloes (dairying) should also have provision for building animal sheds, as the member below the poverty line group hardly have one pucca room for their living, The working of these self-help groups has shown that this new concept of micro financing can do wonders to the rural People living in remote villages in improving their economic condition and protecting them from the clutches of village moneylenders.

Khatkar and Kharlanta (2001)⁴⁰ have examined the working and impact of SHGs on the rural poor in Haryana. On the basis of primary data pertaining to the year 2000-01, collected from seven self-help groups operating in the three villages of Hissar District in Haryana, it was observed that micro financing through SHGs is a better system for inculcating the habit of self-help among the rural poor. The beneficiaries are involved in every aspect of financing from the very beginning. Owing to belongingness to the funds, the recovery percentage was found to be sent percent in all

³⁹ Singh, U.B., Himmat and Gurnam, "Role of Self-Help Groups in the Shivalik Foothills of Haryana" in Indian Journal of Agricultural Economics, Vol. 56, No. 3, July-September 2001, pp.481-482

⁴⁰ Singh, V.K., R.K. Khatkar and S.K. Kharlanta, "A Study on the Working and Impact of Rural Self-Help Groups in Hissar District of Haryana" in Indian Journal of Agricultural Economics, Vol. 56, No. 3, July-September 2001, pp.482-83

the seven self –help groups. The members as well as bank officials were of the opinion that members of self-help groups could get loans in such magnitude and for such purposes for which bank cannot finance due to high operational cost. These groups also helped the members to free them from the clutches of money lenders and save them from exploitation even for meagre amounts.

Kumdu, Suhag, Pandey and Jain (2001)⁴¹ studied the composition and organizational structure of self-help groups in Grugaon district of Haryana. The authors also examined the characteristics/performance and the major constraints inhibiting the sustainability of these self-help groups. It has emerged from the study that self-help groups not only developed confidence among the rural poor but also cultivated the habit of thrift/saving and utilization of collective wisdom to tackle their own problems .Yet the SHGs faced various constraints. If the rural poor are properly organized and given the proper setup, micro financing as a supplementary to the existing rural credit operations would help to ensure increased access to credit for them.

Chatterjee (2009)⁴² studies four SHGs of Utter Pradesh, Jharkhand, West Bengal and Rajasthan under the SGSY scheme. The author visited in November 2007 the Sitapur district of Utter Pradesh, in November 2008 the Ramgarh district of Jharkhand, in December 2008 Howrah district of West Bengal and Alwar district of Rajasthan. The author directly interacted with the *Swarozgaris*. He find out of this study that the SHGs feel more empowered through the SGSY and each self-help group is a mini bank as each SHG saves and lend among its members which is nothing but a banking business.

1.5 Statement of the Problem

The SGSY was implemented in 1999. Now that the Scheme has been in existence for more than a decade, it is high time to examine how effectively it has been implemented. The investigator chose to study the effectiveness of the working of the scheme in Narnaul block of Mahendergarh district in Haryana state. The problem under study may be stated as:

⁴¹ Kundu, K.K., K.S. Suhag, U.K. Pandey and Kusam Jain, “Sustainable Micro-Finance through Self-Help Groups in Gurgaon District of Haryana” in Indian Journal of Agricultural Economics, Vol. 56, No. 3, July-September 2001, p.483

⁴²Chatterjee,Shankar, “SGSY: Developing Banking Habits Among Rural Poor”, A field study in Kurushetra, February, 2009, Vol.57, No.4, pp. 29-31

“Implementation of SGSY in Narnaul Block of Mahendergarh District: An Evaluative Study.”

1.6 Objectives

Following are the prominent objectives of the study:

1. To know whether there exist any variations in the implementation of the Scheme in different states of India.
2. To know whether there exist any variations in the implementation of the Scheme in different districts of Haryana.
3. To know whether there exist any variations in the implementation of the Scheme in different blocks of Mahendergarh district of Haryana.
4. To know the level of awareness about SGSY of *Swarozgaris* in Narnaul block of Mahendergarh district.
5. To know whether the meetings are held regularly of the SHGs in Narnaul block of Mahendergarh district.
6. To know the process of decision-making in the SHGs of Narnaul block of Mahendergarh district.
7. To know whether the records of the SHGs in Narnaul block of Mahendergarh district are maintained properly.
8. To know whether the training provided by the DRDA to the *Swarozgaris* in Narnaul block of Mahendergarh district was useful in carrying out the activities.
9. To know whether the banks and DRDA cooperating with the SHGs and are supporting them.
10. To know whether the formation of SHGs has helped in improving the economic condition of the *Swarozgaris* in Narnaul block of Mahendergarh district.

1.7 Hypotheses

It is proposed to test the following hypotheses:

1. There exist inter-state variations in the implementation of the SGSY.
2. There exist inter-district variations in Haryana state in the implementation of the SGSY.
3. There exist inter-state variations in Mahendergarh district in the implementation of the SGSY.

4. The *Swarozgaris* in Narnaul block of Mahendergarh district possess poor level of information about the provisions of SGSY.
5. NGOs are more instrumental in spreading awareness about SGSY.
6. The meetings of the SHGs in Narnaul block of Mahendergarh district are not held regularly.
7. The process of decision-making in the SHGs of Narnaul block of Mahendergarh district is not democratic.
8. The records of the SHGs in Narnaul block of Mahendergarh district are not maintained.
9. The training provided by the DRDA to the *Swarozgaris* in Narnaul block of Mahendergarh district was not useful in carrying out the activities.
10. The banks do not cooperate with the SHGs in Narnaul block of Mahendergarh district.
11. The DRDA officials are not supporting the SHGs in Narnaul block of Mahendergarh district.
12. The formation of SHGs has not helped in improving the economic condition of the *Swarozgaris* in Narnaul block of Mahendergarh district.

1.8 Methods and the Methodology

Present study is an empirical study conducted in the Narnaul block of Mahendergarh district in Haryana state. Both the primary and secondary data have been used in the study. Secondary data regarding the physical and financial progress of the Scheme obtained from the reports has been analysed in Chapter-4. Since there exist phenomenal inter-state variations of population, it was necessary to normalise the data by finding the physical and financial progress of SHGs per lakh population. The process has made inter-state and inter-district comparisons possible. The preliminary estimates of Census 2011 have been used for this purpose. But preliminary Census 2011 estimates are not available below the district level. Therefore, on the basis of population growth rate of Mahendergarh district, the researcher found the projected population of the different blocks of the district and the same has been used for finding the physical progress per lakh of population in different blocks of the district.

A total of 213 SHGs⁴³ have been formed under SGSY in Narnaul block of Mahendergarh district since the inception of SGSY on April 1, 1999 to March 31, 2011. However, considering

⁴³ The detailed position regarding number of SHGs formed in different villages of Narnaul block of Mahendergarh district is shown in Annexure-1

the feasibility aspect, only those SHGs have been taken up for detailed study which has been in operation for the last at least five years. The number of such groups has been 56 in Narnaul Block; 11 of these SHGs have passed Grade-I while the remaining 45 have passed Grade-II. Accordingly, all these 56 SHGs were selected for detailed study. To obtain primary data from these 56 respondent SHGs an interview schedule containing 14 questions (kindly refer Annexure-2) was prepared and administered to the office bearers of these SHGs. It was decided to obtain the information from the office-bearers of the SHGs because *first*, it is these people who had been instrumental in the formation of the SHGs and *second*, seeking information from all the members of a SHG would have hardly any meaning.

However, in order to ascertain the validity of the responses of the office-bearers, the researcher also obtained information from some of the members of the selected SHGs. The selection of the members was on the basis of their availability at the time of visit to the village.

Secondary data were obtained from the official reports published by the Union Ministry of Rural Development, official reports of the Planning Commission, official website for SGSY Scheme, various reports on SGSY published by the Government of Haryana, books and research articles on the SGSY, journals, newspapers etc.

The data so obtained has been systematised, tabulated both in crude form and in percentages to facilitate comparisons in analysis of data.