

Chapter-2

About the Scheme

The Swarnjayanti Gram Swarozgar Yojana (SGSY) is the major on-going programme for the self-employment of the rural poor with effect from April 1, 1999. SGSY is an important programme of self-employment and poverty eradication in rural area.¹ The objective of SGSY is to bring the assisted poor families (called Swarozgaris) above the poverty line by ensuring appreciable sustained level of income over a period of time. Self-help group approach helps the poor to build their self-confidence through community action. 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.² The process of interaction in group meetings and collective decision making enable the Swarozgaris to identify and prioritize their needs and resources. This would lead to strengthening and socio-economic empowerment of the rural poor and improve their collective bargaining power.³ This is a holistic programme covering all aspects of self-employment such as organization of the poor into self-help groups their capacity building, training, selection of key activities, planning of activity clusters, infrastructure build up, technology and marketing support. SGSY is financed on 75:25 cost sharing basis between the Centre and the states.⁴

SGSY lays stress on the cluster approach which means that instead of funding diverse activities, each block should concentrate on a few selected activities (key activities) and attend to all aspect of these activities, so that the Swarozgaris can draw sustainable income from their investments. These key activities should preferably be taken up in clusters so that the backward and forward linkages can be effectively established.⁵

2.1 Swarozgaris

¹ Anita. P., "Economic impact of SGSY scheme on women Beneficiaries: An Empirical Analysis", Southern Economist, Vol. 47, No. 9, September 15, 2009, p.19

² Lalitha.N. and B.S. Nagarajan, *Self Help Groups in Rural Development*, Dominant Publishers, New Delhi, 2002, p.45

³ Swarnjayanti Gram Swarozgar Yojana: Guidelines, Ministry of Rural Development, Government of India, New Delhi, Para 1.1

⁴ District Rural Development Agency, Narnaul, District MahendraGarh, Haryana, 2010-11, p.4

⁵ I-bid, p.2

Under SGSY the beneficiaries are known as Swarozgaris. The Swarozgaris can be either individuals or group. SGSY lays emphasis on the group approach, under which the rural poor are organized into self-help groups.⁶ In either case, the list of Below Poverty Line (BPL) households identified through below poverty line census, duly approved by the Gram Sabha will form the basis for identification of families for assistance under SGSY. The self-help groups should also be drawn from the below poverty list approved by the Gram Sabha.⁷

2.2 Individual Swarozgaris

The Individual Swarozgaris are to be select in the Gram Sabha. It is possible that the Gram Sabha may not have the participation of all the below poverty line families. Therefore in order to afford the maximum participation for the poor (Below Poverty Line) a 3 member team consisting of the Block Development Officer (BDO) or his representative, the banker and the Sarpanch should visit each of the habitations in panchayat according to a schedule drawn up for this purpose and duly published. In each habitation, the team must then ascertain from the below poverty line families, persons who can be covered under the designated key activity.⁸

The Selection of the Swarozgaris must be done in an open and transparent manner.⁹ After the selection is made, the Block Development Officer shall arrange to have the applications filled by the selected persons, which must be local language and simple while satisfying the legal requirements.¹⁰ Once the banks have received the applications, they should sanction the application normally in 15 days and at any rate not later than one month. Every year the process of sanction by the bank should normally be over by July.¹¹

The list of Swarozgaris finally selected (for a year) should be got printed by Block Development Officer and copies made available to gram panchayat for placing it before the next Gram Sabha, to the District Rural Development Agency (DRDA), other block officials, bankers and other concerned agencies.¹² The SGSY will particularly focus on the vulnerable groups among

⁶Swarnjayanti Gram Swarozgar Yojana: Annual Action Plan, Ministry of Rural Development, Government of India, New Delhi, p.32

⁷ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op. cit., Para 3.1

⁸ Ibid, Para 3.22

⁹ Ibid, Para 3.23

¹⁰ Ibid, Para 3.25

¹¹ Swarnjayanti Gram Swarozgar Yojana: Annual Action Plan, op.cit, p.42

¹² Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 3.27

the rural poor. The Scheduled Caste/ Scheduled Tribes, women and the disabled will constitute a minimum of 50%, 40% and 3% of total Swarozgaris assisted during the year.¹³

2.3 Self Help Groups (SHGs)

The empowerment of women through Self Help Groups (SHGs) would lead to benefits not only to the individual women and women groups but also for the families and community as a whole through collective action for development. These groups have a common perception of need and impulse towards collective action. The origin of SHGs is the brain child of Grameen Bank of Bangladesh, which was founded by the economist, Prof Mohammed Yunus of Chittagong University in the Year 1975. It's mainly concerned with the poor and it is for people, by the people and of the people. SHG is a mini voluntary agency for self-help at the micro level and focuses on the weaker sections particularly women for their social defence.

SHG formed in rural India usually consisted of fifteen to twenty members hailing from a certain locality with similar socio-economic background.¹⁴ The unregistered groups operate on the principals of mutual trust, co-operation and interdependence. Preference in memberships was offered to the poorest of the poor, handicapped, widowed, deserted and dalits. The leaders were selected from members of the group.

2.4 Formation of Self Help Groups (SHGs)

The main objectives of SHGs¹⁵ are (1) To inculcate the habit of saving and banking habit among the rural women, (2) To build up trust and confidence between the rural women and bankers, and (3) To develop group activity. Self-Help group is a group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. They agree to save

¹³ Ibid, Para 3.28

¹⁴ Suguna, B. *Empowerment of rural women through self Help group*, Discovery Publication House, New Delhi, 2006, pp14-16

¹⁵ The main characteristic features of SHGs include: (1) Small size, (2) Identical interest/ social heritage/ common occupation homogeneity affinity, (3) Intimate knowledge of members of intrinsic strength, need and problems, (4) Flexible and responsive, (5) Democratic in operations, (6) Simple rules, regulations and documentation, (7) Collective leadership, mutual discussion, (8) Group solidarity, self Help, awareness, social and economic empowerment, (9) Grouping of leadership responsibilities and identifying leader positions, (10) Affording clarity in roles and responsibilities of different leadership positions, (11) Selecting Leader on consensual basis, (12) Rotation of leadership at least once in two years with provision of changing leader in case of non-fulfilment of expected roles.

regularly and convert their savings into a Common Funds known as the Group Corpus. Members of the group agree to use the Group Corpus and such other funds that they may receive as a group through common management. Following broad guidelines are to be kept in view at group formation stage:¹⁶

- 1) A self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and area which scattered and sparse population and in case of disabled persons, this number may be from 5-20. The difficult areas have to be identified by the state level SGSY Committee and the above relaxation in the membership will be permitted only in such areas.
- 2) Generally, all member of the group should belong to below poverty line families. However, if necessary, a maximum of 20% and in exceptional cases up to a maximum of 30% of the member in a group may be taken from families marginally Above the Poverty Line (APL). This will help the families of occupational group like agricultural labourers, marginal farmers and artisans marginally above the poverty line to become members of the SHGs. However, the above poverty line member's will not be eligible for the subsidy under the scheme, further, above poverty line members of the SHGs shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group. The Group shall not consist of more than one person from the same families. A person should not be a member of more than one group. The Below Poverty Line families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of the above poverty line families.¹⁷
- 3) The Group should devise a code of conduct (Group Management Norms) to bind itself. This should be in the form of regular meetings (weekly or fortnightly), functioning in a democratic manner, allowing free exchange of view, participation by the members in the decision making process.
- 4) The Group should be able to draw up an agenda for each meeting take up discussions as the agenda.

¹⁶ Ibid, Para 3.4

¹⁷ Swarnjayanti Gram Swarozgar Yojana: Annual Action Plan, op.cit, p.33

- 5) The member should build their corpus through regular saving. The Group should be able to collect the minimum voluntary saving amount from all the members regularly in the group meeting, the savings so collected will constitute the Group Corpus Fund.
- 6) The Group Corpus Fund should be used to advance loans to the members. The Group should develop financial management norms covering the loan sanction procedure, repayment schedule and interest rates.
- 7) The members in the Group meeting should take all the loaning decisions through a participatory decision making process.
- 8) The Group should be able to prioritize the loan applications, fix repayment schedules and the rate of interest for loans advanced and closely monitor the repayment of loan installments from the loanee.
- 9) The Group should operate a group account preferably in their service area bank branch, so as to deposit the balance amounts left with the Groups after disbursing loans to its members.
- 10) The Group should maintain simple basic records such as Minutes book, Attendance register, Loan ledger, Cash book, Bank passbook and individual passbooks.

Self-help group go through various stages of evolution, which are discussed below:¹⁸

Group Formation

In our society, members are linked by various common bands like caste, sub caste, community, blood relation, place of origin, activity etc. The facilitators must identify these natural groups which are commonly called 'Affinity Groups'. Identification of such affinity Group is critical for the progress and success of the self-help group. This would require staying with the people for some period to facilitate proper understanding and establish rapport with them.

Group Stabilization

¹⁸ Swarnjayanti Gram Swarozgar Yojana: Annual Action Plan, op.cit, p.32

The Group takes up internal loaning to the member from their Group Corpus Fund. The Group should save regularly and begin to lend to members. This provides the members an opportunity to acquire the skills to prioritize scarce resources, to assess the strength of each member. To time the loans and schedule of repayments and fix interest rates, the Group institutionalizes the need to introduce sanctions for deviant behaviour, which could include delay in repayments, arriving late or absenting from meeting etc.

Micro Credit

The Group Corpus is supplemented with Revolving Fund sanctioned as cash credit limit by the banks or the Group could also have access to credit under the SHGs-Linkage Programme of National Bank for Agriculture and Rural Development.¹⁹

Micro Enterprise Development

This phase would include entrepreneurship development as well as skill development training of the members of the Group to enable them to successfully implement the chosen activity. All the Groups, particularly those formed with members who are skill-less asset-less, destitute and living under abject poverty might not graduate to the stage of Micro-Enterprise within the time frame indicated in the Guidelines. Such groups may continue to remain in the Micro-Finance stage for a longer period of time and may require intensive training and capacity building input to enable them to reach higher levels of income generation.

Selection of Key Activity

The choice of key activities should be a carefully thought out process. The Block SGSY Committee has a very important role to play in it. For identifying the key activities that can be taken up, the Committee should ensure that this selection takes place through a participative process. For selection of key activities, a profile of the poor families, as reflected in the below poverty line Census should be analysed.²⁰ The next priority may be given to those who have an inherent skill; another category would be the unemployed educated youth. Generally, the people who are asset-less and skill-less are poorest of poor and get left out under the Programme. Such category of people

¹⁹ Swarnjayanti Gram Swarozgar Yojana: Annual Action Plan, op.cit, p.33

²⁰ I-bid, p.43

may require small doses of multiple credits over a period of time coupled with emphasis on awareness creation, training and capacity building. The activities which are easier to handle and product is easily marketable so that they do not fall into depttrab.²¹

The Committee may identify about 8-10 activities, which they may rank in the order of preference. This list should then be placed before the general body of the PanchayatSamiti (Block Panchayat). The PanchayatSamiti should be asked to give its recommendations. The list of selected key activities, along with the recommendations of the PanchayatSamiti, should then be forwarded by the Block Development Officer to the District SGSY Committee for consideration. Before sending the list to the District SGSY Committee, the Block Committee should prepare a brief project report, keeping in view the guidelines.²²

The District SGSY Committee will receive the block wise proposals and will vet them. The Committee will select about 10 activities. However, focus should be on 4-5 key activities which are identified for training and micro-enterprise development in a cluster approach for large number of Groups. In the process scope for other potential activities should not be excluded. In doing so, the District SGSY Committee will ensure that the infrastructure already available in the district in terms of production, service, training facilities as well as market are utilized and that the choice of activity does not require a new effort in all directions – production as well as marketing.²³ In other words, at least some of the key elements of the economic chain of the selected activity should be present and it is only the missing link that needs to be provided. Secondly, the district level Committee will also ensure that Swarozgaris taking up the activity can realize appreciable incremental income sustained over a period of time which will help them to effectively cross the Poverty Line.²⁴

For each key activity there should be a project report indicating various elements such as training, credit, technology, infrastructure and marketing. The project report should indicate how many people could be covered economically in a block under key activities. The tendency to

²¹ Swarnjayanti Gram Swarozgar Yojana: Guidelines .op-cit, Para 1.4

²² Ibid, Para 1.10

²³ Swarnjayanti Gram Swarozgar Yojana: Annual Action Plan, op.cit, p.44

²⁴ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 1.11

provide finance to a large number of similar units must be avoided so as to prevent creation of excess capacity.²⁵

The major share of SGSY assistance will be for the key activities. A minimum of 75% both by number and funding will be for the key activities identified in the block both as group assistance and individual assistance. However, assistance is not prohibited for other activities. There may be stray instances where a Swarozgari may like to take up an activity by him/her and where the nature of activity is such that its economic return is assured. SGSY allows such activities but subject to a limit of 25 per cent of the total number and funding of Swarozgaris in any given year. It must be noted that this is only an enabling provision for exceptional cases and it is expected that the funding of key activities will be the norm. Therefore, the figure of 25 per cent is only the upper limit and should not be the norm.²⁶

The key activities may be taken up for implementation preferably in clusters. It must be noted that the clusters are not mere geographic agglomerations but units where the backward and forward linkages can be effectively established. This will facilitate greater control of the progress of the programme, including setting up of infrastructure, raw material distribution, technology transfer as well as quality Control. It is not essential that SGSY should be implemented in each and every village of block. Advantage may be taken of the infrastructure already built up so that the results may be more definite. At the same time, care must be taken to see that maximum number of villages is covered under one or the other of the activity clusters.²⁷

Paper infrastructure may be either production, processing quality testing, storage or marketing.²⁸

The following principles may be kept in view while framing the infrastructural proposals:²⁹

- 1) The infrastructural activities should enable SGSY Swarozgaris to make full utilization of their assets. Marketing linkages should be given priority.

²⁵ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 1.15

²⁶ Ibid, Para 1.20

²⁷ Ibid, Para 1.21

²⁸ Ibid, Para 2.1

²⁹ Ibid, Para 2.6

- 2) The proposals should emerge out of the specific activities being taken up by the Swarozaris and the location decisions should be made by the Blocks/ District Rural Development Agency in Consultation with Banker.
- 3) Only village or Block or District level infrastructure should be planned. In no case should the proposals envisage development of infrastructure at the state/ regional level.
- 4) Only the fixed cost and not the recurring expenditure should be met out of SGSY funds. There should be an undertaking that the State Government or the organization concerned would meet the recurring expenditure on staff and other items.
- 5) In the case of assistance for development of infrastructure to cooperative societies, it should be ensured that at least 50% of the members are SGSY Swarozaris.

2.5 Financial Assistance

Assistance under the SGSY to individual Swrozaris or SHGs is given in the form of subsidy by the government and credit by the banks. Credit is critical component of SGSY, subsidy being a minor and enabling element. The major part of investment consists of bank credit from financial institutions comprising commercial banks cooperative banks and regional rural banks.³⁰ Accordingly, SGSY envisages greater involvement of Project Reports, Identification of activities clusters, Infrastructure planning as well as capacity building and choice of activity of the self-help groups, selection of individual Swarozaris pre-credit activities and post-credit monitoring including loan recovery.³¹

The size of loan for project depends on the nature of project. However, the loan should be composite comprising both fixed and working capital. SGSY has no investment ceiling other than the unit cost (i.e., investment requirement) worked out for the project. The loan amount would be equal to total project cost including the amount of subsidy admissible to the Swarozgari. Interest rate for SGSY loan will be as notified by Reserve Bank of India/ National Bank for Agriculture and Rural Development from time to time. The security norms will be as prescribed by Reserve Bank of India from time to time.³²

³⁰ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 4.1

³¹ Shylendra, H.S., "The Self-Help Groups-Bank Linkage Programme: An assessment and Future Strategies" in Journal of Rural Development, Vol. 23, Oct-Dec 2004, p.426

³² Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 4.2

From the date of applications are received in the Bank, the bank shall not take more than fifteen days to sanction the loan. The Bank will thereupon communicate this list to the Gram Panchayat, which shall place it before the Gram Sabha in its next meeting. The bank shall also communicate this list to the Block Development Agency as well as the concerned line department.³³

While Sanctioning Projects, the Bank Managers should ensure that the unit costs terms of loan and repayment schedule are as indicated in the project profiles for the concerned key activity. Part-financing and under-financing is not to be resorted to under any circumstances. However where the nature of activity is such that the loan is to be released in the stages, the disbursement may be made accordingly. If some cases are rejected, the reasons thereof need be recorded and communicated to the supporting authority.³⁴

As soon as the Swarozgari completes the basic orientation or the skill training programme, the bank shall proceed to disburse the loan and subsidy amount to the Swarozgari. This shall invariably be done immediately, so that the money is available for purchase or creation of the asset.³⁵

In case of denial of loan, bank should communicate in writing, explaining reason for rejection to the beneficiaries. The association of bankers at all the stages of the programme implementation right from the identification of key activities clusters, identification of individual of key activities clusters, self-help group, and identification of individual beneficiaries as well as planning for all the elements must ensure that all facilities including technical guidance are provided to the beneficiaries. For the purpose of effective monitoring of implementation of SGSY, the banks may set up SGSY cells in their controlling offices such as Zonal/ Regional offices. To sum up, the success of SGSY depends on the holistic approach followed by banks and other agencies involved in development process.³⁶

Asset Creation by Swarozgaris

Swarozgaris will have the freedom to procure the asset themselves. The Swarozgaris shall procure the asset within one month from the date of release of the money. Both District Rural

³³ Ibid, Para 4.3

³⁴ Ibid, Para 4.5

³⁵ Ibid, Para 4.6

³⁶ Shylendra, H.S., op. cit., p.362

Development Agency and banks should ensure through proper monitoring and verification that quality assets have been procured.³⁷

On receipt of the new procurement, the line department as well as the bank shall verify the asset and satisfy themselves of its quality. The assets should be marked to check the mis-utilization or transfer of the assets. This is also necessary in the eventuality of filing insurance claim and physical verification of assets etc.³⁸

2.6 Multiple Credits and Multiple doses of Credit

SGSY will seek to develop close linkages with credit mechanism in such a manner as would promote multiple credits rather than a one-time credit injection. Multiple doses of credit would mean assisting a Swarozgari over a period of time with second and subsequent dose/es enabling him/ her to access higher amount of credit. The Swarozgaris should have the confidence that so long as he/ she proves her credit worthiness by way of proper utilization of asset and prompt repayment, the bank will stand by him/ her and will provide additional credit, whether or not this is backed by subsidy. As already indicated, while SGSY is a credit-cum-subsidy programme, the subsidy is only an enabling element and credit is the key component. The Swarozgaris will be allowed to stabilize and improve their credit absorption capacity and to increase their credit intake over the years either for the same activity or a new activity. The second/ subsequent dose can be given even during the currency of first earlier dose. Subsidy entitlement for all doses taken together will not exceed the limit prescribed for that category.³⁹

2.7 Repayment of Loan

All the SGSY loans are treated as medium term loans with minimum repayment period of years. Loan installments will be fixed as per unit cost approved by the National Bank for Agriculture and Rural Development/ District Level Coordination Committee and there will be a moratorium on repayment of loan during the gestation period. Repayment installments should not be more than 50 percent of the incremental net income expected from the project. Number of

³⁷ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 4.8

³⁸ Ibid, Para 4.11

³⁹ Ibid, Para 4.13

installments will be fixed in accordance with the principle amount, the interest liability and the repayment period.⁴⁰

Swarozgaris will not be entitled for any benefit of subsidy if the loan is fully repaid before a certain fixed period known as the lock-in period. The lock-in period for various activities under SGSY can be broadly categorized into three categories depending on the loan payment period for 5, 7, and 9 years. The lock-in period corresponding to these repayment periods would be 3, 4, and 5 year respectively. If the loan is fully repaid before the currency period, the Swarozgaris will be entitled only to pro-rata subsidy.⁴¹

The Reserve Bank of India has introduced Service Area Approach with effect from 1.4.1989. It is applicable to rural and semi-rural branch of Commercial and Regional Rural Banks. Under this scheme, each bank branch has a designed service area comprising certain villages in which it will concentrate its activities for productive lending. The financing for SGSY in those villages is, therefore, to be done by the bank branches to which they have been allocated.⁴²

2.8 Subsidy

Subsidy under SGSY will be uniform at 30% of the project cost subject to a maximum of Rs 7500/-. In respect of SCs/STs, however, these will be 50% and Rs. 10000/-, respectively. For groups of Swarozgaris, the subsidy would be at 50% of the project cost subject to a per capita subsidy of Rs. 10,000/- or Rs 1.25 lakhs, whichever is less. There will be no monetary limit on subsidy for irrigation projects.⁴³

Swarozgaris will not be entitled for any benefit of subsidy if the loan is fully repaid before a certain fixed period specified by National Bank for Agriculture and Rural Development depending upon the activity. The availability of the benefit of subsidy to Swarozgaris would be contingent on their proper utilization of loans also its prompt repayment and maintaining the asset in good condition.⁴⁴

⁴⁰ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 4.20

⁴¹ Ibid, Para 4.21

⁴² Ibid, Para 4.32

⁴³ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 4.16

⁴⁴ Ibid, Para 4.18

Banks will issue loan passbooks to Swarozgaris. These pass books should include inter alia, certain details such as the date of sanction of loan, amount of loan sanctioned, subsidy to be adjusted in the final installment of payment, rate of interest, amount due under each installment due date of installment etc. The banks may issue loan books to Swarozgaris in regional languages.⁴⁵

2.9 Role of Non-Government Organisations

The non-government organisations (NGOs) can play a very important role in rural development programmes to help the poor people of the society and need continuous guidance to raise bank loans. Besides, direct involvement of the non-government organization in project formulation, group formation, training, promotion of self-help groups and identification of beneficiaries to be assisted under SGSY can help the borrowers in proper management of the assets, marketing of the produce, repayment of loan installments etc. Non-government organisations can also act as catalyst of rural development.⁴⁶

Whenever feasible and desirable, non-government organisations should be involved in the implementation of SGSY. The state government may earmark some funds from SGSY allocation for the implementation of the programme through non-government organisations. These organisations may function through District Rural Development Agencies. The District Rural Development Agency may administer the funds for the voluntary sector and involve such agencies in the implementation of the programme. If non-government organisations so desire, the District Rural Development Agency may earmark areas/ village for implementation of the programmes by these organization.⁴⁷ The rural poor, with the intermediation of voluntary organizations join together for self-help to secure economic growth. This has resulted in the formation of the large number of self-help groups in the country, which mobilizes savings and recycles the resources generated among members. Most non-government organizations have come up due to the dynamic leadership of certain individuals within a group or through the catalytic role played by the non-government organisations in developing such groups.⁴⁸

⁴⁵ Ibid, Para 4.19

⁴⁶ Basker. B., S. Manival and N. Narayanaswamy "Rural Development Through Self Help Groups", Journal of Rural Development, Vol. 24, No. 3, July-Sept 2005, p.36

⁴⁷ Swarnjayanti Gram Swarozgar Yojana: Annual Action Plan, op.cit, p.35

⁴⁸ Singh, Om Raj, "Role of NGOs in Fostering Self-help Groups' in Kurushetra, Feb. 2003, p.33

2.10 Insurance

The assets should be marked to check the miss-utilization or transfer of the assets. This is also necessary in the eventuality of filing insurance claim and physical verification of assets etc.⁴⁹ Insurance cover at present is available for livestock assets given under Integrated Rural Development Agency (now SGSY). The General Insurance Corporation has agreed to provide this cover on the terms and conditions as reflected in the Specimen Master Policy and Long Term Master Policy Agreement signed between the General Insurance Corporation and the state government.⁵⁰

A group life insurance scheme for Swarozgaris aged not less than 18 years and not more than 60 years was introduced w.e.f. April 1, 1988. This scheme is operative from the date on which the asset is disbursed to Swarozgaris till the Swarozgaris complete the age of 60 years or a period of 5 years from the date of commencement of the cover, whichever is earlier. A sum of Rs. 5,000 shall become payable by Life Insurance Corporation to the nominee of deceased in case of natural Death. In the event of death due to accident a sum of Rs. 10,000 shall become payable by Life Insurance Corporation.⁵¹

2.11 Skill Up gradation

SGSY proposes a number of measures for upgrading the capacity of Swarozgaris both in individual as well as group oriented activities.⁵² While developing the project profiles for the identified key activities, the District SGSY Committee should in consultation with concerned technical personnel determine the Minimum Skill Requirement (MSR) in terms of both the technical and managerial skills. Once the person or⁵³ group of persons has been identified for assistance, their training needs also should be ascertained with reference to MSR. The assessment regarding technical skills may be made by the line departments while that of the managerial skill may be made by the banker while scrutinizing the loan application.

⁴⁹ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 4.34

⁵⁰ Ibid, Para 4.35

⁵¹ Ibid, Para 4.36

⁵² Ibid, Para 5.1

⁵³ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 5.2

2.12 Basic Orientation Programme

Where the Swarozgari does not possess the required skill, he/ she may be put through basic orientation programme after loan is sanctioned and before it is disbursed. This mandatory programme may be organized at the block headquarters, not far from the place of residence. This basic orientation programme will seek to familiarize the Swarozgaris with SGSY and its objective, the responsibilities of the Swarozgari, as well as the behavioral aspects. It will also seek to infuse confidence in the Swarozgari by drawing his/ her attention to the success stories in the given key or allied activity, as well as alert him/ her to the success stories in the given key or allied activity as well as to the possible risks. This programme will include elementary book keeping, knowledge of market, identification and appraisal, acquaintance with product costing and product pricing, familiarization with project financing by banks as well as some basic skills in the key activity identified, it will be of a very short duration and should not normally be more than two days. Block Development Officers, Bankers and line departments can act as resource persons for this training. Training expenses of Swarozgaris can be met by District Rural Development Agency from SGSY Training Fund. No stipend will be admissible.⁵⁴

Skill Development Training

For the identified activities, Swarozgaris who need additional skill development/ upgradation of skill, appropriate training may be identified and suitable training programmers organized. Government institutes like engineering colleges, polytechnics, universities and non-government organizations may be approached to imparting training. The objective of this training is to ensure that the Swarozgaris possess the Minimum Skill Requirement (MSR). Swarozgaris will be eligible for assistance only when they possess MSR and loans will be disbursed only when they have satisfactorily completed skill training.⁵⁵

Identification of Training Institutions

Data on the available training Infrastructure should be collected so as to make an optimal use of existing infrastructure facilities at the district as well as the block level. The facilities may include institutions such as polytechnic, KrishiViganKendras, Khadi and Village Industries Boards,

⁵⁴ Ibid, Para 5.3

⁵⁵ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 5.4

State Institutes of Rural Development, Extension Training Centers of repute, voluntary organizations and any departmental facilities available in that area. Private institutes shall not normally be used for training, unless they are well known and have excellent infrastructural facilities that are otherwise not available. There is, however, no bar to utilize the private sector industrial units for appropriate training. The selected training institutes should have adequate facilities in term of faculty, building, etc. The District Rural Development Agency will be entitled to meet the expenses, incurred by the training institute for conduct of the training programme, from out of the SGSY Training Fund, but such expense should not exceed Rs 15 per trainee per day.⁵⁶

2.13 Marketing Support

Traditionally, the self-employment programmers concentrated on the inputs rather than the outputs and their marketing. It was not uncommon to find production strategies in place overlooking the market aspects. One often finds that the recommendation of an activity is not preceded by the much needed market survey. There is a false notion that market surveys are not required in case of the self-employment opportunities for the rural poor. In fact, it is as critical, if not more, for the poor, for; he/ she cannot sustain the loss arising out of a lack of market even for short period. It is, therefore, necessary that the project profile of every key activity identify the market availability.⁵⁷

A few states have organized *melas* to give publicity to the range of products produced by Swarozgaris. Such efforts need further encouragement so that those SGSY Swarozgaris will be integrated with the regional markets. Organizing of the Exhibitions periodically in urban centers will offer better price to the goods produced by SGSY group to the demand patterns of the market. The state level organizations and board have to develop an organic link professional bodies can guide the poor in supply of designs and in quality assurance, Attempts to establish state emporia for display and sales of SGSY products in major urban cities need to be given a fair trial.⁵⁸

2.14 Implementation

⁵⁶ Ibid, Para 5.7

⁵⁷ Ibid, Para 7.1

⁵⁸ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 7.8

A close involvement of different agencies is essential for the success of SGSY. The scheme is implemented by District Rural Development Agencies through the Panchayat Samities and with the active involvement of other Panchayati Raj Institution, the banks, the line departments and the non-government organizations.⁵⁹ A close coordination between different agencies responsible for implementation of SGSY is critical for the success of the programme. The programme should be treated as a joint programme with all agencies being conscious of their respective roles. In order to ensure coordination the following committees are constituted under.⁶⁰

Block Level

There shall be a Block Level SGSY Committee in each block. The meeting of this Committee shall be convened by the Block Development Officer. The Lead Bank Officer, DDM, National Bank for Rural Development and the lead District Officer, Reserve Bank of India may attend the meetings as special invitees. They may attend as many meetings as possible in each block so that they are familiar with the ground level problems and can help in sorting them out. The main functions of Block Level SGSY Committee are:

1. Selection of key activities at the beginning of the programme
2. Selection of villages and number of Swarozgaris to be covered each year
3. Distribution of the work among the bank branches
4. Monitoring of the performance by different agencies
5. Co-ordination in respect of infrastructure, credit, technology and marketing
6. Review of income being earned by Swarozgaris
7. Review of the recovery performance: fixing dates for recovery camps etc.
8. Conduct of sample checks for verification of assets
9. Drawing up of monthly report (the monthly report may be drawn by Block Development Officer based on information furnished by the banks. A review of the report in the monthly meeting will help the block level committee in identifying different problems)
10. Review of progress of Swarozgaris in crossing the poverty line.

The block level committee shall meet between 5th and 10th of every month. It must be ensured that meetings are held regularly, Branch Manager of financing institutions should report in a pre-

⁵⁹ Ibid, Para 8.1

⁶⁰ Ibid, Para 8.9

determined format about the SGSY financing in the block and the same should be compiled by Block Development Officer. The proceedings of the Block Level SGSY Committee shall be sent to the Project Director, District Rural development Agency and to the Lead Bank Officer.

District Level

At the district level, there shall be a District SGSY Committee under the Chairmanship of District Collector/ Chief Executive Officer. This Committee meets every month to review the progress of SGSY and suggest corrective action wherever necessary. The functions of the District SGSY Committee include:

1. Review of SGSY Plan.
2. Monitoring and review of overall progress in physical and financial terms
3. Sorting out inter-agency differences and to prepare items for consideration of State Level Committee
4. Assessing training needs of Swarozgaris and also to review the arrangements for training including identification of appropriate institutions also.
5. Monitor the recovery position bank-wise so as to initiate corrective measures where necessary.

State Level

The Department of Rural Development or any other Department to which the subject of Rural Development has been allocated should be responsible for planning, implementation, monitoring and evaluation of the programme at the state level. A State Level SGSY Committee has been provided to oversee the functioning and the performance of SGSY. Functions of the State Level Committee are as under:

1. To provide leadership and guidance in the planning , Implementation and monitoring of the programme
2. To review the district –wise progress under Swarnjayanti Gram SwarozgarYojana and suggest remedial actions
3. To monitor and evaluate the implementation of the programmed with reference to the objectives of the programme

4. To review the involvement of reputed non-government organizations in the Swarnjayanti Gram Swarozgar Yojana and provide directions , if necessary
5. To provide a forum for a meaningful dialogue between the policy makers at the state level and the implementaters at the field as well as the bankers
6. To discuss any other issue relating to SGSY.

Central Level

The Department of Rural Development in the Union Ministry of Rural Development has overall responsibility of policy formulation, monitoring and evaluation of the programme and for release of central share of funds. A Central Level Coordination Committee (CLCC) has been constituted to assist the Department. The Central Level Coordination Committee will meet once in six months.⁶¹ The functions of Central Level Coordination Committee are as under:⁶²

1. To review and ensure effective implementation of the programme
2. To review linkages for support services for SGSY
3. To review progress of these programmes in physical, financial and qualitative terms including credit assistance
4. To consider concurrent evaluation reports
5. To provide a forum for continuous dialogue with the state governments and bankers.
6. To review the credit arrangements and recommend changes and improvements as and when necessary.

Setting up of SGSY Cells in Banks

For the purpose of effective monitoring of the implementation of SGSY, the banks may set up SGSY cells in their controlling offices such as Zonal/ Regional Offices. These Cells should make periodical review of the flow of credit to SGSY Swarozgaris, ensure the implementation of the guidelines issued by Reserve Bank of India and the Government of India, collect data from the branches and make available consolidated data to the Head Office of the Bank.⁶³

⁶¹ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 8.13

⁶² Ibid, Para 8.13

⁶³ Swarnjayanti Gram Swarozgar Yojana: Guidelines, op-cit, Para 8.14