

I. INTRODUCTION

Poverty is man's powerful and massive affliction. It is the progenitor of much further pain from hunger and disease onto civil war and conflict itself. Although the pain of poverty is not denied yet its compensatory spiritual reward is very high. The blessedness that Christianity accords to the meek is categorical. The poor pass through the eye of the needle into paradise, the rich remain outside with the camels.

World's population races up to the five billion mark and nearly half of the humanity continue to live largely under conditions of subsistence agriculture and acute poverty. A poverty curtain has descended right across the face of the world, dividing it materially and philosophically into two different worlds, two separate planets, two unequal humanities- one embarrassingly rich and the other desperately poor. This invisible barrier exists within nations as well as between them, and it often provides unity of thought and purpose to the third world countries which otherwise have their own economic, political and cultural differences. The struggle to lift this curtain of poverty is certainly the most formidable challenge of our time. Over the ages 'a culture of poverty' has got transmitted from generation to generation in India. Poverty here is not a pathological deviation from the normal and normative but the state of affairs and the set of conditions under which the overwhelming majority of people are

compelled to live. Backwardness here has often been characterized by a syndrome of collective poverty.

Independent India adopted planning in the early 1950s, but the necessity and urge for planning was openly expressed during the latter half of the previous century on the basis, in the words of Dadabhai Naoroji of continuous impoverishment and exhaustion of the country at the hand of the alien British Government. Leading nationalists wrote extensively on pauperization. Poverty has been our continuing preoccupation since the colonial period. As such it is but natural to expect that our planners under the leadership of Pandit Jawaharlal Nehru gave top priority to programme of poverty eradication from the very beginning of planning.

It was becoming increasingly clear that the trickle-down process had not worked in India, while land reforms could precede much beyond the abolition of Zamindari system. The usual approach of the Five Year Plans had been reduction of relative disparities. The First Plan, for instance, accepted reduction in inequalities of income as one of its objectives. The Second Plan too mentions reduction in inequalities of income and wealth distribution as one of the four objectives. The perspective of development can be regarded as a forerunner of the “Direct Attack on Poverty” approach by means of poverty focused policies adopted since the Fourth Five Year Plan. This approach appears to be more effective both in the short and longer run. But one cannot attack poverty directly without detailed knowledge of its location, extent and characteristics. This Plan identified that the poor comprised the landless agricultural laborers, small and

marginal farmers and village artisans. It was also noted that Scheduled Castes and Scheduled Tribes constitute the principal segment of the poor. This Plan could also note that there are backward areas located mainly in areas with scanty rains, hill areas, some coastal regions, forest areas, etc. Keeping these in mind, specific poverty eradication programmes for target groups and specific areas were started. In this context we may mention Small Farmers Development Agency (SFDA), Programme for Marginal Farmers and Agricultural Laborers (MFAL) and Drought Prone Area Programme (DPAP). These Programmes were conceived to help the small farmers, marginal farmers and agricultural labor, farmers in tribal areas, dry areas and drought-prone areas. The most important programme of the Fifth Five Year Plan was the Minimum Needs Programme (MNP), while Integrated Rural Development Programme is the central pillar of poverty eradication scheme since the Sixth Plan.

The Government launched in 1969-70 a number of projects for the benefit of small farmers and agricultural labor on a pilot and experimental basis. These were SFDA and MFAL spread over selected areas in the country. Most of them were sanctioned during 1970-71, though the actual implementation of the schemes in the field started in the majority of cases during 1971-72 only. The Sixth Five Year Plan, 1980-85 reported that out of a total of approximately 5100 blocks in the country 1818 blocks were covered by these two special programmes, namely, SFDA, and MFAL.

The main objective of the programmes was to assist persons in the target group of small and marginal farmers and agricultural laborers in raising their income level. This was to be achieved by helping them in the following ways:

- (a) to adopt improved agricultural technology;
- (b) to acquire means of increasing agricultural production like minor irrigation sources; and
- (c) to diversify their farm economy through subsidiary activities like animal husbandry, dairying, horticulture, etc.

The two schemes, SFDA and MFAL, were merged into a single programme during the Fifth Plan period as recommended by the National Commission on Agriculture in 1973. The coverage was extended to 160 projects. The basic approach of the merged programme was to implement intensive agriculture, multiple cropping, application of the HYV of seeds, fertilizers, minor irrigation, etc. for the identified beneficiaries with special emphasis on dry farming practices and better management techniques. The combined agency, called SFDA, was further extended and in 1979, before its merger with IRDP, it covered 168 agencies in 198 districts.

The Draft Five Year Plan, 1978-83 reviewed the progress made under various special programmes meant for the weaker sections of the society as also for the backward areas such as SFDA, DPAP and CAD (Command Area Development). On the basis of past experience of these rural development programmes, this plan came to conclusion that a mere project approach or a sectoral approach was not adequate to lead to an overall development of the area

and distribution of benefit to local population, particularly the weaker sections. It recognized the uneven distribution of unemployment and poverty as also the potential for development. Different areas of the country were found at different levels of development. “The efforts,” in this plan, were directed “to make the programmes area specific and utilize the local endowments for growth for social justice and full employment.” It emphasized the need to plan for integration of various programmes. It came to be known as Integrated Rural Development (IRD).

1.1 INTEGRATED RURAL DEVELOPMENT PROGRAMME (IRDP) / SWARNA JAYANTI GRAM SWAROZGAR YOJANA (SGSY)

The objectives, principles and the content of the packages of IRDP and SGSY are similar but the target group under IRDP was mostly individual beneficiaries whereas in SGSY the target groups are Self Help Groups (SHGs). Since IRDP is the forerunner of SGSY, let us first highlight the structure and performance of IRDP.

The focus of IRD was the target group comprising small and marginal farmers, agricultural laborers and rural artisans, “whose economic improvement is an important concern of rural development. It aimed at integrating field programmes and proposed to achieve it by developing the primary (agriculture, animal husbandry, fisheries and forestry), secondary (village and cottage industries, small-scale industries, skill formation and supporting services), and the

tertiary (marketing, processing and allied activities) sectors. All these activities were to be integrated. It was proposed that out of a total of approximately 5100 blocks in the country over 2950 blocks were to be covered by one or more of the three special programmes, namely, SFDA, DPAP and CAD. Since scheduled caste population is the poorest of the poor, IRD was to be of special relevance to this class of rural population. As such, as a first priority, the blocks in the country where the scheduled caste population was above 20 percent were to be brought into this programme during the plan period, 1978-83.

An integrated sub-plan approach for tribal development was adopted during the Fifth Five Year Plan. There were two main objectives of the Tribal Sub-Plan, namely, (i) to narrow the gap between the levels of development of tribal areas and other areas and (ii) to improve the quality of life of the tribal communities. For operational purposes the tribal sub-plan areas were organized into Integrated Tribal Development Projects. With a sum of Rs. 15 crores earmarked for integrated rural development, a beginning was made. The programme was intended to assist the rural population to derive economic benefits from the developmental assets of each area. It was introduced on an expanded scale, with some modifications, in 1978-79. In the beginning 2300 blocks were selected for this purpose, of which 2000 were under coterminous coverage with SFDA, DPAP and CAD programmes. Another 300 blocks were added during 1979-80. On March 31, 1980, this programme had coverage of 2600 blocks.

Alleviation of poverty was accepted as the prime objective of the Sixth Plan. Strategy adopted in this plan was to assist households below the poverty line through an appropriate package of technologies, services and asset transfer programmes. The Plan noted that a number of programmes were in operation, some of them for the last ten years (SFDA and MFAL) and some introduced recently. All of them aimed at improving the economic conditions of the rural poor. None of these programmes covered the whole country. In some blocks more than one programme operated simultaneously in the same area for the same target group. This territorial overlap and multiple funding patterns created considerable difficulties in effective monitoring and accounting. “In practice, therefore, these programmes were reduced to mere subsidy giving programmes shorn of any planned approach to the development of the rural poor as an inbuilt process in the development of the area and its resources. It is proposed that such multiplicity of agencies should be ended and be replaced by one single integrated programme operative throughout the country.” The merged programme was called the Integrated Rural Development Programme.

The Sixth Plan stated that of the 350 million people below the poverty line in the country, around 300 million were in the rural areas. The hard core of rural poverty is constituted by marginal farmers, landless agricultural workers, rural artisans, scheduled castes and scheduled tribes. They possess little or no productive assets. Hence “they need to be enabled to acquire productive assets and/ or appropriate skills and vocational opportunities and then backed effectively with services to increase production and productivity.” IRDP has been conceived

essentially as an anti-poverty programme with the objective of enabling the poorest families to acquire productive assets, technology and skills so that their economic activities become viable.

IRDP is a programme of asset-endowment designed to develop self-employment ventures in primary, secondary and tertiary sectors. Seventh Plan envisaged that 33 percent of the beneficiary coverage should, as far as possible, with a view to diversifying the occupational structure, be in the secondary and tertiary sectors. Like SFDA, it provides cent percent financial assistance to the beneficiaries through a combination of subsidy and credit. The rates of subsidy are 50 percent for the scheduled tribes, $33\frac{1}{3}$ percent for marginal farmers, agricultural laborer and rural artisans and 25 percent for small farmers. A family could receive upto Rs. 3,000 by way of subsidy. In drought-prone areas, the limit of subsidy ceiling was Rs.4, 000, while for tribal beneficiaries it was Rs, 5,000.

The implementation of IRDP is done through a central coordinating agency in each district known as District Rural Development Agency (DRDA). DRDA has been modeled on the SFDA basis.

IRDP was extended to all blocks in the country in October 1980. Consequently, SFDA was merged with it. Like SFDA, IRDP is also a target group, agency-oriented and subsidy-cum-credit based programme of self-employment. However, there are some important differences as well between the two programmes in terms of contents, coverage and emphasis.

- 1) Coverage under the SFDA was confined to the agricultural sector. IRDP extends to the non-agricultural sector as well.

- 2) It does not provide just some kind of assistance in order to put up an impressive show that a large number of persons have benefited; it provides substantial assistance to the identified beneficiaries so that their income increases significantly to enable them to cross the poverty line.
- 3) Under SFDA, even among the members of the 'target group' those with relatively larger land holdings derived maximum benefits. The IRDP is based on the *Antyodaya* principle. Hence in the selection of beneficiaries, the poorest of the poor are to be selected first.
- 4) Under IRDP family is the basic unit of development and economic programmes are devised for the family as a whole.

In the Seventh Plan, IRDP has been made an effective instrument of poverty alleviation. Many gaps and weaknesses in the working of this programme were revealed during the Sixth Plan. It was admitted that the programme was launched with very little preparation.

IRDP is a comprehensive scheme under which a number of other schemes have also been placed. For instance, the process of skill endowment to members of the target group is considered to be an integral part of the IRDP. Hence TRYSEM, for the training of rural youths for self-employment has no separate targets at a macro level. The costs of training in the form of stipends etc; are to be met out of the funds set out for infrastructure, etc under the IRDP.

This programme gives due emphasis to the benefits of women, who constitute a substantially deprived section of the community. This is done under

the programme for the Development of Women and Children in the Rural Areas (DWCRA). In the Seventh Plan, DWCRA is to be implemented in 1000 blocks.

The Special Livestock Production Programme (SLPP) was a separate programme in the Sixth Plan. The Seventh Plan proposed to merge it with the IRDP. Chief activity under SLPP relates to mulch cattle whose demand is expected to increase substantially. Keeping this in view a new breeding programme, the Special Livestock Breeding Programme (SLBP) is to replace SLPP in the Seventh Plan.

During 1997-98, total allocation was more than Rs. 1,133 crores against which Rs. 1,045 crores were utilized. A credit target totaling Rs. 2,700 crores were mobilized. A total of more than 16 lakhs families have been covered during the year, of which SCs/STs account for 46 percent and women 34.27 percent of total coverage. The lower coverage of families is due to a shift of emphasis to qualitative aspects of the programme such as enhancement of average level of investment per family. Likewise, Rs. 571 crores has been provided in the budget for IRDP during the year 1997-98, as against the proposal of Rs. 1,500 crores. As per the Annual Report of the Ministry of Rural Areas and Employment, the budgetary provision for the year 1998-99 is being proposed which shall be Rs. 740 crores for IRDP.

In the Seventh Plan, IRDP has been made an effective instrument of poverty alleviation. Many gaps and weaknesses in the working of this programme were revealed during the Sixth Plan. It was admitted that the programme was launched with very little preparation. On April 1, 1999, the IRDP and allied

programmes were merged into a single programme known as **Swarna Jayanti Gram Swarozgar Yojana (SGSY)**, a Centrally Sponsored Scheme implemented in all states except Delhi and Chandigarh. It is primarily designed to promote self-employment oriented income generating activities for the BPL households in the rural areas. Woven around the mechanism of Self-Help Groups (SHGs), the SGSY has been designed to break the financial, technical and market constraints that the individual BPL households face to cross the threshold of poverty line.

The need for restructuring the SGSY has arisen on account of feedback provided and recommendations made by various studies including those conducted by National Institute of Rural Development (NIRD), Hyderabad, Bankers Institute of Rural Development (BIRD), Lucknow, Centre for Management Development, Thiruvananthapuram etc. and reports of the Steering Committee constituted by the Planning Commission for the 11th Plan Further, the Ministry of Rural Development (MoRD), Government of India (GoI) has accepted the recommendation of the Committee on Credit Related Issues under SGSY (*Prof. Radhakrishna* Committee) to create a **National Rural Livelihoods Mission (NRLM)** to provide greater focus and momentum for poverty reduction to achieve the Millennium Development Goal (MDG) by 2015 through rapid increase in the coverage of rural poor households under self-employment. In addition to self employment, the Mission will also help in enhancing their capabilities and facilitate access to other entitlements such as wage employment and food security and benefits of Indira Awaas Yojana (IAY), drinking water, land improvement, education, and health and risk mitigation through convergence

and coordination mechanism. NRLM was launched from 2009-10 to facilitate effective implementation of the restructured SGSY scheme in a mission mode.

Special emphasis is therefore being proposed to be given during the Ninth Plan to support and organize the poor through SGSY to take advantage of such opportunities. Some of the areas which will require focused attention during the Ninth Plan are:

- 1) Capacity building, entrepreneurship development and awareness generation: The poor should have access to relevant skills, and develop capacity to absorb investment, cope with risks and sustain higher levels of income generation over a period of time. TRYSEM, which is an aid to the programme, is also proposed to be considerably strengthened for this purpose. Separate budget heads for recurring expenditure and TRYSEM infrastructure are to be created for this purpose.
- 2) Enhancement of credit flows and levels of investment per family: The average level of investment per family during the Ninth Plan is being targeted in a manner that it crosses Rs. 24,000 by the end of the plan period. This would provide the necessary support to investment activities in high value addition sectors and non-traditional activities having potential in the current and emerging market situation.
- 3) Greater focus to be given to promote group activities under SGSY: The guidelines for group activities have already been finalized in consultation with the RBI, NABARD and the Planning Commission and circulated to the states. Efforts will be made to promote thrift and credit activities among group members as a prelude to their taking up self-employment activities. Firm linkages with an NGO or a

technology group for training and technological upgradation, infrastructure support and convergence of various sub-schemes could be vigorously promoted. Specific earmarking of subsidy for group activities may be attempted to encourage group activities.

4) Multiple doses of credit is to be mobilized in a bigger way during the Ninth Plan: This is available at present under the Family Credit Plan (FCP), wherein multiple doses of credit are provided to all able-bodied members of below poverty line (BPL) family. The FCP which is in operation in 213 districts of the country will be extended to more districts during the course of Ninth Plan. A perceptible shift is taking place in the thinking of the planners as regards the positioning of the major poverty alleviation programme of SGSY, which provide subsidy linked back finance for provision of income generating assets. Earlier the guidelines were provided for a bottom-up approach whereby the poorest of poor were to be given priority for SGSY finance, without taking into account their skills and experience in handling credit financed assets. However, as per the interim report of the Reserve Bank of India Committee on SGSY, the rural poor without skills and experience in handling assets should be segregated into a separate category by a committee comprising the representatives of blocks, Panchayats, lead banks, school masters, postmasters, prominent villagers and grass-roots NGOs. Such poor people should be initially provided wage employment under the various rural development programmes. Thus, both in terms of their ability and motivation, the poorest among the poor needs to be distinguished from the other class of the poor who have some skills and

experience in handling assets and have also the potential of becoming entrepreneurs. The latter categories of poor are to be provided loan-linked assistance under SGSY for undertaking income generating activities. For doing away with leakages and malpractices, the Committee recommended to switch over from front end to back end system of subsidy. Further, for generating higher income levels to enable the assisted family to cross the poverty line, the government is now aiming for an average level of investment of Rs. 15,000 per family as against an average of Rs. 9,000 in 1993-94. An emphasis is now being laid on group financing under SGSY.

It is evident from this study that a number of poverty alleviation and employment generation programmes in India started with the experimentation/pilot phases between the early fifties and seventies which were then consolidated in the eighties. Thus, in the light of experience several modifications have been made from time to time in order to improve the efficacy of the programmes.

It is emphasized at the end that such programmes should be properly integrated with overall development. No rural development is possible without wiping out poverty or reducing it in stages. The true test, of course, is in the implementation. It is also emphasized that the deprived sections of our rural society certainly deserve a better deal than what they have got so far.

1.2 INDIRA AWAAS YOJANA (IAY)

Housing is one of the basic requirements for human survival. For a normal citizen owning a house provides significant economic and social security and status in society. For a shelter less person, a house brings about a profound social change in his existence, endowing him with an identity, thus integrating him with his immediate social milieu. A housing programme for the rehabilitation of refugees was taken up immediately after partition by the Ministry of Refugee.

Rehabilitation and this lasted till around 1960. Approximately 5 lakhs families were housed in various centers mainly located in Northern India. A Village Housing Scheme was also launched as part of the Community Development Movement in 1957, in which loans to individuals and cooperatives were provided up to a maximum of Rs. 5000/- per house. However, only 67000 houses were built under this scheme by the end of the Fifth Plan (1980). In 1972-73, the Estimate Committee of the Lok Sabha in its 37th Report pointed out that “the Committee is distressed to note that although 83% of India's population lives in villages and about 73% of the rural population reside in unsatisfactory kutcha structures, the problem of rural housing has not received the close attention of the Government”. Following this, certain initiatives were undertaken by Government including the launching of the House Sites cum Construction Assistance Scheme which began as a Central Scheme in the 4th Plan and was transferred to the State Sector with effect from 1.04.1974 on the recommendation of the National Development Council (NDC).

The genesis of the Indira Awaas Yojana (IAY) can be traced to the programmes of rural employment, which began in the early 1980s. Construction of houses was one of the major activities under the National Rural Employment Programme (NREP), which began in 1980, and the Rural Landless Employment Guarantee Programme (RLEGP), which began in 1983.

There was, however, no uniform policy for rural housing in the states. For instance some states permitted only part of the construction cost to be borne from NREP/ RLEGP funds and the balance was to be met by beneficiaries from their savings or loans obtained by them. On the other hand, others permitted the entire expenditure to be borne from NREP/ RLEGP funds. Further, while some states allowed construction of only new dwellings, others permitted renovation of existing houses of beneficiaries. As per announcement made by the Government of India in June 1985, a part of the RLEGP fund was earmarked for the construction of houses for SCs/STs and freed bonded laborers. As a result, Indira Awaas Yojana (IAY) was launched during 1985-86 as a sub-scheme of RLEGP. IAY thereafter continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching in April, 1989. 6% of the total JRY funds were allocated for implementation of IAY.

From the year 1993-94, the scope of IAY was extended to cover below the poverty line Non Scheduled Castes/ Scheduled Tribes families in the rural areas. Simultaneously, the allocation of funds for implementing the scheme was raised from 6% to 10% of the total resources available under JRY at the national level, subject to the condition that the benefits to Non-Scheduled Castes/

Scheduled Tribes poor should not exceed 4% of the total JRY allocation. IAY was de-linked from JRY and made an independent scheme with effect from 1st January 1996.

Since 1999-2000, number of initiatives has been taken to improve the Rural Housing (RH) Programme by making provision for upgradation of unserviceable kutcha houses and by providing credit with subsidy for certain sections of the poor. Emphasis has also been laid on use of cost affective, disaster resistant and environment friendly technologies in rural housing.

1.2 (a) Broad Outlines and Objectives

1. *Indira Awaas Yojana (IAY)*

The *Indira Awaas Yojana (IAY)* is a flagship scheme of the Ministry of Rural Development to provide houses to the poor in the rural areas.

2. *Objective*

The objective of the Indira Awaas Yojana is primarily to help construction/upgradation of dwelling units of members of Scheduled Castes/Scheduled Tribes, freed bonded laborers and other below the poverty line non-SC/ST rural house holds by providing them a lump sum financial assistance.

3. *Funding Pattern*

The Indira Awaas Yojana is a Centrally Sponsored Scheme funded on cost-sharing basis between the Government of India and the State Governments in the ratio of 75:25. In the case of Union Territories, the entire funds under this Scheme are provided by the Government of India.

4. *Target Group*

The target groups for houses under the IAY are below poverty line households living in the rural areas belonging to Scheduled Castes/Scheduled Tribes, freed bonded laborers and non-SC/ST BPL rural households, widows and next of-kin to defence personnel/paramilitary forces killed in action residing in rural areas (*irrespective of their income criteria*), ex-servicemen and retired member of paramilitary forces fulfilling the other conditions.

5. *Earmarking of Funds for SC/ST Beneficiaries*

Funds available under the Scheme in a district are earmarked for various categories as under:

- (i) At least 60% of the total IAY allocation during a financial year should be utilized for construction/upgradation of dwelling units for SC/ST BPL households.
- (ii) A maximum 40% for non-SC/ST BPL rural households.
- (iii) 3% of the above categories for physically and mentally challenged persons. If any particular category is exhausted or not available in a district, allocation can be

utilized for other categories as per priorities given in the Guidelines after it has been certified to this effect by the Zilla Parishad/DRDA concerned.

6. Strategy for the implementation of the Programme

The Programme will be implemented through the Zilla Parishads/DRDAs and houses will be constructed by the beneficiaries themselves.

1.2 (b) Identification and Selections of Beneficiaries

1. Identification of beneficiaries

The District Panchayat/Zilla Panchayat/District Rural Development Agencies (DRDAs) on the basis of allocations made and targets fixed shall decide the number of houses to be constructed/upgraded Panchayat wise under IAY, during a particular financial year. The same shall be intimated to the Gram Panchayat concerned. Thereafter, the Gram Sabha will select the beneficiaries from the list of eligible BPL households, restricting this number to the target allotted as per the Programme Guidelines. Selection by the Gram Sabha is final. No approval by a higher body is required. Zilla Parishads/DRDAs and Block Development Offices should however, be sent a list of selected beneficiaries for their information.

2. Priority in Selection of Beneficiaries

Prioritization of beneficiaries will be as follows:

- (i) Freed bonded laborers
- (ii) SC/ST households
 - “ SC/ST households who are victims of atrocity
 - “ SC/ST households, headed by widows and unmarried women
 - “ SC/ST households affected by flood, natural calamities like earthquake, cyclone and manmade calamities like riot.
 - “ Other SC/ST households
- (iii) Families/widows of personnel from defence services/paramilitary forces, killed in action.
- (iv) Non- SC/ST BPL households.
- (v) Physically and mentally challenged persons.
- (vi) Ex-servicemen and retired members of the paramilitary forces.
- (vii) Displaced persons on account of developmental projects, nomadic/semi-nomadic, and de-notified tribals, families with physically/mentally challenged members.

The selection of the beneficiaries will be subject to the condition that the households of all the above categories except (iii) are Below Poverty Line (BPL).

3. Involvement of beneficiaries

The beneficiaries should be involved in the construction of the house. To this end, the beneficiaries may make their own arrangements for procurement of

construction material, engage skilled workmen and also contribute family labor. The beneficiaries will have complete freedom as to the manner of construction of the house. Zilla Parishads/DRDAs can help the beneficiaries in acquiring raw material on control rates, if they so desire or request the Zilla Parishads/DRDAs in this regard. This will result in economy in cost; ensure quality of construction, lead to greater satisfaction and acceptance of the house by the beneficiary. The responsibility for the proper construction of the house will thus be on the beneficiaries themselves. A Committee may be formed, if so desired, to coordinate the work. The Committee shall be sensitized to incorporate hazard-resistant features in the design of the houses.

4. Allotment of Houses

Allotment of dwelling units should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife.

5. Unit Cost for Construction of IAY Houses and Upgradation

Construction of Sanitary latrines and smokeless chulhas sanitary latrine and smokeless chullah will be provided with each IAY house. Latrine could be constructed separate from the IAY house on the site of the beneficiary. Wherever possible, efforts should be made to dovetail funds from Total Sanitation Campaign (TSC) for providing sanitary latrine so that more money could be made available for construction of the IAY house. In case, the beneficiary is unable to

construct sanitary latrine, due to some reasons, an amount of Rs. 600/- would be deducted from the assistance to be provided for construction of the new IAY house or for up gradation of an unserviceable kutch house. Similarly, where smokeless chullah is not possible, deduction will be Rs. 100/-.

6. Loan for IAY Beneficiaries

In addition to the assistance provided under the IAY, loan for construction of IAY houses or for up gradation of unserviceable kutch houses can be obtained from the banks/other financial institutions. It will be the responsibility of the State Governments/DRDAs concerned to coordinate with the financial institutions to make available the credit facility to those beneficiaries who are interested.

7. Credit-cum-Subsidy for construction / up gradation of rural houses

Upto 20% of the total funds can be utilized for up gradation of existing kutch houses and toward subsidy for construction of houses with credit from Banks/Financial Institutions. Credit-cum-subsidy will be provided subject to the following conditions:

- (i) Rural households having an annual income of upto Rs. 32,000/- only.
- (ii) Ceiling of subsidy under the Scheme Rs. 12,500 per household.
- (iii) The upper limit of construction loan under this scheme will be Rs. 50,000 only. Credit arrangement will be as mentioned in Para 3.3.

8 .Plain Areas Hilly/ Difficult Areas

(a) Construction of house including Sanitary latrine and smokeless chullah Rs. 25,000/- Rs. 27,500/-

(b) Upgradation of un-serviceable households Rs. 12,500/- Rs. 12,500/-

9. Location of the Indira Awaas Yojana

The Indira Awaas Yojana dwelling units should normally be built on individual plots in the main habitation of the village. The houses can also be built in a cluster within a habitation, so as to facilitate the development of infrastructure, such as, internal roads, drainage, drinking water supply etc. and other common facilities. Care should always be taken to see that the houses under the IAY are located close to the village and not far away, so as to ensure safety and security, nearness to work place and social communication. To the extent possible, the site should not be located in disaster prone areas for example frequently floodable areas.

1.3 CRITERIA FOR ALLOCATION AND RELEASE OF FUNDS

1. Criteria for Allocation of Resources

Central assistance under the Indira Awaas Yojana will be allocated to the States/UTs on the basis of poverty ratio and housing shortage, with each of these variables being given equal weightage. The poverty ratios prepared by the

Planning Commission are used for this purpose, while housing shortage is determined on the basis of the last Census.

The proportions of rural SC/ST population and housing shortage in a district to the total rural SC/ST population and housing shortage in the State/UT are the criteria of inter-district allocation of the Indira Awaas Yojana funds within a State/UT.

Both these variables are given equal weightage in the inter-districts allocation. The targets for the Blocks within a District will be decided on the same principles. Diversion of resources from one district to another is strictly prohibited. Upto 20% of the total funds can be utilized for upgradation of existing kutcha houses and towards subsidy for construction of houses with credit in accordance with Para 3.1 and 3.4.

2. Release of Central Assistance to Zilla Parishads/DRDAs.

The Indira Awaas Yojana funds are operated by the Zilla Parishads/DRDAs at the district level. Central assistance will be released every year to the Zilla Parishads/DRDAs, in two installments, subject to the fulfillment of the following conditions: -

(a) The first installment amounting to 50% of the total allocation for a particular district is released in the beginning of the financial year. This is subject to condition that the second installment during previous year was claimed and released without any condition. However, if any specific conditions had been

imposed at the time of release of the last installment of the previous year, its compliance will have to be ensured before release of the first installment.

(b) The second installment for the districts will be released on receipt of request from the DRDAs as per Proforma at *Annexure - I* on fulfillment of the following conditions: -

(i) 60% of the total available funds, that is opening balance of the year (*in case of proposal for the first installment, opening balance of the previous year*) plus the amount received including the State share (*if the State share has not been released against the first installment, notional State share will be taken into account for the purpose of calculation of total availability*) and other receipts should have been utilized at the time of submitting the proposal for the second installment.

(ii) The opening balance of the District should not exceed 15% of the funds available during the previous year. In case, the opening balance exceeds this limit, the Central share of the excess will be deducted proportionately at the time of release of the second installment.

(ii) The State Government has made sufficient provision in their Budget to match the Central financial assistance.

(iv) The State Government should have released all its contribution (including that of the previous years) due, up to the date of the application. In the event of shortfall in State share, corresponding amount of Central share (*i.e. three times the shortfall of State share*) will be deducted from the amount of Central share of the second installment of the current year.

(v) Submission of Audit Reports for the IAY for the last year and submission of Action Taken Report on the comments made in the audit report of the previous year. The Audit Report should consist of Bank Reconciliation Statement and a Certificate from the Chartered Accountant that while auditing the district account of the IAY, the accounts of all Implementing Agencies such as block-wise expenditure etc have been taken into account.

(vi) Submission of Utilization Certificates of cash component from DRDAs based on reports received from the other Implementing Agencies such as Block Development Office etc. for the previous year should be submitted in the prescribed Proforma as per *Annexure - II*.

(vii) Submission of non-diversion and non-embezzlement certificate.

(viii) Annual Plan should have been approved by the Zilla Parishad or the Governing Body of the DRDA as the case may be.

(ix) All pending progress/monitoring reports should have been sent.

(x) Any other condition imposed from time to time will also have to be complied with.

(xi) All documents must be checked/ enclosed with the proposal as per the Checklist.

(c) In case of districts/UTs having limited working season or any peculiar problem such as Kinnaur, Lahaul and Spiti, Leh, Kargil, Andaman and Nicobar Islands and Lakshadweep and any other areas as decided, the entire Central assistance may be released in one installment. The State shall also release its share

in one installment. In the case of these districts, to which funds are released in one installment, funds will be released only on fulfillment of the conditions laid down.

(3) Earmarking of Resources under the IAY

5% of the total allocated funds under IAY will be kept apart to meet the exigencies arising out of natural calamities and other emergent situations like riot, arson, fire, rehabilitation under exceptional circumstances etc. Proposals for this purpose have to come from State Governments/Admn. of UTs showing the extent of damage and the estimated fund requirement in respect of the proposed IAY houses provided assistance has not been obtained from other sources. Funds to be released for this purpose shall not exceed Rs. 50 lakhs per district. The relief will be as per the norms with regard to per unit ceiling of assistance for IAY house prescribed under the scheme.

The unutilized amount, if any, of this provision of 5% of the funds of the scheme, will be utilized for allocation to the better performing States/Districts. The Ministry of Home Affairs or any other Ministry/Department handling the natural calamity or other emergent situation will also be informed about the allocation of these funds, in order to avoid any duplication in relief work. Physical and financial progress reports of the funds so spent have to be furnished by the State Governments concerned on the work done within the provision of the allocation made for these contingencies.

(4). *Maintenance of Accounts*

Zilla Parishads/DRDAs will follow the accounting procedures prescribed by the Ministry of Rural Development. The finalized accounts of the previous year shall be got approved by the General Body of the concerned DRDA on or before 30th June and got audited on or before 31st August of the same year. Copies of the Audit Report as accepted by the General Body of the concerned DRDA shall be sent to the State Government and Central Government on or before 30th September of the year. The above procedure will be in addition to any other procedures to be followed and requirements to be fulfilled by the DRDA as per the Articles of Memorandum of the Association.

(5). *Release of State share to DRDAs*

The State Government shall release its share to the Zilla Parishads/DRDAs within one month after the release of Central assistance and copy of the same should be endorsed to Ministry of Rural Development.

(6). *Separate Bank Account for the Indira Awaas Yojana*

The IAY funds (*Central share as well as State share*) shall be kept in a nationalized/scheduled or cooperative bank or a Post Office in an exclusive and separate savings bank account by the DRDAs.

(7) *Utilization of Interest Earned on Deposits*

The interest amount accrued on the deposits of the IAY funds shall be treated as part of the IAY resources.

(8) *Withdrawal of funds by the DRDAs*

Withdrawal of funds from the accounts shall only be made for incurring expenditure under the IAY.

(9) *Payment to beneficiaries*

Payment should be made to the beneficiary on a staggered basis depending on the progress of the work. The entire money should not be paid to the beneficiary in lump sum. Installments of payment to be linked to the progress of work can be decided by the State Government or at the District level.

10. *Type Design*

No type design should be prescribed for the IAY dwelling units, except that the plinth area of the houses should not be less than 20 sq.mts. The layout, size and type design of the IAY dwelling units should depend on the local conditions and the preference of the beneficiary. The houses, should be designed in accordance with the desire of the beneficiaries, keeping in view the climatic conditions and the need to provide ample space, kitchen, ventilation, sanitary facilities, smokeless chullah, etc. and the community perceptions, preferences and cultural attitudes. The barrier free concept may be incorporated in the houses

meant for the physically challenged, with a view to facilitating their smooth and free movement in the house. In areas frequented by natural calamities such as fire, flood, cyclones, earthquakes, etc., incorporation of disaster resistant features in design should be encouraged.

11. *Drinking Water Supply*

The availability of drinking water supply should be ensured by the agencies responsible for the implementation of the Indira Awaas Yojana.

12. *Environmental Improvements and Social Forestry*

Plantation of trees in the entire habitation or around the individual house may be taken up simultaneously. Trees may be planted near the housing clusters so that, in due course, enough trees are available nearby, to enable the beneficiaries to source fuel/fodder/small timber. Such plantations can be taken up under the social forestry programme. Some of the popular indigenous species whose plantation can be undertaken include Neem (*Azadirachta indica*); Mahuva (*Madhuca indica*); Amla (*Emblica officinalis*); Coconut (*Cocos nucifera*); Deodar (*Cedreus deodora*); Mango (*Mangifera indica*); Oak (*Quercus & Spp.*); Rose wood (*Dalbergia latifolia*); Chandan (*Santalum album*); Pipal (*Ficus religiosa*) etc. This list is merely illustrative, and not exhaustive. Species may vary with region, location and geo/agro-climatic conditions. Cultivation of fruits and vegetables at household level in the houses may also be encouraged for improving nutritional status.

13. *Training*

Officers dealing with the IAY at the State, district and Block levels must be trained in various disaster resistant features to be adopted in the houses and they should ensure that this is complied with during their field visits. In addition, local carpenters and masons should be trained for skill upgradation and use of low cost technology and local material under the SGSY. The awareness among the beneficiaries must be created about the disastrous resistant and environment friendly technology through exhibitions of low cost technologies at the district and block level, seminars, workshops etc. The services of State Institutes of Rural Developments (SIRDs), Extension Training Centres may be taken up for this purpose.

14. *Involvement of Non-Governmental Organizations*

Suitable local Non-Governmental agencies with proven good track record wherever available may be associated for assistance in construction of dwelling units under the Indira Awaas Yojana. The supervision, guidance and the monitoring of construction can be entrusted to these non-governmental organizations. In particular, non-governmental organizations should be made use of to popularize the use of sanitary latrine and smokeless chulhas, as well as innovative technologies, materials designs, etc for cost effective construction. If necessary, funds can be utilized for this purpose from the earmarked funds for training or by dovetailing with the total sanitation campaign.

1.4 MONITORING & EVALUATION

1. *Monitoring*

Officers dealing with the IAY at the State headquarters should visit districts regularly and ascertain through field visits whether the programme is being implemented satisfactorily and whether construction of houses is in accordance with the prescribed procedure. Likewise, officers at the district, sub-division and block levels must closely monitor all aspects of the IAY through visits to work sites. A schedule of inspection which prescribes a minimum number of field visits for each supervisory level functionary from the State level to the block level should be drawn up and strictly adhered to. The State Government should prescribe the periodical reports/ returns through which it should monitor the performance of IAY in the districts and also get appropriate reports and returns prescribed, to be collected by the Zilla Parishads/DRDAs.

The monitoring of the programme at the State Level will be the responsibility of State Level Vigilance and Monitoring Committee for Rural Development Programmes. A representative or nominee of the Ministry of Rural Development, Government of India should invariably be invited to participate in the meetings of the Committee.

2. *Evaluation Studies*

The Central Government may conduct periodic evaluation studies on the implementation of the Indira Awaas Yojana. These Evaluation studies may be got conducted by reputed institutions and organizations on the implementation as well as the issues thrown up by the Concurrent Evaluation, conducted by the Government of India. The States/UTs may also conduct Evaluation Studies on their own regarding the implementation and impact of the programme in their State. Copies of the reports of these evaluation studies conducted by the States/UTs should be furnished to the Government of India. Remedial action should be taken by the States/UTs on the basis of the observations made in these evaluation studies and also in the Concurrent Evaluation conducted by or on behalf of Government of India.

3. *Transparency in Implementation of Indira Awaas Yojana*

(1) This requires greater transparency in the implementation of the IAY at various levels and hinges on the assumption that people should have access to information about implementation of these programmes in all their aspects. Disclosure of information should be the rule and withholding of information an exception. List of items (illustrative not exhaustive) on which information should invariably be made available to people to bring about greater transparency at village, block and district level is given below.

(2) VILLAGE LEVEL

- (i) List of people below poverty line in the village.
- (ii) List of disaster resistant construction features suitable for the region/locality.
- (iii) List of beneficiaries identified during preceding year and current year including details of SC/ST, women beneficiaries and physically/ mentally challenged persons under Indira Awaas Yojana.
- (iv) Allocation made to the village under Indira Awaas Yojana.
- (v) Guidelines of Indira Awaas Yojana/ criteria of selecting beneficiaries.
- (vi) Display of Indira Awaas Yojana signboard/ logo on the allotted houses.

3. BLOCK LEVEL

- (i) Details of houses taken up at Block level with cost, sources of funds and implementing agency.
- (ii) Distribution of funds village-wise for the scheme.
- (iii) Allocation/availability of funds and progress in implementation of the Indira Awaas Yojana.

4. DISTRICT LEVEL

- (i) Distribution of the IAY funds block-wise/ village-wise for the scheme.
- (ii) Criteria for distribution of funds to blocks/ villages including norms for its selection under the Indira Awaas Yojana.

1.5 USE OF LOW COST TECHNOLOGY UNDER IAY

There is a felt need for standardizing, popularizing and replicating cost-effective, disaster resistant and environment friendly housing construction technologies, designs and materials and also developing ideal sustainable rural human settlements consistent with geo-climatic variations and natural disaster proneness. There is also a need for skill up gradation of rural artisans and other functionaries engaged in the field of rural housing and Habitat Development for adoption of cost effective technologies, materials etc. For adoption of such technologies necessary low cost material is also required to be reduced.

Under the Programme, efforts may be made to develop appropriate technologies and capacity building at the grassroots level in order to provide affordable house to the rural poor. This objective can be achieved by making use of the already established Rural Building Centres (RBCs) either by the Ministry or by HUDCO for transfer of technology, dissemination of information, skill upgradation through training, production of cost-effective and environment-friendly material/components, assistance and guidance to rural households/IAY beneficiaries in adoption of cost effective technologies/materials in construction of their houses.

The implementation of the already sanctioned ongoing projects of Innovative Stream for Rural Housing and Habitat Development and Rural Building Centres (RBCs) shall be monitored by the Ministry of Rural Development. The implementing Agency will be required to furnish the physical and financial progress of the project on quarterly basis regularly. Further, it shall

be open to the Ministry of Rural Development to get the projects verified by HUDCO/NLM/Area Officers/any other agency to facilitate the releases of fund to implementing agencies and completion of the projects. The Ministry of Rural Development can get these projects evaluated at any time and by any agency, if it so desires.

1.6 ECONOMIC PROFILE OF MIZORAM

Mizoram is a small state lying approximately between 21.58°N to 24.35°N latitude and 92.15°E to 93.29°E longitude. The total geographical area of the state is 21,087 sq.km. constituting about 0.64 percent of the total area of India (statistical Handbook, 2008). It has a strategic location having international boundaries with Myanmar in the east and south, Bangladesh and of Tripura in the west. Further, the state is bounded by the Cachar district of Assam and Manipur in the north. Mizoram has about 404 km length of international boundary with Myanmar and 316 km length with Bangladesh.

The State of Mizoram has 80% of its population residing in 720 recognized villages. Currently, there are 87,745 occupied rural households with a population of 5, 16,607 in the state. The Department of Rural Development has been actively involved in the process for upliftment and development of rural people in the villages with the sole objective to bring about qualitative improvement in the socio-economic status of the rural people, particularly, the poorer section (BPL category) of the state through the implementation of various

central and state sponsored schemes. The State of Mizoram has been exempted from the 73rd Constitutional Amendment due to the existence of traditional local self-government bodies like the Village Councils (VC) for its rural development activities.

The key activity of the Rural Development Department has been to involve the VC, the grass-root level organization of the state for implementation of all rural based schemes with the objective to uplift the social and economic status of the rural people and evolve processes with an aim to attain self-sufficiency in the needs of the rural people through the activity of the VC.

1.6.1 Policy Commitments of the Rural Development Department, Mizoram:

- a) Strive to achieve total transparency in the utilization and management of funds and on all activity of the department by involving the VC in all implementation processes.
- b) Provide housing to all shelter less rural BPL/poor people through the IAY& PMGY Scheme.
- c) Provide village level priority infrastructural facilities like Schools, Community Halls, and Drinking Water and implement income generating activities to uplift the socio-economic conditions of the rural poor and improve their living standards.

(b) Administrative Structure, Functions and Duties

The Governmental administrative set up of the Department of Rural Development has a State level Directorate. At the district level, a DRDA (District Rural Development Agency) office exists in all the 8 districts of the state for administration, implementation and monitoring of all Rural Developmental activities. The DRDA has a Project Director for the administration of the DRDA and control of the blocks within the district. The Deputy Commissioners, officiate as “Chairman DRDAs” in the context of the Rural Development and is the administrative head of the DRDAs. The main function of the Rural Development Department is to improve the economic conditions of the rural poor and upliftment of their livelihood. Various rural development schemes and other poverty alleviation schemes are implemented through 26 R.D. Blocks.

The development activities are restricted to the most essential & pressing needs of the rural people that can be implemented through public participation to include powers / duties of its officers / employees. With this objective in view, the Department has been implementing 8 (eight) major programmes through VC/Other committees, namely :

- (i) IAY – Indira Awaas Yojana
- (ii) SGSY – Swarnajayanti Gram Swarozgar Yojana.
- (iii) SGRY - Sampoorna Grameen Rozgar Yojana

(iv) Spl SGSY – Special Swarnajayanti Gram Swarozgar Yojana.

State Schemes

(j) Social Education

(ii) BADP - Border Areas Development Programme

(iii) BAFFACOS. - Bamboo Flowering and Famine Combat Scheme

(iv) PMGY - Pradhan Mantri Gramodaya Yojana

This is one of the popular schemes. The targets for 2007-08 and 2008-09 have been fully achieved. 35% to 39% demand had been for upgradation of houses. The fund utilization under IAY is almost 98% during 2007-09 and the physical achievements under IAY were found satisfactory. Convergence between latrines built under the TSC with IAY houses is happening to some extent. The houses are being built by the beneficiaries themselves. In certain places village level communities extending labor in construction of houses, houses visited were neat and clean.

1.6.2 Funds to NE States

The eight North Eastern States comprise Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, Tripura and Sikkim. Cost sharing earlier between the Central and the States was at the ratio of 75:25. This has been revised to 90:10 for the NE States from the release of 2nd installment of fund in 2008-09.

The Rural Development Ministry has proposed to increase its ratio of funds to the North Eastern States for various developmental schemes. An increase in the Ministry's share of allocation would mean a lesser contribution from the States. The proposal is to be put up for the Cabinet approval shortly.

The North Eastern States have been facing problems in meeting their share of funds against Central Government releases, as a result of which arrears have been accumulating. As of now, the State's share of funds for most of its developmental schemes is 25 per cent as against 75 per cent by the Rural Development Ministry. And, if the Ministry's proposal were accepted, the Centre would release 90 per cent of the funds while the remaining would be the State's share.

The Centre has made it mandatory for all the Ministries to allocate 10 per cent of the total outlay for the eight States in the region, and to ensure that the unutilized funds do not lapse, a non-lapsable central pool of resources has been created into which are credited all unutilized funds contributed by the Centre with which the State Governments can take up various projects. An amount of Rs. 29.64 crores was transferred to this pool in 2001-02.

Of the major developmental schemes being implemented under the Rural Development Ministry, the Pradhan Mantri Gram Sadak Yojana and Computerization of Land Records are fully sponsored by the Centre. The ratio of shares under the Indira Awaas Yojana and the Swaran Jayanti Swarozgar Yojana

of the Centre and State is 75:25, while the cost of implementation of the Accelerated Rural Water Supply Programme is shared equally.

In the current financial year, against the total Central share of Rs. 1,688.96 crores, the States could claim only Rs. 728.17 crores. Against the total funds available of Rs. 1,190.09 crores (including Rs. 362.86 crores of opening balance), these States utilized only Rs. 380.99 crores, constituting only 32 per cent. Arunachal Pradesh and Nagaland have utilized only about 11 per cent of the total funds available with them. Tripura, however, has been an exception where the funds utilization figure stands at 75 per cent followed by Assam, which has spent about 35 per cent.

1.7 ACTIVITY CLUSTERS – PLANNING AND SELECTION

The objective of the Swarnajayanti Gram Swarozgar Yojana (SGSY) is to bring the assisted poor families (Swarozgaris) above the Poverty Line by ensuring appreciable sustained level of income over a period of time. This objective is to be achieved by inter alia organizing the rural poor into Self Help Groups (SHGs) through the process of social mobilization, their training and capacity building and provision of income generating assets. The SHG approach helps the poor to build their self-confidence through community action. Interactions in group meetings and collective decision making enabled them in identification and prioritization of their needs and resources. This process would ultimately lead to

the strengthening and socio-economic empowerment of the rural poor as well as improve their collective bargaining power.

The poverty line varies from State to State. As per the latest (1999-2000) estimates of the Planning Commission, the poverty line in terms of per capita consumption expenditure per month in the rural areas varies from Rs.262.94 in Andhra Pradesh to Rs.367.45 in Himachal Pradesh.

SGSY lays stress on the cluster approach. What this means is that instead of funding diverse activities, each block should concentrate on a few select activities (key activities) and attend to all aspects of these activities, so that the Swarozgaris can draw sustainable incomes from their investments. These key activities should preferably be taken up in clusters so that the backward and forward linkages can be effectively established. This would facilitate not only monitoring but more importantly provision of various services required by the Swarozgaris.

1.7.1. *Selection of Key Activities*

The success of SGSY will therefore depend, to start with, on the choice of activities. The key element is that the choice of activity should be based on the local resources, the aptitude as well as the skill of the people. It is also necessary that the products have ready market.

The choice of key activities should not be an arbitrary or an adhoc decision but 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 BPL Census should be analyzed. There will be poor families with assets, such as land. Efforts should be made to see that those having a minimum extent of land are enabled to cross the poverty line by making additional investment on their lands, such as wells or other irrigation facilities, pump sets etc. The experience over the years as well as Evaluation Studies has shown that investments on land based activities have resulted in generation of income on a more sustainable basis. The Block SGSY committee should therefore, analyze the potential for farm activities on priority. Care must be taken to see that they also have access to short term credit and other inputs required in the farm sector to supplement the efforts under the Scheme. The next priority may be given to those who have an inherent skill. These would primarily be the rural artisans who form a significant segment of the rural society. Under the SGSY, rural artisans should be covered in a significant manner. Another category would be the unemployed educated youth. A number of them would have been trained under the erstwhile TRYSEM Programme. An inventory may be taken of such people to find out which activities are best suited for the area. 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 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 could be identified for such category of people to ensure sustainable income, so that, they do not fall into debt trap.

The Block SGSY Committee may also look at the potential link plans prepared by NABARD as well as any other survey carried out by various banks, industrial/technical organizations, etc. The local Khadi & Village Industry officials as well as the District Manager of District Industry Centre may also be consulted.

The Block SGSY Committee must interact with as many Sarpanches as possible and also discuss with groups of the rural poor such as the landless labor, the educated unemployed, those rural poor with lands, the artisan groups etc. Where self-help groups are in position, they should also be consulted. In their discussions, the Committee should explore various opportunities that are available (provided credit, technology, skill up gradation and marketing are assured) to enable the poor to cross the poverty line. While conducting this dialogue, the Block SGSY committee should be equipped with information relating to the performance of various activities in the village whether such activities are taken up under government programmes or otherwise. The committee should use that knowledge to supplement the traditional knowledge of the poor households and to facilitate the identification of suitable activities. In this process, the traditional wisdom of the poor families acquires value and the Block committee builds upon the traditional knowledge of the poor families with its knowledge base. It must be ensured that the consultation process is genuine and not perfunctory or token in nature.

In so far as on-farm activities are concerned, provision of irrigation facilities continues to be important. These facilities can be provided either in the

form of open dug wells or bore/tube wells or through lift irrigation or check dams etc. In other words, the nature of source is not important for providing irrigation facilities under SGSY. Effort may be made to bring in as much of the land of the rural poor as possible under irrigation so that they can have sustainable incomes. Minor irrigation investment will include cost of well, lifting device and land development – a composite investment. Working capital requirement can also be considered but would not be eligible for subsidy.

Minor irrigation projects may be group oriented or individual oriented. It is preferable to adopt as far as possible, a project approach under minor irrigation instead of spreading the investment in a scattered manner. Minor irrigation can also be the basis for activity clusters or formation of SHGs.

As regards the non-farm activities, care must be taken to identify only those activities which result in the production of goods/services that have a ready market.

Based on this consultation process, 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 Panchayat Samiti (Block Panchayat). The Panchayat Samiti should be asked to give its recommendations. The list of selected key activities, along with the recommendations of the Panchayat Samiti, should then be forwarded by the BDO 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.

The District SGSY committee will receive the block-wise proposals and will vet them. The committee will select about 10 activities per block. However, focus should be on 4-5 Key activities which are identified for training and micro-enterprise development in a cluster approach for larger 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. 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, in choosing the activities, 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. DRDAs may ensure that the anticipated income as stipulated in the project is realized during the project period in order to enable the Swarozgaris to cross the Poverty. Generally, one time assistance /credit injection might not help the Swarozgaris to cross the poverty line. Therefore, multiple dose of credit would be necessary which should be ensured through continuous monitoring and follow up. The Committee will ensure that the views of Line Departments are taken into consideration so that the Line Departments have a commitment to the key activity being taken up in the respective blocks and provide required services to the Swarozgaris.

The District SGSY committee should scrutinize the proposals for each key activity separately in consultation with the concerned experts including the line department officials. In fixing the unit costs for the farm sector, the costs fixed by the regional committees of NABARD should be taken into consideration. With regard to the loans for various purposes falling under ISB sector of SGSY, the responsibility of fixing the unit cost and other techno-economic parameters is of the committee.

It must be noted that identification of activities is critical for the success of the SGSY. It is therefore necessary that it should be done in careful manner. Care should however be taken that the market is either readily available or there is a potential for market creation for the products. This may require engaging the services of professionals in the field for market research and survey. A detailed timetable may be drawn up by each DRDA for each Block and the schedule publicized so that everyone is aware of the selection of key activities.

The District SGSY Committee is empowered to add or delete any activity in the list of selected key activities with due justification. Any of the selected activities can be replaced by a new one, if the scope of the former has been exhausted. The procedure for replacement will be the same as it is for making the original list of key activities. However, the number of selected key activities should not ordinarily exceed 10.. The DRDAs shall prepare directory of selected key activities in the District, which will be consolidated at the State level for preparation of directory of selected key activities.

1.7.2 *Preparation of Project Reports*

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 a key activity. The tendency to provide finance to a large number of similar units must be avoided so as to prevent creation of excess capacity.

The project report should also include the balancing infrastructure that needs to be provided and the costs involved. The district level committee should ensure that it is well within the limits of the money that is likely to be available under SGSY infrastructure. Care should be taken to avoid any attempt to create infrastructure for line departments without concomitant benefit to Swarozgaris. The test of SGSY will be in additional incomes accrued to Swarozgaris, the additional infrastructure being only an enabling factor. The project report should specifically include a chapter on the levels of investment required at individual Swarozgaris level or by a group. The economics for group lending should be shown distinctly from that of individual lending. The Project report shall be prepared for each activity and for each block separately. The project report should indicate that whether the key activity selected is for individual or group or both. The economics should also be clearly spelt out for each of these. The economics should indicate the details of investment required, the details of returns, the repayment schedule and the net income accruable to the Swarozgari.

The Committee should undertake the entire exercise in a careful manner and not as a routine exercise. All expenses relating to this exercise will be borne by the DRDA from its administrative expenses, which are provided for separately under the head 'DRDA Administration'.

The line departments have an important role to play in the entire exercise, for they will be responsible for implementation and monitoring of respective sectoral activities. SGSY would need a very close collaboration between the implementing agencies and the line departments. Presently, this is lacking or at least is not taking place to the desired extent. This collaboration must start with the identification of key activities and preparation of project reports. The line departments will be responsible for planning and creation of the infrastructure required for making the key activities successful. In addition, once the bank has sanctioned the loan, the line departments must ensure that all facilities including technical guidance are provided to the Swarozgaris. The line departments may also verify whether the Swarozgaris have the necessary skill requirement and take steps to train them. The line departments should also satisfy themselves about the quality of training that is being imparted. They should assist the DRDAs in ensuring that the Swarozgaris are duly trained in appropriate institutions. It shall be their responsibility to monitor the progress and whether Swarozgaris are able to derive the expected levels of income. In other words, the line departments must recognize that promotion of self-employment in their sector is as much their responsibility as that of DRDAs/Panchayati Raj Institution/Banks and it should be an integral part of their day-to-day functioning.

On approval by the District SGSY committee, the list of selected key activities as well as the project report of each key activity in respect of each block should be placed before the governing body of the DRDA. Where no DRDA exists, it should be placed before the Zilla Parishad. On approval, it should be circulated to the BDO and all the banks in the concerned blocks as well as the concerned line departments. All the banks in the district would be expected to follow the model set out in the respective project reports. Under any circumstances, under-financing of the key activity should not be allowed. This should be reviewed in the Block SGSY Committee constantly.

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 himself/herself 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% 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% is only the upper limit and should not be the norm.

1.7.3 *Clusters*

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 the 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.

The clusters will be taken up for each activity separately. The idea is to select a few villages every year under a key activity and concentrate the effort so that necessary linkages are available and also the monitoring becomes easy. It is not necessary that if a cluster of villages is taken up in a year, it should be given up the next year. More swarozgaris can be brought each year under the key activity in the identified clusters. However, in doing so, care must be taken to see that there is no undue concentration of a programme in only a few villages.

After the District SGSY committee communicates the list of selected key activities for the Block, the Block SGSY committee will identify the villages to be covered under each activity. This is an exercise that needs to be taken up before the beginning of each financial year. This process is for identification of geographical clusters of neighboring villages for taking up each activity in a

focused manner. The list of cluster villages so selected may be placed before the Panchayat Samithi, so that members of the Panchayat Samithi are aware of the selection and also the principles that underline the selection of villages.

1.8 **PROGRAMME INFRASTRUCTURE**

Proper infrastructure is essential for the success of micro enterprises. The infrastructure may be either for production, processing, quality testing, storage or marketing. The lack of proper attention to this item has been one of the drawbacks of IRDP. Although provision had been made for expenditure on infrastructure, the investments made did not necessarily correspond to the needs of the self-employed.

SGSY will seek to ensure that the infrastructure needs for the identified activities are met in full, so as to enable the Swarozgaris to derive the maximum advantage from their investments. Planning for infrastructure will be made in close concert with the banks. As indicated earlier, the project report for each key activity should clearly identify the existing infrastructure and the additional infrastructure that needs to be created. It should be noted that the creation of additional infrastructure should be meaningful and should only be in the nature of providing the missing critical links. The proposals for infrastructure development should be drawn up by DRDA in consultation with Bankers and form part of the Annual Plan of the Block and District.

The provision of infrastructure is essentially the responsibility of the State Governments. Therefore, the States will strive to provide for necessary

investments as part of their plan efforts of the respective departments. Where the plan funds of the line departments do not have adequate provision, recourse may be go to JGSY and EAS. Similarly, any other State or Centrally sponsored schemes can also be used for the creation of infrastructure. Resource to SGSY infrastructure fund should be as a last resort and only critical gaps in investments will be made under the SGSY.

The District SGSY Committee should review the infrastructure gaps and identify the areas of intervention for financing projects in activity clusters. Infrastructure needs and their fulfillment will be constantly and closely monitored by the DRDA, particularly the Governing Body of DRDA, to ensure that the infrastructure needs are met as per plan. Financing in sectors should be restricted where infrastructure is inadequate.

It should be noted that the funds available for providing infrastructure support under SGSY are primarily to bridge small gaps in infrastructure which can make the programme implementation more effective and not for creation of an altogether non-existent infrastructure in the area. Funds for infrastructure development should, in no case be used to augment resources of the State Government for development of general infrastructure.

In order to meet expenditure on such critical infrastructure, SGSY will provide for a fund, which will be known as 'SGSY-Infrastructure Fund'. 20% (25% in the case of North Eastern States) of SGSY allocation for each district will be set apart for this fund. DRDAs will maintain this fund in a separate account.

The DRDAs are advised to utilize this fund to generate additional funding wherever feasible.

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

- a) The infrastructure activities should enable SGSY Swarozgaris' to make full utilization of their assets. Marketing linkages should be given priority.
- b) The proposals should emerge out of the specific activities being taken up by the Swarozgaris and the location decisions should be made by the Blocks/DRDAs in consultation with Bankers.
- c) Only village or block or district level infrastructure should be planned. In no case should the proposals envisage development of infrastructure at the State or regional level.
- d) 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.

- e) 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 Swarozgaris.

- f) The proposals should clearly spell out the time span envisaged for building up the infrastructure, its impact on the activities of the Swarozgaris in particular and economic environment in general, the agency charged with the implementation of the project and the monitoring system provided to see that projects are executed in given time at the given cost. The funds to the executing agency should be given in phases depending on the progress of the work. The decision on the phasing of the release should be taken by the DRDA.

Given the magnitude of funds allocated for infrastructure development, it is imperative that expenditure under this head be monitored more rigorously. Accordingly, suitable formats will be prescribed for monitoring purposes. The Districts are required to send information in this format to the States every quarter. The data will be consolidated for all the districts by the State Government and sent to the Central Government on a quarterly basis.

1.9 AREA OF STUDY

There are 26 RD blocks in Mizoram as a whole. Various rural development schemes and other poverty alleviation schemes are implemented through these blocks. Tlangnuam block was selected for area of study, there are 13 cluster villages viz., Sihphir, Sihphir Vengthar, Nausel, Muthi, Tuirial, Tuirial Airfield, Samtlang, N. Lungleng, Lungleng I, Sihhmui, Sairang, Sairang Dinthar and Lengpui. The block itself is within Aizawl district, Mizoram.

1.10 OBJECTIVES OF THE STUDY.

1. To analyze the structure and problems of Swarnajayanti Gram Swarozgar Yojana (SGSY).and Indira Awaas Yojana (IAY).
2. To examine the Performances of SGSY and IAY in Mizoram.
3. To examine the failure or success of SGSY and IAY in Tlangnuam block and to suggest remedial measures.

1.11 RESEARCH QUESTIONS

- i. Will adoption of simplified procedures by financial institutions facilitate the BPL families in accessing groups' loans under SGSY and IAY?
- ii. Do SGSY and IAY have been able to achieve the desired results in Mizoram?
- iii. What trade and services under the programmes would be favored by the beneficiaries for their upliftment?

1.12**METHODOLOGY**

The work was analyzed with the help of primary and secondary data collected from extensive field survey and secondary sources. The source material was collected mainly from various government and other semi-official and non-official agencies. Secondary data was also collected from the District Rural Development Agency (DRDA). Information was also collected from books, newspapers, journals, magazines, private papers, booklets and web references. During the field work, personal interview of different individuals was conducted and questionnaires were prepared for randomly selected beneficiaries.

1.13 CONCLUSION

It has now been widely accepted that the main focus of the poverty alleviation programmes is two-fold, first development of the backward areas and second, the improvement in socio-economic conditions of the weaker sections through raising their employment and income opportunities. Keeping in view the crux of the programmes of SGSY and IAY and its various intricacies lie in planning and implementation of the schemes the research work was carried out in Tlangnuam RD block, Mizoram.

Kulkarni *et al.* (1989:78)¹ carried out a study in Bijapur district of Karnataka. They find that different socio-economic factors affect the success or failure of different schemes of IRDP. According to them, the success of IRDP mainly depends upon the level of education, family size, ownership of livestock, durable assets and occupational structure. The study highlights that one of the reasons for poor performance of IRDP was the delay in actual sanctioning of loans and releasing of the subsidy amount by the development authorities. They suggested that single window approach both for subsidy and loan would reduce the time gap and transaction cost of borrowing for the beneficiaries. Calling it the world's most ambitious credit-based poverty alleviation effort, the World Bank (1989:5)² attributes the failure of India's Integrated Rural Development Programme (IRDP) to its inability to ensure continued access to institutional credit for disadvantaged rural households. Unless constraints, which continue to block access of the poor to institutional finance, are not removed effectively, the window of opportunity to banking services offered by the IRDP will remain closed. Welfare gains derived thus far by beneficiaries of the IRDP are likely to be short-lived without the opportunity to replenish working capital and undertake additional investment, using term credit.

¹Kulkarni, G., RC Batta & Ganesh Kumar, N (1989): "Integrated Rural Development in Bijapur: An Evaluation of Dairy Scheme", *Social Change*, Vol. 19, No.89, p.78.

²World Bank (1989), "Flaws in IRDP", *the Tribune*, September 3.

Thippaiah and Devendra Babu (1986:12)³ have come out in their study with some major defects in the implementation of the programme. Non-identification of proper persons as beneficiaries, non-availability of trained personnel, misuse of loans and poor repayment position and lack of infrastructure facilities are some of such defects.

Rao and Natarajan (1988:29)⁴, in their study on evaluation of impact and progress in implementation of IRDP in Warangal district, note the deficiencies prevailing in IRDP. Their study brings to the limelight various deficiencies in the whole chain of IRDP in the district which are under financing, providing cash credits by violating the norms, lack of supervision, lack of knowledge on the part of the beneficiaries to utilize the assets, the IRDP loans not being utilized to the extent of their real objectives.

From the report on sector wise disbursement of credit by the banks during the last three years (i.e. 1998-'99 to 2000-'01), it was seen that the disbursement of credits in the Agricultural and Services sectors increased but the credit flow in Industries sector deteriorated considerably during the same period under review. This is mainly due to the fact that the infrastructures needed for the development of industries are absent in this district and secondly the markets are also not available. **The Bankers play a very critical role in the implementation of SGSY program right from the identification of key activities, formation and**

³Thippaiah, P. and Devendra Babu, M. (1986), "Tackling Rural Poverty", *Yojana*, Vol. 30, No. 22.

⁴Rao, Perumalla D. and R. Natarajan (1988), "IRDP Assistance in Andhra Pradesh: An Evaluation", *Kurukshetra*, Vol. XXXVI, No. 8, March.

evolution of self-help groups, identification of individual swarozgaris as well as planning for all the elements of the key activities. The Bank has the final say in the selection of swarozgaris⁵.

Mohanasundaram (1988:9)⁶ conducted an evaluative study in two blocks of Coimbatore district of Tamil Nadu, entitled “How IRDP schemes can be better implemented?” He suggests some important measures regarding effective implementation of IRDP schemes. He states that very low perception of the rural poor indicates the dire need for increasing awareness among them about the special schemes meant for their welfare. The lackadaisical attitude of the implementation machinery should also be changed. Selecting deserving and bonafide beneficiaries by conducting household surveys, credit camps and involvement of Gram Sabhas, etc., will ensure assisting of right beneficiaries. The major advantages of such exercises are cutting across the dominance of intermediaries and avoidance of leakages. This can be done by active and effective coordination among the various village level developmental functionaries. According to him the programme has promoted the income of the beneficiaries.

Taneja (1989:6)⁷ reaches the conclusion that despite too much proclaimed claims about the success of various anti-poverty programmes, such as IRDP,

⁵ coochbehar.gov.in/Htmfiles/SGSY.htm

⁶ Mohanasundaram, V., “How IRDP Schemes can be better implemented?” *Kurukshetra*, Vol. XXXVI, No. 12, September 1988.

⁷ Taneja, Suresh (1989), “Long Search For Savers”, *the Tribune*, February.

NREP, RLGP and TRYSEM, most of the labor households are still not able to meet their minimum consumption requirements. These are the people who do not have a bare sufficiency of anything-neither food, clothing, nor shelter, leave alone education or medical care. The author observes that the fact we find such utter destitution here in Punjab (reputed to be the home of India's most progressive farmers) raises doubts about the designing and implementation of the poverty eradication programmes.

Singh (1988:8)⁸, in his paper entitled "Socio-Economic Impact of IRDP on Weaker Sections in Punjab", infers that the IRDP does have its impact on the weaker sections. Those who took advantage of the facilities were in a better position to improve their socio-economic life than those who did not avail themselves of such facilities. He observes that comparatively well-off sections of the society derived more benefits from IRDP than the weaker sections.

In an evaluation study entitled "Finance Under Rural Development Programme", the State Bank of Patiala (1987:14)⁹ concludes that 42 among 100 persons seem to have crossed the poverty line but according to these beneficiaries, the additional income so generated has not improved their living conditions to the desired extent since the market price of essential consumer goods has increased so much that the additional income generated has been nullified. However, almost all the beneficiaries under the scheme admitted that they increased their annual

⁸Singh, Jasbir K., "Socio-economic Impact of Integrated Rural Development Programme on Weaker Sections in Punjab", *Guru Nanak Journal of Sociology*, Vol.9, No.1, April 1988, p. 80

⁹State Bank of Patiala, *Financing under Integrated Rural Development Programme: An Evaluation Study*, Agriculture Banking Department, 1987.

income and now they were living in somewhat better conditions than those obtaining before availing of loans under the IRDP.

Under SGSY where ever the SHG model is successful; there strong NGO activities were witnessed. NGOs are playing a pivotal role between SHGs and funding agencies and actively stimulating the SHGs to continue with their entrepreneurial activities and economic activities, which is basic requirement for the bankers and funding agencies to provide further loan. Majority of SHGs existing in nearby villages were discontinued immediately after initial loan disbursement. The bankers have recovered the subsidy money, but couldn't recover the remaining loan amount, which keeping them away from providing further loan. Even the members from some active SHGs are still interested to continue with the entrepreneurial activities as they benefited previously. Now they are finding deficiency in quality of the product and genuine purchasers of their manufactured products. Lack of marketing & branding skills some of the SHGs from dwarli couldn't sell their products; subsequently they didn't pay the loans¹⁰.

Rao (1987)¹¹ states that the reduction in the extent of poverty is not significant among those who have taken up village industries. He feels it ambivalent that the IRDP can be successful in improving the skills of laborers.

Regarding the nature of utilization of the IRDP loan, the State Bank of Patiala (1987:8), on the basis of the report by the Branch Managers/RDOs, has

¹⁰ www.ninemoney.net/impact-of-shg-based-microfinance-on-women-empowerment.html

¹¹ Rao, V.M. (1987) "Impact of IRDP in Village Structure", *EPW*, March 25.

come to the conclusion that in 98 cases the funds at the initial stage were utilized properly, while in two cases animals were reportedly disposed of immediately after purchase within the same cattle fair. However, 19 borrowers later on disposed of their assets and utilized the sale proceeds for some other purpose. The study discloses that these 19 persons also actually misutilized the funds.

Basu (1988:25)¹² infers that IRDP, a strong policy instrument for poverty alleviation, has brought about mixed consequences in the district of Nadia. Its performance has varied in various areas and sectors. From identification of beneficiaries to raising and sustaining them above the poverty line, there have been incidences of satisfactory as also those of poor results.

Rao (1987:7)¹³ points out that the IRDP in Maheswaran block of Ranga Reddy district has achieved partial success only. According to him, the absence of a proper set-up at the block level was hindering the planning and implementation of programmes. Although the programmes chosen were based on the capacity and the preference of the beneficiaries, they were neither integrated properly nor did they form part of any long-term strategy. There was no scope of community involvement in planning the rural development programmes and the emphasis was only on giving subsidies to the rural poor from available funds.

The SGSY program has numerous and severe failures like – Failed to take off; Failed to mobilize the credit as per targets; Failed to target the real poor and

¹²Basu, Angsuman (1988), “*Garibi Hatao: A study of IRDP in Nadia District*”, *Kurukshetra*, Vol. XXXVI, No.7, April

¹³Rao, K.P.C. (1987), “*Rural Development: A Case Study*”, *Kurukshetra*, Vol. XXX, No.5, February.

vulnerable sections; Low survival rate of promoted micro-enterprises; Realized additional income from the micro-enterprises is, significantly less than anticipated, incremental income of Rs.2,000 per month. To overcome these problems, the Government is planning to redesign the program. There are some very important positive features in proposed redesigning, like more flexibility to the states; promotion of SHG federations; setting up of training institutions; placement; interest subsidy; etc. However, the proposed measures can not address the crucial issues like bank credit, low survival rates of assisted micro-enterprises, etc.¹⁴

Sidhu (1986:145)¹⁵ concludes that the income generation under IRDP indicates that there were only 22 percent of families whose income was between Rs. 2,001 and Rs. 3,000. At the same time, there were 20 families whose one or more members were in government job. These members earn from Rs.7,000 to Rs. 8000 per year. Moreover, there were five families whose land exceeded the unit of small and marginal farmers and they owned tractors. Thus, it is not the IRDP which has increased the income but they were already living above the poverty line. Moreover, some beneficiaries were running small businesses and should not have been given assistance under IRDP.

¹⁴ indiamicrofinance.com/sgsy-national-rural-livelihood-mission-9283028301ry.html

¹⁵ Sidhu, Amarjit Singh, "Poverty and Integrated Rural Development Programme in Punjab", Unpublished M.Phil. Dissertation, School of Economics, GNDU, Amritsar.

Satyanarayan and Peter (1985:24)¹⁶ arrive at the conclusion that among various apparent constraints, uneven, untimely and inadequate financial and supervisory support for the IRDP schemes, the traditional dominance of the rich and powerful political personnel links in the rural areas, expanding population, illiteracy and unemployment, inherent inferiority complex and lack of enthusiasm and confidence among the rural poor are the significant factors mainly responsible for the overall hindrance in the process of poverty alleviation. In the presence of such chronic rural problems, the responsible job of managing the IRDP schemes has rendered helpless the socially weaker group of village level workers and school teachers. As a result, the alignment in the planning and implementation of the IRDP schemes could not be properly organized.

Singh (1986:16)¹⁷ evaluates the performance of IRDP in six districts by taking a sample of 220 beneficiaries. He reveals that close monitoring of major anti-poverty programme for integrated rural development shows that in 28 percent cases, assets created with the help of the programme were not intact with the beneficiaries.

Mishra (1986:656)¹⁸ investigates the question of failure of IRDP and notes that the IRDP has failed to lift the majority of the target group above the poverty line on a permanent basis. The IRDP, in its conceptualization and planning designs and operational strategy, leaves many things to be desired. Among the

¹⁶ Satyanarayana, T. and Y.J. Peter, "Rural Development: An Appraisal", *Kurukshetra*, Vol. XXXIII, No. 7, April 1985.

¹⁷ Singh, Pratap, "Integrated Rural Development: An Analysis", in S. Bhatnagar and S.S. Chibb, *Rural Development in India*, Ess Ess Publications, New Delhi.

¹⁸ Mishra, Sibranjan (1986), "Rural Development: A Challenge Before IRDP: A Fresh Look", *Indian Journal of Agricultural Economics*, Vol. XLI, No. 4, October-December

problems faced by the IRDP are the problems of identification of beneficiaries, remote control owing to centralized planning and implementation, administrative problem on account of linking of subsidy with loans, target-oriented approach, lack of coordination between IRDP agencies and other institutions, cumbersome loaning procedure, and inadequate supervision mechanism. He, therefore, suggests that certain changes are essential in order to achieve the objectives with regard to IRDP. In view of the insufficient command over goods and inadequate entitlements legitimized by the legal and institutional systems of the poor, the IRDP should be an integral part of land reform programme that tries to redistribute land to the landless or ownership rights at least to the poor tenants.

A study conducted in selected states shows that regular loan-repaying members account for a very small proportion under SGSY. Nearly two-thirds (68 per cent) were not regular in honoring their repayment obligation. Very irregular repayment pattern was observed in the case of Chhattisgarh (94 per cent), UP (89 per cent), Tripura (88 per cent), Rajasthan (85 per cent) and Bihar (84 per cent). Against this backdrop, none-of the control group SHGs in Orvakal (AP) reported irregular repayment¹⁹.

¹⁹ P Purushotham (2009) *Institutional Credit for Rural Livelihoods (A Study of SGSY in the Regions of High Poverty)* Ministry of Rural Development, Government of India, Hyderabad

Kurien (1987:161)²⁰, in his detailed note made on the basis of the data collected by various agencies, opines that the concurrent evaluation of IRDP has clearly brought out the fact that the programme has a great potential, though it suffers from a number of limitations at present. Many of those criticizing this programme have also appreciated this fact. Another important aspect which is brought out by the survey is the fact that the programme, though so important, is left entirely in the hands of the bureaucracy, professional politicians and middlemen. It requires much more intellectual inputs and clarity of thought for conceptualization and planning at all levels than what is provided at present. Implementation and monitoring have to be necessarily a much more involved and cooperative effort between the implementers and the beneficiaries.

Ghose (1986:15)²¹, in an article on IRDP, remarks that one of the most important findings of concurrent evaluation is that the investment per beneficiary family under the IRDP has been rather low, particularly in view of the fact that the poverty line has now been re-drawn at an annual income of Rs. 6,400. It was previously Rs. 3,600 only. Due to this reason, a large section of the families which had received loans and subsidy during the Sixth Plan to increase their income by exploiting assets acquired by such assistance, did not actually cross the poverty line. All such beneficiaries have to be given a supplementary dose of assistance so that they crossed the poverty line and the investments already made on them did not go waste.

²⁰Kurian, N.J (1987), "IRDP: How Relevant is it? *Economic and Political Weekly*, Vol. XXII, No.52, December 26.

²¹ Ghose, Arabindo (1986), "On Reducing Poverty Speedily", *Yojana*, December 16-31.

Prasad (1986)²² organized a study of the planning for the removal of rural poverty in India. He made a critical assessment of various policies adopted for this purpose like the trickle-down strategy, land redistribution, beneficiary-oriented programmes for the poor such as the IRDP, NREP and so on. The study expresses itself against the continuance of the uniform approach in different parts of the country because of wide variations in techno-economic and socio-economic conditions and makes a case for more flexible approach. It is concluded that poverty alleviation is possible in the next ten years or so if concerted efforts are made in terms of change in the objectives and strategy of planning and adoption of a set of interrelated policy measures.

On loopholes of rural development programmes, Maheshwari (1985:217)²³ comments that rural development programmes in India suffer from a high degree of centralization as illustrated by the IRDP. This programme has been formulated in great detail at the central level with little flexibility permitted at the implementation level; so much so that it may not be inappropriate to say that this programme is for the people but certainly not by the people and of the people. India is an example of a country which is seeking to promote rural development purely through its regular bureaucracy with little involvement or participation by the people. Sharma (1985:20)²⁴ is of the view that experience of

²² Prasad, K. (1986), "Planning for Alleviation of Poverty in India: Experience and Lessons", *Social Change*, 16 (2 and 3), June – September.

²³ Maheshwari, S.R. (1985), *Rural Development in India: A Public Policy Approach*, Sage Publications, New Delhi

²⁴ Sharma, P.N., "Ensuring Better Quality of Life for the Poor", *Yojana*, Vol. 9, No. 30, November 1985.

implementation of IRDP clearly shows that while the IRDP has helped the targeted families in augmenting their income and to cross the poverty line, the desired improvement in the overall quality of their life has not been brought about. It is, therefore, obvious that other services, particularly social inputs, have not been delivered to them. This underlines the need of convergence of services and interlinking of economic and social development programmes for the poor.

In respect of identification of beneficiaries and bringing out problems in implementation of IRDP, Manrai (1986:64)²⁵ confirms that selection of beneficiaries was arbitrary. According to him, a common reason for this was that the programme was implemented in a hurry without adequate preparation and sufficient time for proper identification of eligible families. The development staff at the field level was also obsessed with the idea of target achievement. The traditional power structure in the rural areas was another major reason for this situation.

Auditing of the books and records through external agencies enhances the credibility of these records under SGSY. Of course, this practice ensures transparency and easy access to the SHGs' data to the officials as well as banks. It is unfortunate that such auditing by external agencies has virtually not been done by SHGs in any of the states. Generally most of the members of the groups being illiterate had genuine difficulty in maintaining the records. Secondly, proper training in maintenance of these records is necessary. Even this appears to have

²⁵ Manrai, M.L. (1986), "Poverty Alleviation Programmes and Agricultural Development", *Indian Journal of Agricultural Economics*, Vol. XLI, No.4, October-December.

not been done in several cases. What is worth mentioning here is that the state rural development department has encouraged SHGs to avail of the services of external agencies for this exercise. Even if the senior officials at the state level desire to get this done, it will be possible only if there is adequate number of trained and motivated professional agencies at the sub-block level.²⁶

Khatkar (1986:658)²⁷ undertook a study to examine the identification of beneficiaries and impact of IRDP, taking 70 beneficiaries of IRDP in Rewari block of Mahendragarh district of Haryana. They observe that only 37.1 percent of the beneficiaries are properly identified while as many as 48.6 percent of them are misidentified. Over 14 percent of the beneficiaries misutilized all IRDP assistance resulting in outright leakages.

Chandakavate (1985:14)²⁸ conducted a study in Singdi taluka of Bijapur district in Karnataka to evaluate the IRDP and unearthed a number of loopholes. Regarding identification, he states that the identification of suitable beneficiaries for assistance and their categorization is found defective. A formal discussion with the beneficiaries has revealed that about 7 percent of the families surveyed are ineligible as they are above the poverty line. These families have either government/private job holders as members or have big landholdings. Some small

²⁶ P Purushotham (2009) *Institutional Credit for Rural Livelihoods (A Study of SGSY in the Regions of High Poverty)* Ministry of Rural Development, Government of India, Hyderabad

²⁷ Khatkar, R.K., "An Impact Study of Integrated Rural Development Programmes in Mahendragarh District of Haryana", *Indian Journal of Agricultural Economics*, Vol. 41, No. 4, October-December, 1986.

²⁸ Chandakavate, M.S. (1985), "Tardy Implementation of IRDP", *Yojana*, Oct 16-31, Vol.29, No.19.

and marginal farmers have been assisted under the same programme treating them as separate families. Bankers are not a party in the identification of the beneficiaries.

Subbarao (1985:1830)²⁹ made an attempt to critically examine the impact of IRDP on the basis of field work done by various agencies like NABARD. He believes that wrong identification of beneficiaries is one of the major failings of the programme. He further writes that wrong identification is related not so much to the efficiency of administrative infrastructure as to the method adopted in identification of the poor. A part of the difficulty also rose because of the absence of any preparatory work and the anxiety for target fulfilling.

Rao (1987:8)³⁰ regrets that a serious handicap at the grassroots level of the implementation of IRDP is the lack of sufficient time and staff. Lack of technical staff is a serious handicap to implement the programme. Each agency has given a clear-cut idea that additional staff is required but the selection and posting have not yet been done. Further, he states that the family income survey is rarely useful because of lack of suitable staff.

Under SGSY some of the DRDAs have focused on providing forward linkages, exhibition and outlets for sales. This approach neglects the other side, i.e. backward linkage – providing access to equitable, competitive markets for raw materials, and other inputs. The SGSY-implementing agencies should be trained

²⁹ Subbarao, K., "Regional Variations in Impact of Anti-Poverty Programmes: A Review of Evidence, EPW, Vol.XX, No. 43, October 1985, pp. 1830-34.

³⁰ Rao, K.P.C. (1987), "Rural Development: A Case Study", Kurukshetra, Vol. XXX, No.5, February.

to extend backward linkage support to SHG members in building their livelihood avenues.³¹

Guhan (1986:173)³², in his paper, notes that there is rampant corruption among government and bank officials with political brokers taking advantage of the situation. This has reduced the real benefits to the beneficiaries.

Gill (1983:3)³³ opines that dairying has reportedly reached the saturation point. It is openly said that veterinary surgeons on the purchase committees have to be bribed before an animal is approved.

Judge (1989:302)³⁴ says that corruption among the officials is pointed out by many respondents. The officials who often take bribes include veterinary doctors, bank personnel and block staff. Further, the provision of subsidy has brought in corruption among the officials, as also among the beneficiaries.

Singh and Deb(1986:77)³⁵ conducted a study to find out the nature of people's participation in IRDP, by choosing two clusters-one from Bhatinda and the other from Ludhiana district. Their study reveals that more people from amongst the big farmers participate in larger numbers in IRDP than others. The

³¹ P Purushotham (2009) *Institutional Credit for Rural Livelihoods (A Study of SGSY in the Regions of High Poverty)* Ministry of Rural Development, Government of India, Hyderabad

³² Guhan, S. (1986), *Rural Poverty Alleviation in India: Policy Performances and Possibilities*, Madras Institute of Development Studies

³³ Gill, P.P.S. (1983), "Loan for Wrong Persons", *The Tribune*, May 24.

³⁴ Judge, Paramjit Singh, "Scheduled Castes and Development from Above", in *Social Development Process and Consequences*, eds. P.N. Pimply, K.P. Singh and A. Mahajan, Rawat Publications, Jaipur.

³⁵ Singh, Jasbir, K. and P.C Deb (1986), "People Participation in Integrated Rural Development Programme", *Guru Nanak Journal of Sociology*, Vol. 6, No. 2, October.

participation of the functionaries and agricultural laborers is minimum in both the areas. The researchers assert that it is imperative that efforts have to be made to educate the people about the objectives of the programme to enable them to participate in large numbers. Efforts should be made to create better employment opportunities for landless and small farmers under IRDP to seek more participation from rural people. If proper consideration is given to the functioning of IRDP and in formulating various facets of the scheme, it may show better participation than at present. Further, planning of IRDP may take these points into consideration.

Nagaraja(1987)³⁶ reviewed the prevailing conditions of poverty in rural India. The author has observed that the basic objective of the eradication of poverty is to provide the acceptable standard of food, clothing, shelter, education and health for the people. In 1938, the National Planning Committee of the All India National Congress started the programme for eradication of poverty all over India. The majority of the rural population in our country lived below the poverty line (50.82%) in 1977-78. However, overall poverty was 48.13 percent. Owing to implementation drawback and weaknesses in the receiving system, there is unemployment and poverty among the rural weaker sections. It is suggested that the rural weaker sections should be provided the education which may enable them to attack the deceptive and exploitative middlemen and intermediate

³⁶ Nagaraja, B. (1987), "Rural Poverty and Human Resource Yojana, 31 (6), April.
Singh, R.R. (1987) "Poverty Alleviation: Problems and Prospects", Khadi Gramodyog, 34 (3) December.

agencies and to become a force to reckon with to fight corruption and malpractices.

Singh(1987)³⁷ investigated the problems and prospects of poverty alleviation programmes. The author observes that although these programmes contain the basic objective to uplift the socio-economic conditions of the rural poor and the downtrodden, the implementation of these programmes suffer from a large number of problems and bottlenecks. Owing to the lack of suitable and sufficient infrastructure in the rural area, these programmes have not been able to benefit the poorest section of the population upto the level of expectation. It is suggested that adequate regional planning, strong central coordination, effective local level organizations and participation of the rural poor in the planning can make these programmes more effective.

Regarding the adequacy of loan amount Guliani (1986:42)³⁸, in his study, speaks about inadequate loans and subsidies. According to them, the loans advanced for different purposes are not sufficient to meet the actual requirements of the loanees. All the beneficiaries, except two, state that the amount sanctioned insufficient for them to get rid of poverty once for all. The recipients of loans for new well sinking and development of old wells expressed that they need assistance for pump sets.

³⁷ Singh, R.R. (1987) "Poverty Alleviation: Problems and Prospects", *Khadi Gramodyog*, 34 (3) December.

³⁸ Guliani, S.S., "A Study of Pattern of Loan Advanced under IRDP in Hissar District of Haryana", *Indian Journal of Agriculture Economics*, Vol. 41, No. 4, October- December 1996.

On the issue of recovery of loans, according to Chandakavate (1985:15), an unpleasant aspect of the programme is the poor recovery performance. It is revealed that 6 percent of the beneficiaries fully repaid their loan, 36 percent of them have not repaid at all and the remaining beneficiaries have partly paid the amount of loan. However, the existence of willful defaulters in many instances cannot be ruled out.

Manrai (1986:643) highlights the problem of the middlemen in loan-getting and states that even when the selection of the poor is alright, the full amount of the assistance does not reach any beneficiary because of the middlemen. A class of politically influential middlemen has arisen which has begun to benefit itself from the system.

Murari (1988:36)³⁹, while commenting on the various rural development programmes in a historical perspective, suggests that all development programmes should be started after understanding of the totality, which includes social, political and operational aspects of the strategy. He infers that what we need is “System Orientation Programme Development”, as any other approach would be like repeating the mistakes of a Community Development Programme. To implement IRDP in its true spirit, the operational, political and bureaucratic infrastructure should be understood in totality.

³⁹ Murari, Krishna (1988), “How to Make IRDP More Effective?”, *Yojana*, Vol. XXXVI, No.4.

The Agricultural Credit Review Committee (Report-August 1989)⁴⁰ has highlighted the major shortcomings of IRDP and has given useful suggestions to improve the efficiency of this programme. They can be briefly stated as under:

- (a) Selection procedure for the poor has been faulty and banks have not been involved in the same: banks must be given a greater say in the selection of the poor.
- (b) Targets are not linked with the resources, opportunities and capabilities of the poor.
- (c) Repayment schedules are not reasonable and there is lack of working capital.
- (d) There has been misuse of subsidy; this may be adjusted with the final repayment of installment in future.
- (e) Project approach is more viable.
- (f) High targets for high incidence of poverty areas are not suitable.
- (g) Very poor people prefer wage employment to self-employment because normally they cannot manage the assets properly.

Mishra (1996)⁴¹ explains awareness about poverty alleviation programmes among the ruralites. He points out that extent of awareness among the beneficiaries about various programmes varies. In the case of IRDP, as per his study, it is 41 percent.

⁴⁰ *The Agriculture Credit Review Committee, August 1989.*

⁴¹ *Mishra, G.P. (1996), Distribution of Surplus Land and Rural Poor, APH Publishing Corporation.*

Dasgupta (1997)⁴² observes in his article that various poverty alleviation programmes are essential for providing supplementary employment to the poor and underemployed. According to him, the unabated population growth cuts at the root of all the rural development efforts, and unless this problem is tackled on a war footing, it will be futile exercise to bring about the changes as envisaged.

Devi (1997:193)⁴³ recommends assistance to the group instead of individuals to make the programmes effective in generating income and to improve economic independence and status of women.

Ali (1998:5)⁴⁴ has carried out a study to analyze the income and employment generated through IRDP in Nalgonda district of Andhra Pradesh. He observes that IRDP has positive impact on generation of income and employment level of beneficiaries. His study also reveals that the marginal farmers have sold out all their assets created through IRDP.

Although larger investments enable enterprises to grow beyond local markets, the level of investment is always a decisive factor in exploring the non-local markets. Market-acceptability of the product/service is crucial for SGSY beneficiaries. However, several other factors like the intensity of competition, the growth rate of the demand and management expertise determine the pace at which

⁴² Dasgupta, K.R. (1997), “ Rural Development Programmes in India: Concepts and Strategies”, *Kurukshetra*, Vol. XLV, No. 11, August

⁴³ Devi, K. Manjula (1997), *Rural Women: Poverty Alleviation Programme*, Anmol Publications Pvt. Ltd., New Delhi.

⁴⁴ Ali, Sayed (1998) “Income and Employment Generation through IRDP: An Analysis”, *Kurukshetra*, Vol. 46, No. 10, July.

the micro-entrepreneurs could respond to the opportunities. Networking of SHGs is suggested for accessing urban and large size terminal⁴⁵

IRDP being the parent programme of SGSY, numerous studies conducted on both the programme are being reviewed and in most cases the two programmes cannot be often studied separately. Therefore, the above review of literature is about both IRDP and SGSY.

⁴⁵ *P Purushotham (2009) Institutional Credit for Rural Livelihoods (A Study of SGSY in the Regions of High Poverty) Ministry of Rural Development, Government of India, Hyderabad*

3.1 SGSY

On 1 April 1999, the IRDP and allied programmes, including the Million Wells Scheme (MWS), were merged into a single programme known as Swarnajayanti Gram Swarozgar Yojana (SGSY). The SGSY is conceived as a holistic programme of micro enterprise development in rural areas with emphasis on organizing the rural poor into self-help groups, capacity-building, planning of activity clusters, infrastructure support, technology, credit and marketing linkages.

The District Rural Development Agencies (DRDAs) have been given considerable flexibility in the disbursement of funds for training and capacity building, revolving fund, infrastructure and subsidy for SHGs. This has meant that more funds are being spent now for promotion rather than subsidy; during the period 1999-05 Rs 5,624 crores were spent on this scheme (including state share), out of which 3657 crores was the subsidy element, and thus almost Rs 2,000 crores were spent on promotion. Even the credit subsidy ratio was only 1.95:1 in 2002-03 and 1.83:1 in 2003-04 as against the norm of 3:1. The average per capita investment is also below the target of Rs 25,000 though it has increased over time, from Rs.21,666 in 2002-03 to Rs.22,469 in 2003-04. The recovery of loans by scheduled commercial banks was 44.98 per cent in 2002-03 and 46.79 per cent in 2003-04 (MTA X Plan). The recovery from SHGs is higher (89.21 per cent in 2002-03 and 86.23 per cent in 2003-04) as compared to individuals (27.55 per cent in 2002-03 and 29.01 per cent in 2003-04).

The SGSY aims at providing self-employment to the rural poor through acquisition of productive assets or appropriate skills that would generate

additional income on a sustained basis to enable them to cross the poverty line. Assistance is provided in the form of subsidy and bank credit.

The target group consists largely of SHGs, which is formed by the rural poor living below the poverty line.

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

But, the analysis by income group of families revealed that in case of those within initial income of Rs.8501-11,000, 48.22% of beneficiary families could cross the poverty line of Rs.11,000 which is quite encouraging. The analysis of the family income of the beneficiaries reveals that a large percentage (57.34%) of the families had annual family income from assets of more than Rs.2000. The annual income from the asset was more than Rs.6000 in 29% cases.

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

Inadequate development of infrastructure and insufficient forward and backward linkages and market facilities has been an area of concern under SGSY. In an attempt at filling up the critical infrastructural gaps and strengthening the

linkages and market facilities, the allocation under SGSY towards the development of programme infrastructure was increased from 10 percent to 20 percent in all the states and to 25 percent in the North Eastern States. However, despite this enhanced provision for programme infrastructure under SGSY and the relaxation in sanctioning norms, the actual expenditure on infrastructural development was a mere 5 percent to 7 percent of the total allocation under the programme at the all India level. There is, therefore, a critical need to prepare a perspective infrastructural plan at the district and block level and to ensure that the funds earmarked for infrastructural development under SGSY are closely monitored and not diverted elsewhere.

While the measure of success of the SGSY is how far the beneficiary has been able to cross the poverty line, its success depends primarily on the success of the activity financed in generating additional income. Income generation process is basically a complex one and, in the market environment, would depend upon how far the beneficiary has been able to produce goods and services which the market can absorb. The success of the activity also hinges on the availability of the infrastructure support. Several studies have been conducted at the state level by various institutions, state government and also by Canara Bank and the State Bank of India pointing out the limited success of the SGSY in India.

According to these studies, though SGSY shows a good performance in quantitative terms by achieving little above the targets in terms of expenditure and coverage of beneficiaries, it has not made any significant impact on reduction in the number of people below the poverty line. Their estimates about the percentage

of poor people brought above the poverty line vary from 27 to 47. And again, if some percentage for mis-identification of beneficiaries is allowed, the percentage will further go down. In fact, wrong identification and little impact are the direct manifestations of feudal land relations and centralized planning.

According to the NABARD study, the proportion of wrong identification was as low as 7 percent in Andhra Pradesh, but as high as 47 percent in Gujarat. The Programme Evaluation Organization (PEO) study reveals that the proportion of non-poor families entering the programme was higher in better administered regions (32.6 percent) than in poorly administered regions (18 percent). It is significant to note that in states where identification was done at meetings of the Gram Sabhas or Panchayats (and not by the VIPs or other bureaucrats), the degree of error, as Subbarao observed, ‘because of the absence of any preparatory work and the anxiety for target-fulfilling.’⁴⁶ Similar conclusions were drawn by the first impact study conducted by the SBI in the latter half of 1984, the second impact study in 1985-86. The latter study revealed that despite all checks 21.2 percent of the sample beneficiaries, of all India bases were wrongly selected. Excepting the sample districts of North Eastern and Eastern regions and Ahmedabad, in all others the incidence of ineligibility was more or less quite high. This was in fact, extremely high in Anantnag where 82 percent of the sample beneficiaries were wrongly selected. The Study’s conclusions are quite revealing. It found that “lack of systematic household surveys coupled with non-convening of Gram Sabhas for ascertaining the economic position of the

⁴⁶K.Subbarao: Regional Variations in Impact of Anti-Poverty Programmes: A Review of Evidence’, *Economic and Political Weekly*, October 26, 1985,p.1830.

beneficiaries could be partly responsible for the wrong selection...Besides, the influence exercised by the socially powerful sections of the rural community was also one of the factors leading to the higher incidence of ineligibility.”

Only a small proportion of the identified poor households had incomes higher than the stipulated sum. The NABARD Surveys observed that the percentage of beneficiaries whose income had risen above the poverty line of Rs. 3,500 came to 47 percent of all eligible beneficiaries, or 40 percent of all beneficiaries. The impact study of the SBI found that “the average incremental employment generated by SGSY financing was restricted only to a mere 64.2 mandays, while a majority of the sample beneficiaries experienced no change in their level of employment in the post-loan period as compared to that in the pre-loan, a few also experienced a decline.” It is thus evident that, the SGSY is largely misconceived which does not integrate resource based planning with household planning or does not take stock of backward and forward linkages and absorptive capacities of the markets through area plans and does not link itself to land distribution.

It may be seen from Table 3.1 that the number of beneficiaries has been consistently coming down since the VIII Plan, and so has been the expenditure, if it is converted into constant prices. The states have been finding it difficult to spend funds for this scheme. The overall allocation and expenditure on this scheme is given in table 3.1 below:

Table 3.1: Allocation, Expenditure, and Physical Achievement under SGSY in India

Year	Total Allocation in Rs Crore (Centre+State)	Total Expenditure in Rs Crore (Centre+State)	Beneficiaries	
1	2	3	4	
Eighth Plan				
1.	1992-93	662	694	20.7
2.	1993-94	1093	957	25.4
3.	1994-95	1098	1008	22.2
4.	1995-96	1097	1077	20.9
5.	1996-97	1097	1132	19.2
	Total		5048	4868
Ninth Plan				
1.	1997-98	1134	1110	17.1
2.	1998-99	1456	1162	16.8
3.	1999-00	1472	960	9.3
4.	2000-01	1333	1116	10.3
5.	2001-02	775	970	9.4
	Total		6169	5318
Tenth Plan				
	2002-03	756	921	8.26
	2003-04	1066	1044	8.93
	2004-05	1334	1288	5.05

Source: Five year Plan documents 9th-10th Plan.

In the first two years after 1999, the SGSY took off only in those states where a fair amount of ground work had already been done towards formation of self-help groups, especially in mobilizing rural women under DWCRA. As a result, Andhra Pradesh, Tamil Nadu and Karnataka showed considerable progress under SGSY even in the initial years. However, there is a marked preference for individual projects in comparison to SHGs even in the progressive states like Maharashtra, Gujarat and Rajasthan. During the past six years 1999-05, 51.25

lakh beneficiaries (almost 10% of the total rural poor families) were assisted under this scheme, out of which 47% were SHGs.

The state-wise releases in 2004-05 show that the overall percentage of central release of funds was about 90%, but was considerably less in Bihar, Jharkhand, Assam, J&K, MP, and Maharashtra. The share of six poorest states of India (UP, Bihar, Orissa, Chattisgarh, Jharkhand, and MP) in poverty was 54.5%, but was 50.5 & 50.2 in central allocation and releases under SGSY in 2004-05. 15% of SGSY funds are reserved for innovative projects to be sanctioned by GoI, where inefficient states lose out. There is some degree of discretion available to the RD Ministry in this component while selecting the states and the NGO partners. According to Annexure XIX of the Annual report of the Ministry for 2004-05, between 1999 and 2005 only 4 projects of UP, 2 of Orissa and 5 of Bihar were sanctioned under this head, as against 23 of Andhra Pradesh and 20 of Rajasthan.

Lending by the banks is a major problem area. As against the norm of credit subsidy ratio of 3:1, the achievement is 1.94:1 during the last five years. The average per capita investment during the last five years has been Rs. 21506 as against the target of Rs. 25000. The total credit mobilized under the scheme has been Rs. 6308 crore as against a target of 16773 crore (37.80 per cent). The attitude of the commercial banks in lending to the SHGs is still not very encouraging in spite of various measures taken by the Government of India. The banks prefer to lend to individuals. Only in the year 2003 for the first time, the

assistance to the SHGs beneficiaries has crossed 50 per cent of the total assistance provided under SGSY.

The Report of the Comptroller and Auditor General of India for the year ended March 31, 2002 (Civil) of the Government of Orissa has commented on SGSY. Out of the expenditure of Rs. 97.1 crore tested by the CAG, only Rs. 36.73 crore (represented 37.8%) was actually incurred on the project while the balance was considered irregular on one count or the other.

There are also conceptual issues with the concept of promoting self-employment, as practiced in India, which is discussed below.

3.1.1 Problems with Self-employment Programmes

The scope of poverty reduction through SGSY is limited both by the debt-capacity of the poor and by the high cost of appraising, monitoring and enforcing small loan agreements. The first limitation is in theory offset by subsidy, but it attracts rich borrowers to the scheme, and thus creates political and administrative problems. The subsidy element has led to large scale corruption on the part of lower level functionaries who certify non-eligible beneficiaries as being below the poverty line. Even when the poor are selected there is often no intention on their part to create assets, subsidy is the main attraction. It has also led to corruption on the part of bank staff, and on the part of borrowers themselves, some of who sell off their assets and pocket subsidy, or who borrow by proxy for non-target group borrowers.

(a) **Lack of markets and infrastructure** - It is well established that unless credit is accompanied with adequate infrastructural support by way of extension, marketing, etc. the result is in fructuous lending. SGSY is generally successful where infrastructural and institutional support is available. These are the regions where many people even without the subsidy would have taken to entrepreneurial activities.

The failure by the poor to use assets profitably stems from several factors, of which control over markets is an important factor. The poor are not able to secure economies of scale because of indivisibilities in marketing costs and low risk bearing capacity. Low price received by poor for their products is also because of interlocked output and capital markets, lack of value addition technologies, poor organizational base and insensitive government policies. These problems need to be attacked by the same agency, which is not possible in government system. Whereas NGOs could take initiative in some of these sectors, they cannot change exploitative marketing infrastructure.

(b) **Lack of repeated contacts** - Second, IRDP suffers from the basic misconception that the provision of credit is a one-time event rather than a continuing relationship between lender and borrower. It is unrealistic to expect the larger share of borrowers to “graduate” just on the basis of an “injection” of credit (the medical terminology is significant), even if provided in sufficient “doses” (which was until now not usually not the case). Most loans in IRDP are one-time affair, and the bank feels relieved when the file is closed. In the case of Grameen

Bank of Bangladesh, most loanees start with small loans, but as the relationship with the bank improves, more loan is given to the same person, thus making their interaction and relationship last for a long-term, recovery and fresh loans often go hand in hand. This also improves the capability of the poor to utilize his loan profitably. His stake in repayment is also higher. In India, since loan is taken only once in a life time by most borrowers, the tendency is not to pay and become defaulter.

(c) **Obsession with asset formation** - Third, there is still an under-emphasis on activities which require no fixed assets at all such as a large number of trading, service and even simple processing activities. Thus the mix of activities in India is very different from other large micro-enterprise programmes in Bangladesh, the Philippines and Nepal for instance, which finance a much larger component of petty trading and service activities suitable to the poorest of the poor. While these activities are no doubt overcrowded, their discouragement in India (due to a preoccupation with asset formation) has restricted the type of livelihood activities that can be financed, and has led to overcrowding in those which are financed (milch animals for instance). Instead of responding to a demand-led pattern of lending opportunities, banks are still restricted to a list (albeit an expanding one) of “approved” activities. In practice the range of activities for which loans were available was quite narrow. On the demand side, certain profitable enterprises were quickly saturated because of too many loans for single professions and their

profitability declined. Dreze found that in U.P. a bank gave 20 loans for setting up shops in a village of 143 households.

(d) *Need for consumption* - Fourth, IRDP totally neglects savings, on the mistaken belief that the poor cannot save at all. The distinction made by banks between the acceptable use of credit for productive purposes and its unacceptable use in consumption is an artificial one in the context of poverty. About two thirds of the borrowing of the poor in India is for consumption purposes (all of it from the informal sector) of which three quarters is for illnesses and household needs in the lean season. In the absence of any system for encouraging even minuscule but regular savings a great deal of IRDP credit gets diverted to emergency consumption needs.

(e) *Existing problems of micro-enterprises* - Fifth, not only IRDP ignores the need of the poorest for consumption; it also does not look into the existing problems of the already established micro-enterprises. Thus, how can one entrust the rural poor to become tailors, weavers, shopkeepers, or cattle owners if the present problems faced by those already owning these assets are not looked into? Rather than give subsidy to new enterprises it would be far better to solve the problems faced by the existing units, whether these are in design, or in marketing or working capital.

(f) **Overall impact** - To sum up, although some poor have made moderate gains, not more than one in five have succeeded in crossing the poverty line as a direct result of IRDP. These problems can be reduced by group lending which will raise debt-capacity and reduce transaction costs. Intermediation by voluntary agencies may also help. Shifting of influence from local officials to panchayat bodies may improve targeting provided there are strong grass root organizations, but it may have opposite effect elsewhere.

Because of the distortion of objectives, lending policy under IRDP tends to be driven by the availability of subsidized funds rather than by the effective demand for credit. Indicators for monitoring are target and not achievement based. Thus retention and profitability of assets purchased are never monitored.

The IRDP along with its allied programmes like TRYSEM, DWCRA, GKY, SITRA and MWS presented a matrix of multiple programmes without desired linkages. These were implemented as separate programmes without keeping in mind the overall objective of generating sustainable incomes. For instance, only 3 per cent of IRDP beneficiaries received training under TRYSEM and only 23 per cent of those trained under TRYSEM were assisted under IRDP.

Some of the major reasons why micro-credit has not worked for the poorest are listed below: Since the poorest amongst the poor require a package of services that go beyond micro-credit, the transaction costs for bankers and government officials to deal with them are usually too high.

- Since the poorest are extremely vulnerable, and their incomes are not regular (apart from being very meagre), micro-credit programmes linked to compulsory savings exclude the poorest by default.
- The capacity of the poorest sections of society to absorb credit and to start enterprises is very limited. This is partly to do with their lack of business skills, illiteracy, their inability to take risks and their lack of motivation for business.

A disturbing feature of the SGSY in several states has been rising indebtedness of the beneficiaries of IRDP. This unintended outcome of IRDP has meant that those who have once 'benefited' from the subsidy will never be eligible for credit from formal sources.

Subsidy element in the anti-poverty programmes is a major source of corruption and a disincentive to lend on account of low recoveries. The experience with the rural credit delivery system reveals that what the borrowers need is adequate and timely supply of credit – cost of credit is secondary. Therefore, there is need to phase out subsidy in the rural lending programmes and banks should be encouraged to lend adequate funds to viable projects – preferably managed by self-help groups - that would ensure generation of income for the borrowers and repayment of the bank loan.

On the whole, the basic concept of IRDP/SGSY remains flawed. The massive amount spent on subsidies which has by and large not accrued to beneficiaries at all would be much better spent on watershed development, rural infrastructure and social security. Growth in the first two of these are essential concomitants of credit, and the third an alternative to credit for those who for

reasons of old age or disability have few if any productive micro-enterprise opportunities.

3.2 INDIRA AWAAS YOJANA (IAY)

According to the 1991 Census, 3.4 million households were without shelter of any kind while 10.3 million households were living in unserviceable houses. Adjusting for the population growth, the Government of India (GOI) projected a net housing shortage between 1997-2002 as 18.8 million units, of which 8.5 million new houses would need to be constructed and another 10.3 million upgraded. A National Housing and Habitat Policy was adopted in 1998, aimed at providing 'Housing for All' and proposing facilitation of construction of almost 11 million units in the Ninth Five Year Plan (1997-2002), against the projected shortage of 18.8 million units. The residual gap along with additional deficiency arising from population growth was envisaged as a target to be undertaken in the Tenth Plan. From 1997-98 to 2001-02, the total annual allocation to IAY by the center and states combined has been Rs. 14.4 billion, Rs. 18.5 billion, Rs. 21.3 billion, Rs. 21.5 billion and Rs. 21.6 billion respectively, with a cumulative total of Rs. 97.3 billion¹, resulting in construction of 5.61 million houses during the 9th Plan.

The 2001 Census had estimated a housing shortage of 149.6 lakh. Eight states account for 81 per cent of the housing shortage. According to estimates, the annual requirement is about 30 lakh houses to meet this backlog. In addition, it is estimated that about 10 lakh shelterless will be added every year. Thus total

requirement would be for construction of about 40 lakh houses per year. It is estimated that on an average about 23 lakhs houses are built every year for weaker sections in the rural areas. IAY account for 15 lakh houses; other schemes and assistance provided by HUDCO, National Housing Bank, State Housing Boards and Commercial Banks together account for the remaining 8 lakh houses.

In addition, there are state level schemes, which utilize funds from IAY, but contribute from the state plans too, which is in addition to the contribution mandatory for the state share of IAY.

After the new government came to power in June 2004, a special package was announced for Bihar by the Prime Minister which helped in increase of releases under IAY to Bihar considerably². Its original allocation of 488 crores was increased to Rs 915 crores, and the entire amount was released in 2004-05 itself, without waiting for past utilization. However, the state could spend only 42% of the available funds. At the end of the year it was saddled with 808 crores as unspent funds which alone were almost 80% of the total unspent money for the entire country in IAY. Bihar's opening balance in this scheme was Rs 171 crores on the 1st April 2004, but increased to Rs 809 crores on the 1st April 2005. Despite this, the share of six poorest states of India (UP, Bihar, Orissa, Chattisgarh, Jharkhand, and MP) in poverty was 54.5%, but was 50.6 & 56.5 in central allocation and releases under IAY in 2004-05.

In 2005-06 the formula for IAY allocations was changed, with 75% weightage for housing shortage and 25% for poverty. This increased the share of Bihar from 19.9 to 26.4% in the total allocation. It will be interesting to watch

whether the new government is able to make any difference in the utilization of central funds. As per 1991 Census, Bihar accounted for nearly one-third of total housing shortage, followed by Andhra Pradesh, Assam, Uttar Pradesh and West Bengal, which together account for another 44.64 per cent. In each of the remaining states, the housing shortage is less than 5 per cent. During 2004-05, the target for house construction under IAY was 1,525,756 whereas the achievement was 1,484,786 (97%).

The IAY enjoys considerable support since it creates a visible and valuable asset for beneficiaries, leading to improved security and economic and social status. Unlike other schemes where beneficiaries have to work in return for assistance, the IAY provides grants with minimal requirements on part of beneficiaries. Thus, in contrast to other RD schemes, the IAY has not undergone major transformations or reincarnations since its inception almost two decades ago.

Nonetheless, there are also severe problems in its implementation, caused in part by its design of large, unencumbered grants. The lump sum payment of Rs. 25,000 is large enough to attract substantial corruption. Local politicians, including Members of Parliament, Members of Legislative Assemblies, and even village heads view this as an important mechanism for patronage for supporters and there is clear evidence of high proportion of benefits being manipulated towards this end. These machinations are a natural outcome of the context of the scheme, since the total allocation of grants-based IAY, although substantial, is miniscule relative to potential demand based on number of BPL households

without housed in the country. The substantial size of individual grants also makes this a popular scheme with local officials, since it is large enough to withstand large “unofficial” fees running into several thousands of rupees. As a consequence, safeguards built into the design of the scheme have stayed on paper. For example, payments for each stage of construction are to be made only when the preceding stage has been completed, and individuals are required to make their own arrangements for construction. In particular, officials are not allowed to engage contractors on behalf of the beneficiaries. According to the Auditor General, almost one-third (31.6 percent) of IAY funds were misused, (CAG 2003). Of this, almost half was accounted for by depositing of funds by state governments into current accounts, civil deposits, or treasuries outside the government account. The remainder was due to misappropriation, unapproved works, and unauthorized activities. Almost 20 percent of the audited money was spent on construction of houses through contractors. Over inflated expenditures combined with poor quality of dwellings was a natural outcome. Planning Commission evaluation of IAY in 200x also revealed that only 33.36 per cent of the houses surveyed have sanitary latrine and their utilization is still lower at 29.58 per cent of the existing latrines. Percentage of houses with Smokeless chullah is even lower than the percentage of sanitary latrine at 28.8 per cent. Instances of corruption to the tune of Rs 5,000 to 8,000 per house have also been detected. The mandatory provision for joint registration of houses in the name of both husband and wife is flouted in most cases. In many States, field-level functionaries are unaware of the existence of such a provision.

3.3 SELF HELP GROUPS (SHGS)

SGSY will focus on organization of the poor at grassroots level through a process of social mobilization for poverty eradication. SGSY's approach to organize the poor, stems from the conviction that there is a tremendous potential within the poor to help themselves and that the potential can be harnessed by organizing them. Social mobilization enables the poor build their own organizations (Self Help Groups) in which they participate fully and directly and take decisions on all issues concerning poverty eradication. Simultaneously, SHGs have the advantage the assistance – be it in terms of credit or technology or market guidance etc. – reaching the poor faster and more effectively.

Social mobilization is not a spontaneous process; it has to be induced. DRDAs are expected to initiate and sustain the process of social mobilization for poverty eradication by formation, development and strengthening of the Self Help Groups (SHGs). Issues that are key to poverty eradication should become entry points for DRDAs to organize the poor into SHGs. There could be different entry points for different SHGs depending on the local situation. The groups that are formed with thrift and credit as an entry point have demonstrated that the poor can secure greater access to credit and other support services for enhancing their income levels.

The process of SHG formation could be divided into phases. While the process of SHG formation cannot be standardized, a few Guidelines could be useful to the field level functionaries.

3.3.1 Group Formation

□ Group formation, development and strengthening of the groups to evolve into self-managed people's organization at grassroots level. In our society, members are linked by various common bonds 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. Therefore, while forming Groups, facilitators must recognize the natural bonds and affiliations existing within the society.

□ Group Stabilization through thrift and credit activity amongst the members is used in building their Group Corpus. The group takes up internal loaning to the members from their Group Corpus. The groups should save regularly and begin to lend to members. This provides the members with opportunities 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 behavior, which could include delay in repayments, arriving late or absenting from meetings 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 Self Help Group-Bank Linkage Programme of NABARD.

□ Micro enterprise development, Group takes up Economic Activity, of their choice for income generation. 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 Groups 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 inputs to enable them to reach higher levels of income generation.

3.3.2 Formation of Self Help Groups

SHG is group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a Common Fund known as the Group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management. The group formation will keep in view the following broad guidelines:

i) Under the SGSY, generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and 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 membership will be permitted only in such areas.

ii) Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, upto a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups like agricultural laborers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. However, the APL members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of APL families. Further, APL members of the Self Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group.

iii) 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 views, participation by the members in the decision making process.

iv) The group should be able to draw up an agenda for each meeting and take up discussions as per the agenda.

- v) The members should build their corpus through regular savings. The group should be able to collect the minimum voluntary saving amount from all the members regularly in the group meetings. The savings so collected will be the group corpus fund.
- vi) 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.
- vii) The members in the group meetings should take all the loaning decisions through a participatory decision making process.
- viii) The group should be able to prioritize the loan applications, fix repayment schedules fix appropriate rate of interest for the loans advanced and closely monitor the repayment of the loan installments from the loanees.
- ix) 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.
- x) The group should maintain simple basic records such as Minutes book, Attendance register, Loan ledger, General ledger, Cash book, Bank passbook and individual passbooks.

50% of the groups formed in each block should be exclusively for the women. In the case of disabled persons, the groups formed should ideally be disability-specific wherever possible, however, in case sufficient number of people for formation of disability-specific groups are not available, a group may

comprise of persons with diverse disabilities or a group may comprise of both disabled and non-disabled persons below the poverty line.

By and large, the SHG will be an informal group. However, the groups can also register themselves under the Societies Registration Act, the State cooperative Act or as a partnership firm. The SHGs can be further strengthened and stabilized by federating them at, say village or cluster of villages or block or District level depending upon the number of Self Help Groups and their spatial distribution. DRDAs may facilitate in planning of network of SHGs by federating them at appropriate level, once SHGs have reached the stage of maturity and have stabilized. This would facilitate regular interaction, pooling of surplus with the groups, exchange of experiences including flow of information from DRDAs and other departments, bulk access to Credit from various Micro- Finance Institutions and help them to plan for desired backward and forward linkages including marketing of their products.

Social mobilization and community organization is a process oriented approach as different from target oriented approach. The group formation should not be driven by any targets but lend itself to a 'process approach'. The members of the SHGs should fully internalize the concept of self help.

A large number of DWCRA groups have been formed and assisted by DRDAs in the past. Likewise, there are a number of Self Help Groups formed by NABARD, other Banks, Rashtriya Mahila Kosh (RMK), Non-Government Organizations (NGOs), Women and Child Development Department under the Swa-Shakti and Swayamsidha etc. The DRDAs should put in concerted efforts to

strengthen and consolidate these groups as some level of synergy already exists and then take steps to form new groups. Further, there is a need to develop data base on the Self Help Groups formed and existing under various programmes in the district. The DRDAs may act as nodal agency for developing the data base, which should include Self Help Groups formed under all the schemes. This would ensure convergence of various Scheme as well as better planning for training and other requirements of SHGs.

3.4 Role of NGOs

The experience across the country has shown that group formation and development is not a spontaneous process. A facilitator working closely with the communities at grassroots level can play a critical role in the group formation and development. The quality of the groups can be influenced by the capacity of the facilitator. The facilitator may or may not be an official. In some cases, NGOs can not only work as the facilitator but also help in training and capacity building of facilitators being used by DRDAs. DRDAs may support such sensitive support mechanisms in the shape of NGOs or Community Based Organizations (CBOs) or Network of Community coordinators / Animators or a team of dedicated functionaries of the Government who are fully engaged in the task of initiating and sustaining the group development process. The Community coordinators / Animators could be from the community or may be from outside the area. They could be leaders / members of SHGs, or persons having experience or training in the field of community organization and social mobilization. The selection of

Facilitator / Community Coordinator and their training and capacity building for involvement in formation, development and training of SHGs is critical for the success of the Programme. The District SGSY Committee may therefore select suitable Organizations / Societies / Individuals as facilitators/Community Coordinators in the Programme based on their past experience in SHG formation, community organization or any other similar work involving participatory approach, communication skill, ability to stay with the people in the rural area etc. They would have to stay for a period of 2-3 years with the Group to ensure continuity as well as to enable the Groups to mature into a self managed people's organization. Facilitators involved in the process of group formation and development should have a well defined exit policy and by which time community should either become self reliant or be willing to pay for their services for further continuance and management of the Group. The emphasis should be to form groups in geographical clusters to facilitate better training and management. A community coordinator / Animator could take up the responsibility of managing 10-15 SHGs in a geographical cluster consisting of 4-5 villages with in a radius of 4-5 Kms. The DRDAs may organize training and exposure programmes for the facilitators and should interact with them regularly to get feed back about groups.

The DRDAs may devise a Memorandum of Understanding (MoU) or contract to be used for entering into an agreement with NGOs / CBOs / Community Coordinators / Animators being involved as facilitators for group formation, development and training. The MoU should clearly define the role of

facilitator in group formation and development. Further, payment to the facilitator should be specifically linked to the stage of development of the group and overall performance. The DRDA shall regularly monitor the progress of groups through periodic evaluations. The involvement of facilitators in the programme will be purely on contractual basis and DRDAs shall take all precautions to ensure that there are no legal obligations on the Government in future. A detailed instruction on operationalization of involvement of facilitators in the process of social mobilisation and group formation is being issued separately.

Whether the support machinery (SHG promotion institutions) is offered by NGOs or DRDA itself, what is critical is the capacity of the support machinery. DRDAs will have to play a very crucial role in facilitating development of the capacity to nurture and strengthen the groups.

3.5 Linkage with the banks

During the stage of group formation, the SHG should be brought into contact with the local banks through opening of savings Bank account preferably in their service area branch. This has a dual purpose. The SHG begins to realize the opportunities and also the mode of dealing with the banks. Likewise, the bankers get to familiarize themselves with the SHGs. Establishment of these linkages at the early stages will ensure the formation of strong SHGs, which will be mutually beneficial. Further, the group could also avail credit from the Bank as per their requirement under the Self Help Group – Bank Linkage Programme of

NABARD. The BDO and the banker may visit the SHG as often as they can and explain to the members the opportunities for self-employment. They may also explain to them about the process of graduation into taking up full-fledged self-employment activity. Training and capacity building programmes for the SHGs in different stages of development may be organized periodically on a continuous basis at different levels (i.e. at the village, cluster of village, Block and District). For this, besides inviting experts in the relevant field from outside, the District should have their own team of trained resource persons taken from different fields. The DRDA should involve the Bank functionaries also in the training programme of SHGs.

3.6 Grading of the Self-Help Groups

The formation stage may last for about six months or more depending upon the literacy, awareness levels, socio- economic background of the people being organized, as well as the capacity of the facilitator involved in the process of social mobilization and Group formation. At the end of the formation stage, which may be about six months or more, it is necessary to subject each Self Help Group to a test to assess whether it has evolved into a good group and is ready to go into the next stage of evolution. This is done through a grading exercise. The objective of this exercise is to identify the weaknesses, if any, and help the group to overcome the same through training and capacity building inputs, so as to develop into a good group. Grading exercise thus should help to focus attention on weak groups so that DRDAs can assist them to overcome weaknesses and

graduate into good groups. Grading of the group should also enable the DRDAs to establish linkages for the good groups with the Banks. In case the Self Help Group has been in existence prior to the SGSY under other Programmes and have completed six months from the date of formation and it is being brought under the SGSY, such groups may be subjected to first grading immediately, without waiting for another six months.

The DRDAs will have to play an effective role in grading exercise. The capacity of DRDA personnel will have to be enhanced to take this exercise professionally. Grading of the Self Help Groups could be done by the same agency that is involved in the promotion and development of SHGs or any independent agency contracted to undertake the grading exercise. The cost incurred for conducting grading exercise through an independent agency may be incurred under the Scheme. It is desirable that the grading exercise is undertaken by an independent agency as it will have objectivity and acceptance by financial institutions etc.

A number of Government and Non-Government Organizations, working with SHGs across the country have evolved very effective strategies for grading the SHGs. The grading criteria should be consistent with the characteristics that are agreed to be essential for strong, self-managed and vibrant SHGs. In other words, clarity on the features to be promoted in an SHG should become the starting point for any grading exercise.

Following are the various processes that are involved in the grading:

- Development of exhaustive list of characteristics of a good group by DRDA in consultation with its partners if any, involved in promotion and development of SHGs.
- Development of criteria for grading of the groups with appropriate weightage for various parameters.
- Identification of a suitable agency to undertake the grading exercise.
- Intensive training to the investigators who will interact with the members of the group to assess the group on various parameters. This training can either be conducted by the agency identified for grading or by DRDA.
- Facilitate the agency to visit the groups for assessing the status of the groups.
- Obtain SHG-wise reports with the rating awarded and the reasons.
- Develop an appropriate SHG-wise action plan for strengthening the groups identified as 'weak' or average.
- Pursue with bankers for securing SHG linkage with such SHGs that are rated as 'good'.

Grading exercise should not be a questionnaire-oriented exercise where the members become passive participants. It should provide an opportunity for the members to assess their own performance to a participatory approach and the investigator assumes the role of the facilitator to the process.

DRDAs should ensure active participation of the bankers in the grading exercise. In this context, NABARD and local banks will have to be involved very closely right from the development of criteria for grading the groups. The

criteria, the strategy and operational details of the grading exercise should be discussed in the District SGSY Committee. Right from the beginning, it is necessary that the SHGs should be nurtured carefully. The grading exercise must therefore be carried out at different stages. To start with, the objective of the SHG in the first six months is to evolve as a viable group. Accordingly, the grading at the end of six months should be with reference to the objectives in the first stage of the evolution of the Self Help Groups. Grading exercise should be undertaken every quarter till such time that all the groups obtain good grade.

3.7 Capacity Building of the Self Help Groups

SHGs that are in existence for about 6 months and have demonstrated the potential of a viable group enters the third stage, wherein it receives the Revolving Fund of Rs.25,000 from bank as cash credit facility and also embarks on further capacity building of its entire team. DRDAs will arrange to provide the revolving fund to such groups, meeting their share from out of the SGSY Fund. Of this a sum of Rs.10,000 will be given to the Bank by the DRDA. Banks may charge interest only on the sum exceeding Rs.10,000. The subsidy of Rs.10,000 released by DRDA will be adjusted against the loan at the end of cash credit period on the request of the group. In case of default in the payment of loan or the group becoming defunct or dissolution of the group and in case the Bank fails to recover the entire dues in spite of all possible measure i.e. personal contact, organization of joint recovery camps with district administration, legal action etc. the process of forfeiture of subsidy for adjustment against dues may be taken up.

After getting the approval of District SGSY Committee the concerned Bank may adjust the subsidy against the Swarozgaris dues. If the Bank is able to realize any amount subsequently over and above the amount due to it, the same may be returned to the DRDA.

The groups shall keep the following principles in view concerning the management of the Revolving Fund:

- The revolving fund is provided to the groups to augment the group corpus so as to enable more number of members to access loans and also to facilitate increase in the per capita loan available to the members.
- As the revolving fund become part and parcel of the group corpus, the groups should follow same norms for utilization as in the case of their own saving fund.
- The group should discuss the credit requirement of the members and advance loans from out of the corpus (savings + interest + revolving fund) to a few members and fix repayment schedule and interest rates. From the amounts recovered from the loanees, new members could be covered.
- The revolving fund imparts credit discipline and financial management skills to the members, so that they become creditworthy and bankable in the eyes of the bank.
- On receipt of the revolving fund, the group shall utilize the fund in the manner and for purposes it deems fit. The idea is that the group should develop the capacity to utilize funds it has received from outside. The revolving fund can be used by the group for purchase of raw materials, marketing or infrastructure

support for income generating activities. It can alternatively be used for lending to individual members for their own purposes. The members shall inculcate the habit of prompt and full repayment of the loans taken by them from the revolving fund.

Those groups that have received fund under DWCRA or any other programme shall not be eligible to receive the revolving fund under the SGSY. However, there is no bar on such groups receiving credit and subsidy under group loaning under the SGSY, after they have demonstrated their functioning as a viable group.

At the end of six months from the date of receipt of the revolving fund the SHG will be subjected to another grading test to see if it has been functioning effectively and is capable of taking up an economic activity through higher levels of investment. However, for Minor Irrigation Schemes, relaxation of time for the second grading could be allowed if the group is found creditworthy and the project is viable. The decision in regard to the relaxation may be taken by the Block level SGSY Committee. In case the Self Help Group has been in existence prior to the SGSY under other programmes and has completed one year from its date of formation and it is being brought under the SGSY, the group may be subjected to second grading directly to assess its eligibility for economic activity without subjecting it to first grading. It is important that the Bank should be satisfied about the grading of the SHG at this stage. Therefore, the choice of the agency carrying out the grading as well as the criteria should be to the satisfaction

of the bank. In fact, it would be desirable that Bank functionaries are involved in the grading exercise of groups functioning in their service area.

At the end of the third stage, the SHG is broadly expected to demonstrate the following attributes:

1. The per capita loan amount availed by its members increases gradually over the years.
2. There is a shift from consumption loans to production loans.
3. The group is able to clearly identify its training needs to the members and give value to the training input received by its members.
4. The members are able to investigate into their poverty situation and are able to articulate clearly the opportunities for overcoming their poverty.
5. The group is able to develop a portfolio of opportunities (investment opportunities) for the members and has a clear plan of action for meeting the credit requirement of its members.
6. The group acquires the capacity to undertake participatory monitoring of assets created from the loans advanced to its members.
7. The group has implemented some community action programmes and is capable of continuing to do so independently.
8. The dependency on outside facilitating agency or matters related to group management would gradually come down and the groups emerge as self-managed in terms of managing various aspects of group and financial management.
9. All members have total clarity on the activity, including the economics of the activity.

10. The members have clarity on the responsibility of each and every member and the management of the common activity.
11. The members have clear assessment of their training needs.
12. The members have evolved effective strategy for participatory monitoring of the common activity.

3.8 Taking up of Economic Activities

Once the SHG has demonstrated that it has successfully passed through the second stage, it is eligible to receive the assistance for economic activities. This is in the form of loan and subsidy. There are two ways in which a SHG can receive this assistance:

- 1) Loan-cum-subsidy of SGSY to the individuals in a group provided the prospective Swarozgaris in the group are capable of and willing to take up income generation activities under these sectors.
- 2) Loan-cum-subsidy to the group where all the members in the group want to take up a group activity. Ideally, under the group loaning, the group should take up single activity but if there is a necessity, the group could also take up multiple activities under the group loaning. In either case, loan will be sanctioned in; the name of the group and the group stands as guarantee to the Bank for prompt repayment of loan.

3.9 Loan-cum-Subsidy to the Members of the Group

Through a few individuals are identified as beneficiaries under loan-cum-subsidy, it is essentially the group that is standing guarantee for the promote repayment of the loan to the bank. The group also undertakes responsibility to closely monitor the asset management and income generation. The group also is expected to access services from the line departments concerned to enable the members to derive the expected income from the activities undertaken. Since the groups are constantly interacting with the banks, their initiatives to secure continuous line of credit to the Swarozgaris to access multiple dose of loan become critical. In any case, the members of the group who are assisted under SGSY's loan-cum-subsidy assistance want to avail the back-end subsidy nothing should prevent the members to do so. Considering multifarious support services Swarozgaris is receiving by being member of a group it is natural that the group may like to charge a part of the subsidy provided to the Swarozgaris as individual contribution to the group corpus. The Swarozgaris is expected to repay all the loan installments to the banks through the group and the group may keep to itself part of subsidy component. In any case, this is an issue that has to be left to the decision of the group.

3.10 Loan-cum-Subsidy for the Group Activity

Group activities stand a better chance of success because it is easier to provide back up support and marketing linkages for group activities. The SGSY will primarily follow the group approach. The groups should demonstrate

minimum levels of group dynamism, as detailed above, before considering for assistance with the loan-cum-subsidy for the group under the SGSY. The group is entitled to Subsidy of 50% of the project cost subject to per capita subsidy of Rs.10, 000/- or Rs. 1.25 lakhs, whichever is less. DRDAs should conduct training programmes to the members and the representatives of the groups so that the groups become fully self-managed and evolve into strong self managed groups .The cost of the group formation and development should be met from the funds provided under the SGSY. Considering the experiences of the NGOs involved in the development of SHGs in the country , it is estimated that an amount of Rs. 10,000/- per group would be the investment required over 3 –4 years. Rs.10,000 per group as mentioned above for formation and development of Self Help Group, is the maximum ceiling; however, the actual amount may be decided by the District Level SGSY Committee based on the local prevailing situations.

Payment of the amount to the NGOs/ CBOs/ Community Coordinators /Animators will be made in four installments in the manner given below:

a) 20% of the funds at the beginning when the formation of Self Help Group is commenced by the NGO/ CBOs / Community Coordinator / Animator. This money could be utilized during the formation stage. During this period the group should open an account in the service area Bank Branch and they should be imparted Basic Orientation training on the concept of Self Help Group, Group dynamics, maintenance of records and books of accounts, conducting group meetings and financial transactions.

- b) 30% after the group qualifies for Revolving Fund or get linked to the Bank by way of availing Credit and continue to work satisfactorily.
- c) 40% after the group take up an economic activity and
- d) 10% after the start of economic activity by the group and adherence to repayment schedule of the loan sanctioned by the Bank.

3.11 INDIVIDUAL SWAROZGARIS

3.11.1 Identification and Selection

In the case of individual Swarozgaris, their selection will be as follows: Once the list of villages is finalized by the Block SGSY Committee every year, the concerned Sarpanches should be intimated. The individual Swarozgaris are to be selected in the Gram Sabha. It is possible that the Gram Sabha held at the Panchayat headquarters may not have the participation of all the BPL families. Therefore, in order to afford the maximum participation for the poor, a 3-member team consisting of the BDO or his representative, the banker and the Sarpanch should visit each of the habitation in the Panchayat according to a schedule drawn up for this purpose and duly published. In each habitation, the team must then ascertain from the BPL families, the persons who can be covered under the designated key activity. This process of identification of the potential Swarozgaris should be done carefully.

The selection of the Swarozgaris must be done in an open and transparent manner. The poor should have the confidence that if they fulfill the requisite conditions they would be able to avail of the facilities under the programme. It is

possible that the number of such potential Swarozgaris would be more than the programme available to the bank/BDO. In such a case, the fact may be made known and the best of the potential entrepreneurs can be taken up for the final say. While SGSY is not a programme that targets only the poorest of the poor, it should be the endeavor of the committee to cover the relatively poorer among the BPL families provided however they are otherwise eligible.

In case the Committee is not sure of sufficient number of potential Swarozgaris being sanctioned the loan, it is open to the Committee to select a higher number and leave the final selection to the bank. The effort in this exercise is two-fold. On the one hand, while the bank is to be free to chose the swarozgaris, the effort is also to see that this is done in a transparent manner.

After the selection is made, the BDO shall arrange to have the applications filled by the selected persons. Since most of the potential Swarozgaris are illiterate and some of them would be very poor, it is necessary that the proforma prescribed by the banks should be simple, while, however satisfying the legal requirements. It should also be in the local language. The DRDAs should particularly look into the matter and also take steps to familiarize the BPL families with the loan sanction process and the proforma so that the poor are not overawed by the process.

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 banks should normally be over by July.

The list of Swarozgaris finally selected (for the year) should be got printed by the BDO and the copies made available to the Gram Panchayat for placing it before the next Gram Sabha. This list shall also be made available to the DRDA, other block officials, bankers and all other concerned agencies.

Safeguards for the weaker Section: The SGSY will particularly focus on the vulnerable groups among the rural poor. Accordingly, the SC/STs will account for a minimum of 50%, women for 40% and disabled for 3% of the total Swarozgaris assisted during the year.

3.12 FINANCING THE INVESTMENTS – BANK CREDIT AND SUBSIDY

Financial assistance to Swarozgaris under SGSY comprises of two components viz. loan and subsidy. SGSY is a credit-linked scheme and credit is the key element. Subsidy is only a minor and enabling component. The major part of investment consists of bank credit from financial institutions comprising commercial banks, cooperative banks and regional rural banks. This chapter deals with the various aspects of the flow of credit and subsidy to the Swarozgaris.

3.12.1 Norms of Lending

The size of loan for project depends on the nature of project. The loan should, however, be a composite loan comprising both fixed and working capital. SGSY has not investment ceiling other than the unit cost (i.e. investment requirement) worked out for the project. The loan amount would be equal to the total

project cost including the amount of subsidy admissible to the Swarozgari. Interest rates for SGSY loans will be as notified by RBI/NABARD from time to time.

(a) Security Norms: The security norms will be as prescribed by Reserve Bank of India from time to time.

3.12.2 Sanction of Loans by the Banks

The BPL families that are best suited for taking up a particular key activity are identified each year. From the date the 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 BDO as well as the concerned line department.

The bank will also consider the Groups for lending for a given activity. In such case too, the bank shall communicate the name of the selected group to the Gram Panchayat and others for action as above.

While sanctioning projects, the Bank Managers should ensure that the unit costs, terms of the loan and repayment schedule are as indicated in the project profiles for the concerned key activity. Part-financing and under financing should not be resorted to under any circumstances. However, where the nature of the activity is such that the loan is to be released in stages, the disbursement may be made accordingly. If some cases are rejected, the reasons for rejection should be clearly recorded on the application form itself and the relevant application should be returned

to the sponsoring authority immediately for their information and further action as they deem necessary.

As soon as the selection is made and the list communicated to the line departments, the latter will proceed to test whether the Swarozgari has the necessary skill or not. 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 to him/her for purchase or creation of the asset. The entire amount sanctioned shall be disbursed unless the amount is to be disbursed in designated installments. The Bank shall disburse the subsidy amount also as per the guidelines governing the back-ended subsidy.

3.12.3 Asset Creation by Swarozgaris

Swarozgaris will be given the full amount (Loan and Subsidy) and they will have the freedom to procure the asset themselves. The Swarozgari shall procure the asset within one month from the date of release by the bank of the money. He/she shall inform the BDO and the Bank of the fact of procurement of the asset. The Swarozgari should subsequently furnish to the bank a receipt of the items purchased. The assets procured should be of standard quality, and at economic prices. Both DRDA and banks should ensure through proper monitoring and verification that that quality assets have been procured.

In the case of Swarozgaris under the ISB sector, when a number of sundry items are to be bought, disbursement upto Rs.10,000 may be made in cash. This

can be done either in one lump sum or in stages depending upon the items to be purchased. This will give the Swarozgaris requisite freedom to negotiate and settle the price for the asset and will also give him the satisfaction that he has purchased goods of his own choice. In all cases, necessary documents relating to acquisition of assets should be obtained by the bank and also followed up through visits by the field staff of bank within one month of disbursement.

In the even the Swarozgari does not inform the bank of the fact of procurement; the bank shall inform the BDO who shall enquire into the reasons. If the non-procurement is due to the negligence of the Swarozgari, the bank, in consultation with the BDO, shall afford him reasonable opportunity of doing so after which the bank shall be free to cancel the loan and recover the money. The Swarozgari will be liable for civil as well as criminal proceedings that are likely to arise in such a case. In case of the SHGs, all the members will be liable.

On receipt of the news of procurement, the line department as well as the Bank shall verify the asset and satisfy themselves of its quality. Thereafter, the assets should be marked to check the misutilization or transfer of the assets. This is also necessary in the eventuality of filling insurance claim and physical verification of assets etc.

While providing for a key role to the Gram Panchayats, SGSY accords certain discretion to bankers in the selection of Swarozgaris. The bankers are, therefore, expected to associate themselves in the entire gamut of activities so that development banking concept is taken to its logical end. The aptitudes of the Swarozgaris and their endowments should be weighed properly while selecting

them for credit support. The Subsidy-Credit Ratio proposed by the Ministry from time to time should be taken as a floor ratio rather than an upper limit for credit sanction. In fact, SGSY guidelines do not provide for any ceiling for investment. The investment requirements have to be assessed based on the unit cost and the Swarozgaris needs and viability of the scheme.

3.12.4 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 onetime credit injection. Multiple doses of credit would mean assisting a Swarozgari over a period of time with a second and subsequent dose(s) enabling him/her to access higher amount of credit. The Swarozgari should have the confidence that so long as he/she proves her credit worthiness by way of proper utilization of the 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 loan provided the bankers are satisfied about the financial discipline of the first/earlier dose. Subsidy entitlement for all doses taken together will not exceed the limit prescribed for that category.

3.12.5 Further Loan to Inadequately Assisted Beneficiaries under IRDP

As already indicated, assistance under the SGSY should be on multiple doses and not a one-time activity. This will facilitate gradual improvement in the income earning capacity of Swarozgaris. Such second and subsequent doses of credit can be extended to IRDP beneficiaries if they have failed to cross the poverty line because of no fault of theirs. The second and subsequent loans may be granted by the same bank that gave the initial loan or any other bank.

3.12.6 Principles and Procedure for Disbursement of Assistance

The funds received by the DRDAs will be kept in saving bank accounts. The DRDAs can open these accounts with the principal participating bank branches in the field. The funds deposited in the savings bank account will earn interest at the usual rates till the amount is disbursed to the Swarozgari. After assistance is disbursed to the Swarozgari, the participating bank will provide the particulars of the Swarozgari, the project and the amount of subsidy adjusted in his/her favor for the record of the Block/DRDA. These details should be made available in the monthly report on the adjustment of subsidy prepared by the bank and sent to the Blocks/DRDAs. While computing the figures of advances and recoveries, the banks are to exclude the amount of subsidy received so as to reflect the factual position. The banks are to report separately the amount of recoveries under SGSY. The accounts of the Blocks/DRDAs with the participating banks should be reconciled every three months and a bank

reconciliation certificate should be issued by the Chartered Accountant in this regard at the end of the year.

3.12.7 Subsidy

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

3.12.8 Back -end Subsidy

Subsidy will be back-ended. Banks would disburse the full project cost including subsidy to the Swarozgaris as loan. The benefits of subsidy will also be available to Swarozgaris who prefer to avail themselves of required working capital in the form of cash credit. The operation of subsidy amount by the bank will be as follows:

a) The subsidy admissible to the Swarozgaris under SGSY should be kept in the Subsidy Reserve Fund Account Swarozgari-wise instead of in term deposit in the name of the Swarozgari. Banks should apply no interest on the Subsidy Reserve Fund Account. In view of this, for the purpose of charging interest on the loan, the subsidy amount should be excluded. The balance lying to the credit

of subsidy Reserve Fund Account will not form part of DTL for the purpose of SLR/CRR.

b) In the case of Working Capital advances also, subsidy may be kept in the Reserve Fund Account as stated above without any interest being offered. However, the amount standing to the credit of the account should be withdrawn and credited to a Cash Credit Account of the SGSY Swarozgaris after a period of 5 years.

The repayment schedule of loan would be drawn in such a way that the subsidy kept under Subsidy Reserve Fund would be sufficient for adjustment towards that last few installments. Swarozgaris will not be entitled for any benefit of subsidy, if the loan is fully repaid before a certain fixed period specified by NABARD depending upon the activity. The availability of the benefit of subsidy to Swarozgaris would be contingent on their proper utilization of loan as also its prompt repayment and maintaining the asset in good condition.

Banks will issue loan passbooks to Swarozgaris. These pass books should, inter-alia, contain details such as the date of sanction of loan, amount of loan sanctioned, subsidy to be adjusted in the final installment of repayment, rate of interest, amount due under each installment, due dates of installments, etc. The banks may issue loan books to Swarozgaris in regional languages. Banks should ensure that the branch managers fill in all the columns in the passbooks, as otherwise the purpose of issuing the passbooks will be defeated.

3.12.9 Repayment of Loan

All SGSY loans are treated as medium term loans with minimum repayment period of five years. Loan installments will be fixed as per the unit cost approved by the NABARD/DLCC and there will be a moratorium on repayment of loan during the gestation period. Repayment installments should not be more than 50 per cent of the incremental net income expected from the project. Number of installments will be fixed in accordance with the principal amount, the interest liability and the repayment period.

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 categorized broadly into three categories depending on the loan repayment period for 5, 7 and 9 years. The lock-in period corresponding to these repayment periods would be 3, 4 and 5 years respectively. If the loan is fully repaid before the currency period, the Swarozgaris will be entitled only to pro-rata subsidy.

3.12.10 Measures for Affecting Recovery

Prompt recovery of loans will be an important aspect of SGSY, not only to ensure a discipline but more importantly as it reflects the success of the self-employment programme. All concerned must therefore ensure that the recovery is hundred per cent. To ensure this, the following measures shall be undertaken: The Block SGSY Committee shall monitor, every month, the progress of different Swarozgaris. In particular, it should be seen whether the schemes have been

grounded and whether they are giving the Swarozgari the intended income and also whether the Swarozgari is repaying the loan. Prompt action in case of defaults cannot be overemphasized. The bank shall furnish every month the list of defaulters, and the Block SGSY Committee shall go into the reasons. The line departments and the BDO shall contact the Swarozgari and take such remedial measures as are necessary. In case of groups, there shall be a periodic meeting of the SHGs to monitor the performance. In addition, the Gram Panchayats will also be given the list of defaulting Swarozgaris and requested to take suitable measures to see that the loans are repaid. In Panchayats with high default rates, the BDO/DRDA shall organize recovery camps. It is necessary that the DRDA keep a close watch over the repayment position in each Panchayat. In addition, the District administration shall assist the banks in the recovery through designated legal processes, including appointment of Special Recovery Officers. Enactment of the Model Bill as recommended by the Talwar Committee may be expedited.

The banks would take all possible measures, i.e., personal contact, organization of joint recovery camps with District Administration, legal action, etc. In case, even after this, the bank fails to recover the entire dues, the process of forfeiture of subsidy for adjustment against dues will be taken up. For this purpose, a notice will be issued to the Swarozgaris and he/she will be provided reasonable opportunity to show because why his/her subsidy should not be forfeited. Thereafter, the concerned banks will place before the District SGSY committee a complete report on action taken and a proposal for forfeiture and adjustment of subsidy. After getting the approval of the Committee, the concerned bank will

adjust the subsidy (including interest earned) against the Swarozgaris dues. However, if the bank is able to realize any amount from the Swarozgaris subsequently over and above the amount due to it, the amount will be returned to the DRDA.

Constant flow of information about every Swarozgari is necessary to ensure full recovery. Since the banks are also understaffed, they may engage the services of NGOs or individuals (other than government servants) as Monitor-cum-recovery facilitators, on a commission basis. A processing cum monitoring fee of 0.5 per cent of the loan amount may be charged to the Swarozgaris to meet this expenditure.

In order to ensure recovery discipline, with effect from 1.1.2001, any Panchayat that registers a recovery of less than 80% under SGSY will not be eligible for consideration under SGSY. Likewise, any Panchayat Samithi registering a recovery of less than 80% will see the further programme suspended in the Samithi.

3.12.11 Panchayat Samithi: The District SGSY Committee shall also review the recovery position every month and ensure that steps are taken to recover the loans.

3.12.12 *Incentives and Disincentives for Recovery Performance*

In order to promote credit discipline among Swarozgaris and also to bring about a sense of accountability of the community, the following incentive and disincentives system is introduced.

- a) At the Swarozgaris level, prompt repayment will entitle him/her to waiver of the 0.5% processing cum monitoring fee.
- b) At Gram Panchayat level and block level – a minimum of 80% recovery should be ensured by Panchayats and block. Those Gram Panchayats and blocks that do not fulfill the required recovery performance will not be eligible for any allocation under SGSY in the subsequent year.

3.12.13 *Observance of Non-banking Day*

Banks are required to observe one day in a week as non-banking day to enable the bank officials to go to the field and attend to the problems of Swarozgaris.

3.12.14 *Risk Fund for Consumption Credit*

To meet the small consumption needs of weaker sections of society, a Risk Fund for Consumption Credit can be created with (one per cent) (1%) of SGSY fund at District level. The scheme is intended to enable Commercial Banks, Cooperative Banks and Regional Rural Banks to provide consumption loans, not exceeding Rs.2000 per Swarozgaris from weaker sections of society. “Weaker Section” means all SGSY Swarozgaris, small and marginal farmers,

landless agricultural workers, rural artisans and other people of very small means like carpenters, barbers, washer men etc. who form an integral part of the village community. Under this scheme, risk fund assistance is provided to the banks to the extent of 10% of the total consumption loans disbursed by them during the year to the above mentioned target groups.

3.12.15 Refinance for SGSY Loans

Commercial banks (including Regional Rural Banks and Cooperative Banks) are eligible to get refinance from NABARD for the loans disbursed under SGSY, as per their guidelines. The eligibility for refinance is related to the recovery position of the banks. In addition, insurance cover to Commercial Banks and Regional Rural Banks is also available through the Deposit Insurance and Credit Guarantee Corporation.

3.12.16 Service Area Approach

The RBI has introduced Service Area Approach with effect from 1.4.1989. It is applicable to rural and semi-urban branches of Commercial and Regional Rural Banks. Under this scheme, each Bank branch has a designated 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.

RBI has clarified that if some RRBs are not in a position to sanction the applications sent to them on account of constraint of funds, inadequacy of staff,

etc., the designated branch of the Commercial Bank should extend financial assistance in such cases.

3.13 INSURANCE

3.13.1 *Marking of Assets*

The assets should be marked to check the misutilization or transfer of the assets. This is also necessary in the eventuality of filing insurance claim and physical verification of assets etc.

3.13.2 *Insurance Cover for Various Assets*

Insurance Cover at present is available for livestock assets given under IRDP (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 GIC and the State Government.

(i) *Livestock Insurance*

The coverage and premium rates are to be fixed in accordance with the Mater Policy Agreement.

(ii) *Scope of Cover*

The live stock policy provides indemnity in the even of death of animal/bird due to accident inclusive of fire, lightening, riot and strike, flood, cyclone, earthquake, famine or due to any fortuitous cause of disease contracted or occurring during the period of insurance subject to certain exclusions.

(iii) ***Sum Insured***

The cost of the asset shall be treated as the sum insured for the settlement of claims. For permanent total disablement (PTD) claims 75% of the sum insured shall be payable.

(iv) ***Claim Procedure***

The claim procedure is simplified to secure expeditious disposal of claims. The Bank/DRDA shall forward a death certificate given jointly by any two of the following within 30 days from the date of occurrence:

1. Sarpanch/Upsarpanch of Village;
2. President or any other officer of the cooperative credit society;
3. Official of Milk Collection Centre or Government Veterinary Surgeon/Veterinary Assistant;
4. Supervisor/Inspector of Cooperative Central Bank;
5. Authorized nominee of DRDA;
6. Secretary of Panchayat;
7. village Revenue Officer;
8. Village Accountant
9. Head Master of Primary School

(v) ***Adjustment of Insurance Claim Money***

The procedure of adjustment of insurance claim of animals will be as follows;

- a) Where the borrower has been regular in payment of interest/repayment of installments and is willing to receive a replacement animal, the claim proceeds may be utilized to purchase a new animal.
- b) Where the Swarozgari was a willful defaulter and has additional dues to the bank by way of interest, the claim proceeds would be adjusted to the bank loan liability and the balance may be paid to the DRDA. However, if the default was not willful, replacement animal may be providing out of claim proceeds.
- c) Where the Swarozgari has been regular in payment of loan and interest but is unwilling to take a replacement animal he may be offered assistance for some other activity and claim proceeds utilized for financing the same. If he is unwilling to take any other activity, the claim money may be utilized by giving to the bank an amount equal to the balance outstanding in the loan account. The DRDA will also get subsidy amount proportionate to the balance loan outstanding and balance, if any, may be given to the beneficiary. Here, the Swarozgari is entitled to share the claim proceeds to the extent of loan repaid by him because he has utilized the asset properly and has paid the banks dues until the death of animal and has fulfilled the programmes objective to that extend.

(vi) ***Other Facilities***

The General Insurance Corporation of India have informed that if any IRDP (now SGSY) beneficiary has other milch animals where not loan or subsidy is involved, such milch animals could also be insured at the concessional rates of premium i.e. 2.25% per annum or 1.69% for three years. It has also intimated that

IRDP (now SGSY) beneficiaries who have closed their loan account can insure the animals acquired by them through loan and subsidy at the concessional rates of premium for a further period of three years after closing the loan account if animals do not exceed the insurable age limit.

3.13.3 Expenditure on Premium

The expenditure on the premium is to be shared between the Government, bank and the beneficiary in the following proportions:

	When the banks do not participate	When the bank agrees to participate
Swarozgaris	1.25%	1.00%
Government	1.00%	0.75%
Bank	Nil	0.50%

The expenditure to be borne by the Government will be shared between the State and the Centre in the ratio of 75:25. It should be met out of SGSY funds but should not be included in the individual subsidy ceiling applicable to the beneficiary.

3.13.4 Group Life Insurance Scheme

A group life insurance scheme for Swarozgaris aged not less than 18 years and not more than 60 years was introduced w. e. f. 1.4.1988. This scheme is operative from the date on which the asset is disbursed to the Swarozgari till the Swarozgari completes 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.5000 shall become payable by LIC to the nominee of the deceased in case of natural death.

In the event of death due to accident a sum of Rs.10,000 shall become payable by LIC.

3.13.5 Identification of Training Institutions

Data on the available training Infrastructure should be collected so as to make an optimal use of the existing Infrastructure facilities at the District as well as the block levels. The facilities may include institutions such as it is, Polytechnics, Krishi Vigyan Kendras, Khadi and Village Industries Boards, State Institutes of Rural Development, Extension Training Centres, reputed voluntary organizations and any departmental facilities available in that area. Private institutions 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 institutions should have adequate facilities in terms of faculty, buildings, etc. The DRDA will be entitled to meet the expenses, incurred by the training institution for conduct of the training programme, from out of the SGSY- Training fund, but such expenses should not exceed Rs.15 per trainee per day.

3.13.6 *SGSY Training Fund*

Upto 10% of SGSY funds will be set aside as training fund and will; be utilized to provide both orientation and training programmes to the Swarozgaris, as indicated above. A separate Head of Account should be opened for this purpose.

The DRDA will be entitled to meet the expenses, incurred by the training institution for both Basic Orientation and Skill Development Training from out of the SGSY Fund. The Basic Orientation Training may include topics on concept of Self Help, group dynamics, conflict resolution, conduct of group meetings, maintenance of records, awareness about social and family welfare programmes etc. The training for skill development may include skill upgradation through exposure to latest tools and technology, value addition and diversification of products, entrepreneur development, marketing skills, packaging, labeling etc.

The DRDA will be entitled to meet the expenses, incurred by the training institution for both Basic Orientation and Skill Development Training from out of the SGSY Fund in the following manner:

- i) The Institutional training cost may be fixed at Rs.15/- per day per trainee only for imparting training, if no boarding and lodging facility is provided to the participants, and at Rs.35/- per day per trainee in case the Institution provides boarding and lodging also with training.
- ii) If the Institution does not provide boarding and lodging then the participants may be paid Rs.25/- per trainee day to meet the cost of boarding and lodging.

iii) Swarozgaris may be allowed one time to and fro travelling cost from their place of residence to the Training Institute.

Further, DRDAs may incur an expenditure of Rs.200/ per trainee per month for payment of honorarium to master craftsman engaged for imparting skill development training to Swarozgaris identified and selected for economic activity and Rs.100/- per month per trainee, as allowance for raw materials required for the training.

However, the total expenditure on Basic Orientation and skill development training will not exceed Rs.5, 000 per trainee.

Duration of Skill development training will be decided by the State Government depending upon the activities and in order to ensure uniformity of the duration of training for all the Districts.

3.14 PROBLEMS/ LIMITATION OF SGSY AND IAY

3.14.1 Implementation Related Limitations

Many evaluation studies listed a number of limitations of the program. The RBI (2003) quick study on the 'credit gap' provided a comprehensive list of limitations of the program. It also provided a number of suggestions to overcome the identified limitations of the program. The list of limitations of the SGSY program and suggestion given by the RBI (Extracts from RBI, 2003) to overcome the limitations are:

(a) Observations concerning Banks

It was observed that non-receipt of subsidy/delay in receipt of subsidy from DRDA (forming 60% and 40% of the pending applications pertaining to groups and individuals respectively) was one of the important reasons for the inordinate delay in disbursement of loans under SGSY. The other reasons were:

- Complex and voluminous documentation.
- Delay in grading the groups on account of their poor performance
- Delay in obtaining 'No Dues Certificate' from other banks.
- Delay in tie-up arrangement in case of dairy activity.
- Cumbersome procedures imposed by the banks such as insistence on the presence of borrowers repeatedly in the branch for various formalities.
- Pressure of work in the banks due to lack of manpower, annual closing, audit and inspection, etc.
- Non-delegation of authority to the bank managers.
- Some of the bank branches have not been conveyed the credit mobilization targets.
- Lack of awareness among the dealing staff about the guidelines of the Scheme.
- Lack of commitment, enthusiasm and participation on the part of banks due to poor recovery performance of loans under the Scheme resulting in mounting NPAs.

Banks have not adhered to the guidelines issued by the Government of India /RBI in implementation of the Scheme as would be evident from the following findings of the study.

- Not maintaining proper Loan Application Register.
- Discrepancies in maintaining the Revolving Fund Account/Cash Credit Account, Subsidy Reserve Account and SHGs Account.
- Not adhering to the time frame prescribed by RBI for settlement of applications.
- Demanding a third party guarantee in several cases, this is in violation of RBI guidelines.
- Linking of assistance under SGSY to subsidy target.
- Charging interest on the subsidy portion and not maintaining the Subsidy Reserve Account group-wise.
- Subsidy portion was kept in SB accounts and beneficiaries were paid interest.
- Giving the full benefit of subsidy to those applicants who have repaid the loan before the lock-in-period.
- Not fixing the repayment schedule as per the guidelines.
- Opening individual loan accounts in the names of group members.
- No proper follow- up of the end use of the funds by the banks.

(b) Observations concerning Sponsoring Agencies

One of the significant observations made was that viable SHGs were not available for bank financing. This was attributed to various reasons, such as, failure on the part of DRDA to mobilize healthy/ active NGOs for the formation of groups. The study also revealed the following:

- Deficiencies in the project reports submitted by the Sponsoring Agencies for the key activities.

- Bunching of applications by the Sponsoring Agencies and submission of applications at the far end of the year.
- Forwarding unviable and un-bankable proposals to the banks resulting in rejection of applications.
- Key activities have not been identified and most of the applications pertained to a similar type of activity resulting in saturation of the activity.
- Lack of awareness of the scheme guidelines among Government Officials.
- Submission of incomplete applications without any scrutiny.
- Obtaining individual applications from the group members instead of one application from the group.
- Not granting the subsidy as per the entitlement of the applicants.
- Lack of co-ordination between Govt. agencies and bank officials.

(c) Observations concerning Beneficiaries

Some of the beneficiaries contacted under the study have stated that it took unduly long time in sponsoring their cases and they had to visit the office of BDO, several times (3-7 times). Some of the reasons for the gap between sanction and disbursement of loans under SGSY attributable to beneficiaries were:

- Non-completion of formalities by the applicants due to illiteracy. (Forming 31% and 35% of pending applications pertaining to groups and individuals respectively)
- Groups are not cohesive and not responding.
- Change of activity by the Groups.

- Most of the groups restrict their outstanding under cash credit account to the subsidy portion of Rs. 10000/- under the impression that the activity loan would be granted only when they clear the cash credit facility.
- Beneficiaries approaching the banks after considerable delay.
- Delay in asset creation by the beneficiaries.
- Lack of proper training and guidance from the Sponsoring Agencies and Banks has resulted in taking up unviable economic activities by the groups.
- Unawareness among groups and individuals about the benefits of the Scheme.
- Disposing of the assets (Milch animals) by the borrowers.

(d) Suggestions for Redress

- Sensitization of the rural and semi-urban branch managers should be undertaken.
- Delegation of authority to branch managers for sanctioning of loans under Government Sponsored Schemes.
- Proper maintenance of Loan Application Register by the banks.
- Involvement of NGOs and Sponsoring Agencies in completing the formalities.
- Sponsoring should be planned/ target fixed.
- Forwarding applications in a phased manner and avoiding bunching of applications in the last quarter of the financial year.
- Introduction of Screening/ Task Force Committee and phasing out of individual applications in favor of groups.
- Timely release of subsidy.
- More effective co-ordination between NGOs, BDOs and bank officials.

- Creation of awareness of the scheme among BPL families and motivating them to avail of the benefits of the scheme.
- Due publicity of the Scheme should be given by the State Publicity Departments.

It may be noted that the RBI study is 6 years old study. Almost all subsequent studies provided almost the same list of limitations and suggestions with few context specific modifications. But even today these limitations are persisting. E.g., in the 13th meeting of the Central Level Coordination Committee (CLCC) of Swarnajayanti Gram Swarozgar Yojana (SGSY) held on June 4, 2009, it was noted that banks in many states are not releasing the second installment to the swarozgaris (MoRD, 2009). Similarly, the BIRD study noted survival of a very small proportion of assisted micro-enterprises in 2007, especially group related swarozgaris in North India. Even today the year end rush is norm in the program (see, e.g. APMAS, 2008).

The principal reason, for persistence and magnification of these limitations and problems, is the deliberate and strategic behavior of different stakeholders like banks, officials and swarozgaris. E.g. banks are not committed and less enthusiastic to participate in SGSY because of poor recovery and mounting NPA (RBI, 2003). This manifests in different forms, such as showing ignorance, citing various procedures, etc. Unless the problem of mounting NPA is addressed, measures like branch expansion, as recommended by the Prof. Radhakrishna Committee (GoI, 2009) and as discussed in the 13th CLCC meeting (MoRD, 2009), will not yield any positive results. Similarly delays at DRDA level for the release of a onetime subsidy is a major hurdle in the program. Without solving the

problem, introduction of the release of the subsidy in six installments as recommend by the Prof. Radhakrishna Committee (GoI, 2009) may aggravate the problem. Same is the case with other stakeholders.

To overcome these limitations, the design related problems of the program should be identified and removed, in other words the program should be redesigned. As most of the evaluation studies and expert committees are sponsored by the MoRD, these studies and reports looked at the program with limited mandate and in almost all these studies, the major focus has been on implementation aspects only. SGSY design related issues were not touched at all or scantily or superficially touched by a few reports.

3.15 THE HIGHLIGHTS OF THE CAG REPORT NO. 3 OF 2003
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT

Rural Housing Schemes, which aimed to remove shelterlessness by the end of the Ninth Five Year Plan failed to achieve the desired success. As against the target of 109.53 lakh housing units, only 50.34 lakh houses were constructed/ upgraded as of March 2002. The multiplicity of schemes without proper linkages led to overlapping of objectives and failed to ensure convergence of various interrelated activities for providing cost effective and hygienic rural houses. Misdirected targeting resulted in expenditure of Rs. 58.56 crore on ineligible beneficiaries. There were instances of excess payment of Rs. 7.38 crore to the beneficiaries depriving the eligible beneficiaries to that extent. Payment to the

beneficiaries less than the prescribed norms led to under payment of Rs. 42.11 crore in 10 States and one Union Territory. Contrary to the guidelines of the scheme Rs. 198.55 crore were spent through contractors depriving the beneficiaries of their involvement in construction of houses. Basic amenities like smokeless chullah and sanitary latrine intended to promote healthy environment and hygienic habitations in rural areas were not provided in almost fifty per cent of the houses. Rs. 1162 crore released for rural housing was not spent on the programme. Poor fund management led to large amounts being diverted or retained in deposits, misappropriation of funds and expenditure in excess of the approved norms. Inadequate and inefficient monitoring of the programme, both at the Ministry and State levels failed to enhance the quality of the delivery mechanism thus raising questions on the willingness and efforts of the agencies involved in accomplishing the objective of ending shelterlessness by the end of Ninth Plan Period.

3.15.1 Highlights

The objectives of the National Housing Policy to provide 'Housing for all' and that of the Special Action Plan to end all shelterlessness by the Ninth Five Year Plan were largely defeated. Against the target of 109.53 lakh housing units, only 50.34 lakh houses were constructed or upgraded as of March 2002 under various Rural Housing Schemes.

Overlapping objectives of multiple Rural Housing Schemes blurred the focus on providing cost-effective, hygienic rural houses. No genuine effort

appeared to have been made for convergence of the activities of various schemes to achieve the desired objectives. Targeting of beneficiaries was misdirected resulting in selection of 34,542 ineligible beneficiaries utilizing funds to the extent of Rs. 58.56 crore in 19 States and one Union territory. In seven States, beneficiaries were allotted houses on the recommendations of MPs/ MLAs, District authorities, Sarpanches, etc. The system of fund transfer to beneficiaries was not uniform. In 10 States and one Union territory, Rs. 7.38 crore were paid in excess of the prescribed norms whereas short payment of Rs. 42.11 crore was made in 10 States and one Union territory. In 16 States, Rs. 198.55 crore were spent on construction of houses through contractors, defeating the objective of involvement of beneficiaries in the construction with the objective of ensuring cost- effectiveness and quality. Rs. 171.56 crore was diverted to activities and schemes beyond the scope of the programme in 21 States and one Union Territory. In 20 States, Rs. 682.97 crore were drawn and retained in civil deposits, Fixed deposits, and in treasuries outside Government account. Advances of Rs. 222.81 crore paid to implementing agencies were pending adjustment. Suspected misappropriation amounted to Rs. 1.83 crore in five States and Rs. 4.04 crore were spent on unapproved works. Such leakages, besides reducing the actual expenditure on the programme by 31.55 per cent, adversely affected its implementation. In 20 States and 2 Union Territories, smokeless chullah and sanitary latrines were provided in only 50 per cent and 57 per cent respectively of the houses constructed, thus depriving a large section of the beneficiaries of a clean, pollution-free environment and hygienic habitations. In 17 States and 2

Union territories, 37.75 per cent of the allotments were made in favor of male members, defeating the objective of empowerment of rural women. In 26 States and 2 Union territories, inventories of constructed/ upgraded houses were not maintained in the absence of which verification of actual construction of the houses and the extent to which the benefits reached the target group was rendered difficult. Monitoring of the implementation and execution of the programme was inadequate and ineffective both at Central and State levels. Evaluation of impact of the programme was not conducted in almost all the States.

There are 26 RD blocks in Mizoram as a whole. Various rural development schemes and other poverty alleviation schemes are implemented through these blocks. Tlangnuam block was selected for area of study, there are 13 cluster villages viz., Sihphir, Sihphir Vengthar, Nausel, Muthi, Tuirial, Tuirial Airfield, Samtlang, N. Lungleng, Lungleng I, Sihhmui, Sairang, Sairang Dinthar and Lengpui. The block itself is within Aizwal district, Mizoram.

IAY was launched in Mizoram way back in 1987 and SGSY was also launched soon after it was implemented at the national level. In the year 2010-11 IAY beneficiaries i.e. New Construction and Upgradation was 70 in numbers. Under SGSY there are 12 SHGs as beneficiaries in Tlangnuam RD Block.

4.1 INDIRA AWAAS YOJANA IN TLANGNUAM BLOCK

There are serious lacunae in the present strategy of rural housing. Under the existing dispensation, the DRDAs make allocations and fix targets for the number of houses to be constructed village wise. Thereafter, the village councils are expected to select the beneficiaries from the list of eligible households as per the target for the DRDA. Given the large number of potential beneficiaries awaiting the allotment of a free house, in several village it would be possible to cover only very few households each year. This, in turn, could create a situation where in the poor are divided among themselves. There are pressures from the local MLAs and MPs to ensure that their followers are given a house on priority at the earliest possible.

Therefore, it is necessary that this divisive trend is contained as the strategy of poverty alleviation focuses on organization of the poor into self help groups and other village level committees. In this context, there are two possibilities. The first best would be to link allotment of houses to those who have endeavored to form self help groups and/or are taking advantage of other poverty alleviation programmes in the desired manner. In this way, the housing strategy would be an integral part of the strategy of the poverty alleviation. Secondly, one could think of covering selected districts or blocks at a time so as to saturate area. This too would help restrict the fissiparous tendency dividing the poor within a village/panchayat. The magnitude of the problem has grown since the 1991 Census estimated housing shortages. Now, every household living below the poverty line is a claimant to a free pucca house under the IAY. In this situation, it is imperative to target the programme better via a more holistic look at the poverty problem at the household level.

As regards the dimensions and effectiveness of the APP, we quote below from the 10th Five Year Plan:

‘an amount of at least Rs 400 billion per annum flows for rural development by way of Central and State schemes in sectors like health and family welfare; social justice and empowerment; watershed development and agriculture; tribal development; subsidies on food and kerosene; and through schemes of rural development. This is in addition to public investment in infrastructure like roads and power which also directly benefits the rural poor. All this is directed to about 50 million poor families who, on an average, are thus being allocated roughly Rs

8,000 per annum. This amount is sufficient to buy nearly 3 kg. of food grain per day at the average rate of Rs 7.50 per kg., potentially permitting them to overcome their state of deprivation significantly. The reason that this money is not being directly transferred to the targeted poor, and is being spent on state run development schemes, rests on the assumption that such initiatives are likely to build capacities, raise income levels and have multiple spin-off effects in the long run. The fact that benefits are not percolating at the desired pace is a reflection on the governance of these schemes.

In a general sense, the ability to effectively target schemes/programmes towards the most deserving depends critically upon the quality of governance. The better the levels of governance, the more precise can be the targeting. The corollary of this is that in the absence of acceptable levels of governance, it would be preferable to eschew targeted programmes in favor of more generally applicable schemes.

The macro-economic management of the economy at the Centre and in the States, in general, and that of public expenditure, in particular, also highlights the deficiencies in governance practices resulting from the inertia in the relevant institutions and their practices. An efficient macro-economic management of the economy is a necessary condition for mobilizing public resources to fund the development process.'

The success of targeted poverty schemes in India is dependent upon proper identification of the beneficiaries, transparency, supervision over field staff, and social mobilization. However, the field reality is that gross violations of

prescribed norms and guidelines of implementation are common, resulting in use of intermediaries, falsification of records, and provision of false information from the ground level up. Problems of corruption and poor governance are not confined to these schemes alone, but also affect more broadly large segments of government expenditures.

Changing the design of schemes alone is not enough. Greater efforts are needed to build the capacity of administration and improve governance at the district level. Funds have more than tripled in the last ten years for poorer districts, but neither GOI nor donors have studied whether there is capacity at the district and sub-district level to absorb the funds and produce quality results. While doctors and teachers, who do not handle development funds, avoid postings to such districts, engineers, accountants, and supervisors (that may include even IAS officers) bribe politicians to get posted to such districts, as in the chaotic situation that prevails as regards financial discipline, huge payoffs can be generated. In either case the district gets saddled with officials with the wrong kind of motivations.

There is enough evidence to show that government's capacity to deliver has declined over the years due to rising indiscipline and a growing belief widely shared among the political and bureaucratic elite that state is an arena where public office is to be used for private ends. There are no well-enforced norms and rules of work discipline, very few punishments for ineptitude or malfeasance, and there are strong disincentives to take bold, risky decisions. Weak governance, manifesting itself in poor service delivery, archaic procedures, and uncoordinated

and wasteful public expenditure, is one of the key factors impinging on development and poverty indicators.

The vicious cycle of distortions in politics leading to bureaucratic apathy (and vice versa), and both resulting in poor governance can be set right through taking a large number of simultaneous measures. A discussion on political and electoral reforms (restriction on the number of ministers through law is a good beginning), though absolutely vital, is outside the scope of this paper. However many states in India, especially the poorer ones, have lost the dynamism and capacity to undertake reforms on their own without any external pressure. These states are ruled by people who understand power, patronage, transfers, money, coercion and crime. The language of professionalism, goal orientation, transparency, building up of institutions, and peoples' empowerment is totally alien to them. In these states neither politics nor administration has the capacity for self-correction, and therefore only external pressure can coerce them to take hard decisions that will hit at their money making tactics. In the Indian situation (where foreign donors provide very little aid to the states as compared with what is provided by the Centre) this can come only from the Centre, backed by strong civil society action. However, donors can produce literature that will guide the civil society as regards road map and sequencing.

GOI transfers roughly Rs 2, 00,000 crores (this amount does not include subsidies, such as on food, kerosene, and fertilizers) annually to the states, but very little of it is linked with performance and good delivery. The concept of good governance needs to be translated into a quantifiable annual index on the basis of

certain agreed indicators such as reduction in poverty, increase in daily wages of agricultural labor, infant mortality rate, extent of immunization, literacy rate for women, sex ratio, feeding programmes for children, availability of safe drinking water supply, electrification of rural households, rural and urban unemployment, percentage of girls married below 18 years, percentage of villages not connected by all weather roads, number of class I government officials prosecuted and convicted for corruption, and so on. Some universally accepted criteria for good budgetary practices may also be included in the index. Once these figures are publicized states may get into a competitive mode towards improving their score. Central transfers should be linked to such an index.

New Construction under IAY per beneficiaries gets '48,500. For Up gradation '15,000 are sanction to per beneficiaries. Basically funds are sanction under 1st and 2nd installment. Brief Status on the implementation of IAY in Mizoram is indicated in the tables 4.1 below:

Table 4.1: Implementation of IAY in Mizoram 2008-2009

Sl/No	District	Physical Target	TARGET ACHIEVED		Total
			New	Up gradation	
1	2	3	4	5	6
1	Aizawl	160	302	193	495
2	Lunglei	318	666	427	1093
3	Saiha	156	330	214	544
4	Lawngtlai	400	867	556	1423
5	Champhai	170	315	210	525
6	Kolasib	106	205	132	337
7	Serchhip	46	68	41	109
8	Mamit	192	398	255	653
	Total	1388	2849	1835	4684

Source: Highlights of the Review of Flagship Programme in Mizoram, 2009

Table 4.2: Implementation of IAY in Mizoram 2009-2010

	Year	2009-10	
		Targets	Achievement
1	No. of Houses Constructed	3504	1508
2	Central Allocation	945.85	472.92
3	Central funds Released (%)	-	472.92
4	State Contribution	150.00	42.035
5	Utilization of Funds (%)	-	514.955
Percentage of Achievements			47%

Source: Highlights of the Review of Flagship Programme in Mizoram, 2010.

In Aizawl district alone, under IAY the physical target for the year 2007-2008 was 226, new construction undertaken during the said year was 147, up gradation was 81 houses and the total coverage was 228, which is above the physical target. In 2008-2009 also while the physical target was 160, the actual coverage was 495. In 2009-2010, 47% of the total target was also achieved. The physical achievements under IAY were found satisfactory in Mizoram and Aizwal district in particular.

The respondents felt that the Government should take the necessary steps to create awareness among people through media campaigns, conducting meetings on IAY, etc. Beneficiaries felt that the relatives of local leaders, elected representatives and the officials were the first to get the benefits.

Table 4.3 : Sanction of Indira Awaas Yojana 2010-11 in Tlangnuam RD Block

S o Letter No & Date	New Construction No. of Beneficiaries	Amount Sanctioned	Up gradation No. of Beneficiaries	Amount Sanctioned
u 1.6.2010	8 nos	3,88,000	6 nos	90,000
r 24.6.2010	5 nos	3,88,000	6 nos	90,000
c 15.7.2010	1 nos	48,500	–	–
e 10.1.2011	13 nos	6,30,500	12 nos	1,80,000
: 30.3.2011	10 nos	4,85,000	9 nos	1,35,000
Total	37 nos	1940000	33 nos	495000

Source: RD Block Office, Tlangnuam block, 2011

The house should be built on the plot of land owned by the beneficiaries themselves in accordance with the design, plan and estimate already prepared as per the IAY Guidelines including Sanitary latrines, Smokeless Chullah ‘ 600 and ‘100 will be deducted from the final payment for those who have not constructed sanitary latrine and smokeless chullah as per guidelines. Block Development Officer (BDO) should ensure on the spot so that only the deserving persons are given assistance in case of wrong selection, BDO may propose change of selected beneficiaries immediately.

The construction of the house should be done by the beneficiaries themselves with durable material locally available. Muster roll, Utilization Certificates, Completion Certificate etc, separately for each house should be submitted to this office for final payment. Certificate showing that sanitary latrine

and smokeless chullah have been constructed along with the IAY house should be submitted in future. Rate of daily wages for skilled and unskilled worker should be as per the latest Notification issued by the Govt. of Mizoram. Signboard “IAY House” should be displayed at the house constructed under IAY. 50% of the sanction amount may be drawn for starting the work and final payment may be made in due course depending on the progress of the work.

The following table 4.4 shows whether the beneficiaries/ respondents are satisfied or not satisfied with the implementation of the IAY Programme in their villages and the table also highlight the number of beneficiaries who are of the view that IAY need restructuring.

Table 4.4 IAY: An Analysis from the Respondents in Tlangnuam RD Block

Sl.No	Name of Villages	No of Respondents	Satisfactory with IAY	Not Satisfactory with IAY
1	Sihphir	6	4	2
2	Sihphir Vengthar	5	5	Nil
3	Nausel	5	4	1
4	Muthi	5	5	Nil
5	Tuirial	6	5	1
6	Tuirial Airfield	5	4	1
7	Samtlang	6	6	Nil
8	N Lungleng	5	3	2
9	Lungeng I	5	3	2
10	Sihhmui	5	5	Nil
11	Sairang	6	5	1
12	Sairang Dinthar	5	4	1
13	Lengpui	6	6	Nil

Source; Field Survey 2011

Questionnaire was distributed to the 70 beneficiaries; the response was good enough to conclude that the policy is properly implemented as a poverty alleviation programme in Tlangnuam block and majority of the beneficiaries are satisfied with the programme. The poor who does not have a house of their own are well covered in the block and those whose houses needs upgradations were also covered under this programme.

4.2 SWARNAJAYANTI GRAM SWAROZGAR YOJANA (SGSY) IN TLANGNUAM BLOCK

The objective of the Swarnajayanti Gram Swarozgar Yojana (SGSY) is to bring the assisted poor families (Swarozgaris) above the Poverty Line by ensuring appreciable sustained level of income over a period of time. This objective is to be achieved by inter alia organizing the rural poor into Self Help Groups(SHG) through the process of social mobilization, their training and capacity building and provision of income generating assets. The SHG approach helps the poor to build their self-confidence through community action. Interactions in group meetings and collective decision making enables them in identification and prioritization of their needs and resources. This process would ultimately lead to the strengthening and socio-economic empowerment of the rural poor as well as improve their collective bargaining power.

SGSY lays stress on the cluster approach. What this means is that instead of funding diverse activities, each block should concentrate on a few select

activities (key activities) and attend to all aspects of these activities, so that the Swarozgaris can draw sustainable incomes from their investments. These key activities should preferably be taken up in clusters so that the backward and forward linkages can be effectively established. This cluster approach is also implemented in Tlangnuam block where 13 villages are clustered and each village also selects similar activities so that the beneficiaries can reap the maximum benefit.

The success of SGSY therefore depends on the choice of activities. The key element is that the choice of activity is based on the local resources, the aptitude as well as the skill of the people in Tlangnuam block. It is also necessary that the products have ready market. Availability of ready market for their products is a necessary condition for the economic development of the block itself

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 BPL Census should be analyzed. There will be poor families with assets, such as land. Efforts should be made to see that those having a minimum extent of land are enabled to cross the poverty line by making additional investment on their lands, such as wells or other irrigation facilities, pump sets etc. The experience over the years as well as Evaluation Studies has shown that investments on land based activities have resulted in generation of income on a more sustainable basis in the block.

The Ministry of Rural Development has released Rs.37.51 lakhs as part payment of first installment of the Central share under the 'Swarnajayanti Gram Swarozgar Yojana' (SGSY) to 8 DRDAs of Mizoram. The amount should be utilized on the Programme as per approved guidelines of SGSY. The funding pattern will be 75:25 by the Centre and the State. Details of the allocation are shown in Table 4.5.

Table 4.5: Allocation of Funds for Mizoram (Rs.in lakhs)

S.No.	Name of the DRDA	Central allocation	Installment released
1.	Aizawl	48.85	8.14
2.	Champhai (Aizwal-E)	36.25	6.04
3.	Lunglei	38.47	6.41
4.	Kolasib (Aizwal-N)	17.73	2.96
5.	Mamit (Aizwal-W)	21.11	3.52
6.	Lawngtlai(Chhimtuipui West)	30.02	5.00
7.	Saiha (Chhimtuipui East)	14.19	2.36
8.	Serchhip (Aizwal-S)	18.49	3.08

Source: PIB, Posted: June 2nd, 2007 under News & Views.

The State Governments/DRDAs/ZPs are also to ensure to submit the report of State and District Levels Vigilance & Monitoring Committee meeting held during current year by March 31, 2007, otherwise 1ST installment during the next year will be held up. The State Government should release its share within one month of the date of release of the Central assistance. Under SGSY,

assistance is given to the poor family living below the poverty line for taking up self-employment. It actively promotes group approach by organizing the rural poor into Self-Help Groups.

In Tlangnuam block the SGSY committee should therefore, analyze the potential for farm activities on priority. Care must be taken to see that they also have access to short term credit and other inputs required in the farm sector to supplement the efforts under the Scheme. The next priority may be given to those who have an inherent skill. These would primarily be the rural artisans who form a significant segment of the rural society. Under the SGSY, rural artisans should be covered in a significant manner. Another category is the unemployed educated youth. A number of them have been trained under the erstwhile TRYSEM Programme. An inventory was taken up for such people to find out which activities are best suited for the area. 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 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 could be identified for such category of people to ensure sustainable income, so that, they do not fall into debt trap. The Block SGSY Committee also looked at the potential link plans prepared by NABARD as well as any other survey carried out by various banks, industrial/technical organizations, etc.

The Block SGSY Committee interacts with as many Sarpanches as possible and also discuss with groups of the rural poor such as the landless labor,

the educated unemployed, those rural poor with lands, the artisan groups etc. Where self-help groups are in position, they were also consulted. In their discussions, the Committee explores various opportunities that are available (provided credit, technology, skill up gradation and marketing are assured) to enable the poor to cross the poverty line. While conducting this dialogue, the Block SGSY committee should be equipped with information relating to the performance of various activities in the village whether such activities are taken up under government programmes or otherwise. The committee should use that knowledge to supplement the traditional knowledge of the poor households and to facilitate the identification of suitable activities. In this process, the traditional wisdom of the poor families acquires value and the Block committee builds upon the traditional knowledge of the poor families with its knowledge base. It must be ensured that the consultation process is genuine and not perfunctory or token in nature.

Under SGSY in Tlangnuam RD Block, priority is given to the Self Help Groups (SHGs) and revolving fund of Rs.10000/- is given to them as a first installment through banks. Banks also provide Rs.15000/- to the SHGs at the initial level. If the loan is repaid in time, subsidy reserve fund of Rs.100000/- is given to the groups who have already availed the revolving fund through bank. If those SHGs apply a loan amount of Rs.200000, the bank sanctioned Rs. 300000 i.e., with the subsidy reserve fund. Infrastructure fund is also given as per the necessity of the group and the availability of funds. Trainings of the beneficiaries have been conducted through training funds as seen in Table 4.6 below.

Table 4.6: Performance of SGSY in Tlangnuam RD Block

Subsidy	Revolving Fund	Infrastructure fund	Training
12 SHGs (@ 1 lakh per group)	31 SHGs (@ Rs.10000 per group)	26 SHGs (@ Rs.33076 per group)	@ Rs.20000 per training

Source: Compiled from Field Survey, 2011

The Block SGSY committee identified about 8-10 activities, which they ranked in the order of preference. This list is placed before the general body of the Village Council. The list of selected key activities, along with the recommendations of the VC is forwarded by the BDO to the District SGSY committee for consideration. Before sending the list to the District SGSY Committee, the Block Committee prepares a brief project report, keeping in view the guidelines. There are 97 SHGs in Tlangnuam RD Block at present and the following table highlighted the selected activities of the SHGs.

Table 4.7 Selected Activities under SGSY in Tlangnuam RD Block

Sl. No	Name of Activities	No. of SHGs Beneficiaries
1	Animal Husbandry	51
2	Squash cultivation	5
3	Veg. farming	34
4	Sugarcane cultivation	2
5	Turmeric cultivation	1
6	Cane and bamboo	1
7	Silk-worm rearing	2
8	Bee keeping	1

Total: 97

Source: Field Survey 2011

Animal husbandry and vegetable farming are favored by the beneficiaries when compared with other activities like Bee keeping and Turmeric cultivation. Animal husbandry includes dairy-farming, poultry, piggery etc. The beneficiaries felt that animal husbandry should be implemented in all households and throughout the villages within the block, to generate more income for the households in particular and the block itself in general.

Focus should be on 4-5 Key activities which are identified for training and micro-enterprise development in a cluster approach for larger number of Groups. In the process, scope for other potential activities should not be excluded. In doing so, the District SGSY committee should 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. 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, in choosing the activities, 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.

DRDAs may ensure that the anticipated income as stipulated in the project is realized during the project period in order to enable the Swarozgaris to cross the Poverty. Generally, one time assistance /credit injection might not help the

Swarozgaris to cross the poverty line. Therefore, multiple dose of credit would be necessary which should be ensured through continuous monitoring and follow up. It was felt by the beneficiaries that the Government should take the necessary steps to create awareness among people through media campaigns, conducting meetings on SGSY, IAY etc.

It must be noted that identification of activities is critical for the success of the SGSY. It is therefore necessary that it should be done in careful manner. Care should however be taken that the market is either readily available or there is a potential for market creation for the products. This may require engaging the services of professionals in the field for market research and survey. A detailed timetable may be drawn up by each DRDA for each Block and the schedule publicized so that everyone is aware of the selection of key activities.

The District SGSY Committee is empowered to add or delete any activity in the list of selected key activities with due justification. Any of the selected activities can be replaced by a new one, if the scope of the former has been exhausted. The procedure for replacement will be the same as it is for making the original list of key activities. However, the number of selected key activities should not ordinarily exceed 10.. The DRDAs shall prepare directory of selected key activities in the District, which will be consolidated at the State level for preparation of directory of selected key activities.

Lack of awareness prevents the villages from seeking development activity assistance. The major constraint is the elected/local leaders who are not willing to disclose the schemes that are meant for the welfare of the poor. They

felt that the relatives of local leaders, elected representatives and the officials were the first to get the benefits.

The District SGSY committee should scrutinize the proposals for each key activity separately in consultation with the concerned experts including the line department officials. With regard to the loans for various purposes falling under ISB sector of SGSY, the responsibility of fixing the unit cost and other techno-economic parameters is of the committee. Table 4.8 highlighted the financial report of SHGs in Tlangnuam RD Block.

Table 4.8 Financial Report of SHGs in Tlangnuam RD Block (May 2011)

Sl. No	Name of village	No. of SHGs	Loan Recovery	
			Recovered	Not Recovered
1	Lungleng-I	8	1	7
2	North Lungleng	5	2	3
3	Samtlang	7	Nil	Nil
4	Sihphir	26	9	17
5	Sihphir Vengthar	9	5	4
6	Nausel	1	1	Nil
7	Muthi	3	1	2
8	Tuirial	4	2	2
9	Tuirial Airfield	3	3	Nil
10	Sairang	12	6	6
11	Sairang Dinthar	3	1	2
12	Sihhmui	2	Nil	Nil
13	Lengpui	1	Nil	Nil

Source: Tlangnuam RD Block Office Document, 2011

These SHGs availed loan mostly from Mizoram Rural Bank in Aizawl. In Lungleng-I village out of the 8 SHGs, only 1 SHG repaid the loan and 7 SHGs

did not pay back the loan sanctioned to them by the bank. In North Lungleng out of the 5 SHGs, 2 SHGs repaid the loan and 3 did not pay back. In Samtlang out of 7 SHGs none of them repaid the loan. In Sihphir out of 26 SHGs, 9 SHGs repaid the loan and 17 SHGs did not pay back. In Sihphir Vengthar out of 9 SHGs, 5 SHGs repaid the loan and 4 SHGs did not pay back. In Nausel, there is only 1 SHG and this group repaid the loan. . In Muthi out of 3 SHGs, only 1 SHG repaid the loan and 2 did not pay back. In Tuirial out of 4 SHGs, only 2 SHGs repaid the loan and 2 SHGs did not pay back. In Tuirial Airfield out of 3 SHGs, 3 repaid the loan. In Sairang out of 12 SHGs, only 6 SHGs repaid the loan and 6 did not pay back. In Sairang Dinthar out of 3 SHGs, only 1 repaid the loan and 2 do not. In Sihhmui, both the 2 SHGs do not repay the loan. In Lengpui the only SHG that availed loan facilities from the bank do not pay back the loan.

The beneficiaries who have taken loans have not repaid them, mainly because they believe that the loans need not be repaid. There is lack of awareness among the beneficiaries about the importance of repaying loans. Therefore, even if the loan repayment procedure is simplified further, it will not facilitate in the repayment of loans. The performance of the beneficiaries is not being monitored in the block. The jobs of the officials at DRDA and block level ends at the point of giving assets to the beneficiaries while bank personnel face considerable difficulties in the recovery of loan.

Conclusion:

Seeing the mounting loan delinquency eroding the strength of the programmes and the bank, the creation of a socio-political climate favorable for loan recovery is important. Policies relating to prices, activities and technology should be enforced by the need for poverty alleviation. But, alleviating mass poverty in a short time frame would need more than this. There is a need to strengthen institutions which integrate the poor in development process and enable them to obtain control over such institutions.

Despite many poverty alleviation programmes, the prevalence of rural poverty has virtually remained at more or less same level over the years, largely as a result of slow take-off of these anti-poverty programmes, compounded by high ratio of population growth. There is a need to redesign the strategies of these programmes so as to help the poor to become more productive.

Better management of credit and subsidy given to the rural poor by improving administration at the lower levels, reorganizing of block structure by strengthening the personnel particularly, the village level workers and bringing about changes in their work orientation through intensive training is a must and a better monitoring system including concurrent evaluation of the programme and designing of the remedial measures is necessary for the successful implementation of the programmes in Tlangnuam RD block.

Main Findings

- Tlangnuam RD block is richly situated with respect to infrastructure facilities like transport, communication etc. Agriculture is the main occupation. Rice, Squash, ginger, beans etc are the main crops grown in the block. Almost every household have agricultural land, a few are agricultural casual laborers.
- Among various development programmes, SGSY and NREGS are highly appreciated by the beneficiaries. Animal husbandry and vegetable farming are favored by the beneficiaries when compared with other activities like bee keeping and turmeric cultivation. They felt that this scheme should be implemented in all households and throughout all the villages. *This can be counted as an answer to our third research question of what trade and services under the programmes were found favored by the beneficiaries for their upliftment.*
- In Aizawl district alone, under IAY the physical target for the year 2007-2008 was 226, new construction undertaken during the said year was 147, upgradation was 81 houses and the total coverage was 228, which is above the physical target. In 2008-2009 also while the physical target was 160, the actual coverage was 495. In 2009-2010, 47% of the total target was also achieved. The physical achievements under IAY were found satisfactory in Mizoram and Aizawl district in particular.

- Lack of awareness prevents the villages from seeking development activity assistance. The major constraint is the elected/local leaders who are not willing to disclose the schemes that are meant for the welfare of the poor.

- It was felt by the beneficiaries that the Government should take the necessary steps to create awareness among people through media campaigns, conducting meetings on IRDP, etc. They also felt that the relatives of local leaders, elected representatives and the officials were the first to get the benefits.

- The beneficiaries who have taken loans have not repaid them, mainly because they believe that the loans need not be repaid. There is lack of awareness among the beneficiaries about the importance of repaying loans. Therefore, even if the loan repayment procedure is simplified further, it will not facilitate in the repayments of loans. *This can be counted as an answer of our first research question that whether adoption of simplified procedures by financial institutions will facilitate the BPL families in accessing groups' loans under Integrated Rural Development Programme (IRDP)/SGSY and Indira Awaas Yojana (IAY).*

- Respondents felt that the local public should be responsible for the development of their own village. The respondents are aware of it but remain indifferent thanks to interference from the local and political leaders.

- The positive aspect is that SGSY and IAY helped those families who were closer to the poverty line or above it. This means that the assistance went to the beneficiaries, who are poorest of the poor. *This can be counted as an answer to our second research question of whether IRDP/SGSY and IAY has been able to achieve the desired results in Mizoram.*
- The performance of the beneficiaries is not being monitored in the block. The jobs of the officials at DRDA and block level ends at the point of giving assets to the beneficiaries while bank personnel face considerable difficulties in the recovery of loan.
- There is a concentration of beneficiaries on animal husbandry and vegetable farming this led to the neglect of location specific and more socially beneficial activities.
- From the analysis of the working of IRDP and its impact on employment and income of beneficiary households, it is revealed that proper implementation of the programme is yet a matter of a concern from both planning and implementation point of view. The main problems regarding the IRDP as revealed from the study are that there is undue delay in providing assistance to the beneficiaries, due to various formalities both at block office and bank level. There is no follow up action for the old beneficiaries.

Suggested Measures:

- Training of beneficiaries is essential to wean them away from traditional practices, to motivate them to develop the right attitude for managing assets and to develop, adaptability in cases of deviation from schemes. Also, training of all functionaries concerned with the programmes should improve their competence in handling the programme.
- The present allocation of funds under SGSY and IAY and the present limit of subsidy should be substantially enhanced to withstand the hike in prices.
- There is a need for representation of the organizations of the poor on the various anti-poverty programmes and the design of rural development programmes at the field level should provide a local base for such organizations.
- The decisions of the Village council need to be within a frame which makes it obligatory to recognize their role in relation to poverty alleviation programmes and for monitoring of the progress.
- Beneficiaries who are under the impression that loans are free need to be made better informed. Farmers should be educated on how to avail of benefits, the importance of the programmes, how to utilize them to repay the loan amount, etc.

- The allocations among various poverty alleviation programmes viz., relief, employment and assets generation will have to be location specific and be more flexible depending upon the needs of each location, and rigid adherence to the schematic allocations between the programmes and within each programme needs to be discouraged.

- There should be integration among various anti-poverty programmes and also between the programmes and the overall development process within the context of local level planning. They should be designed to help the poor to gain control over rural economic and social institutions, particularly in the context of unequal distribution of assets in the rural areas.

- Rural development calls for effective decentralized planning with active participation of the local people in the planning process. The voluntary agencies should be associated with the implementation of anti-poverty programmes.

- The time lag in getting the benefits to the beneficiaries must be minimized. This will check the malpractices and corruption. It can be done by simplifying the loaning procedure. There should be a regular supervision of the assets provided with the beneficiaries and in the proper conditions.

- For the development of any village, town and city it is essential to provide be transport and communication facilities. The villages under study lack these facilities, and necessary steps should be taken to provide them.

- The District SGSY Committee should review the infrastructure gaps and identify the areas of intervention for financing projects in activity clusters. Infrastructure needs and their fulfillment should be constantly and closely monitored by the DRDA, particularly the Governing Body of DRDA, to ensure that the infrastructure needs are met as per plan. Financing in sectors should be restricted where infrastructure is inadequate.

- It is also suggested that where requirement of raw materials is felt, procurement of the same to the beneficiaries should be made at subsidizes rates within a reasonable distance so as to minimize the dependence of the poor beneficiaries on remote markets.

In the given socio-economic structure of the economy of Tlangnuam rural development block economy in particular, and the state of Mizoram in general, implementation of the above stated suggestions will help mitigate some of the problems being faced by the poor people of the rural areas.

Conclusion:

Evaluation of SGSY and IAY has clearly brought out the fact that the programmes have potential, though it suffers from a number of limitations. Cooperative efforts between the implementers and beneficiaries actual as well as potential are necessarily needed. Unless the planning component of each programme is strengthened, no rural development programmes, either SGSY or IAY, will help in any significant way. It is necessary to know the use of IRDP and IAY and sectoral planning in an integrated manner so that the various needs of the poor would be satisfied and the goals of rural development would be achieved systematically. The poverty eradication efforts must be a part of the overall development strategy and trying to achieve social justice without vigorous growth efforts in the rural areas may be self-defeating.

The rationale of the poverty alleviation lies in the goals of social justice which has been treated by many writers as problem of distribution of wealth, opportunities and other advantage available in the society. The process achieving of social justice cannot be separated from the process of securing social and economic development. If redistribution of moral and materials benefits is undertaken without insisting on development of such benefits, this could mean that certain sections would be diverted for distribution among those who have been deprived of them. This needs to tackle the problem of vicious circle of poverty and stagnation in the economy with strategy of momentum for planned action on a large scale.

Since the period that India pursued the policy of planned economic development, the main objective was to alleviate poverty and provide social justice to the poor. Although the approach, contents and methodology of the programmes have undergone numerous changes during the last five decades, yet the problem of improving the lot of rural poor has been the basic theme of rural development strategies. The past experiences of these poverty alleviation programmes clearly indicate that some progress have been made in the Indian economy to provide social justice to the rural poor but often it failed to produce better results for the economy. There is, thus, need of social transformation involving structural changes, educational development, growth awareness and change in outlook, motivation and attitudes of the poorer sections so that they achieve the benefits of these programmes.

As a major poverty alleviation programme the SGSY and IAY provide assistance to target families for purchasing productive assets and enables them to improve their standard of living and to skip over poverty line. SGSY is one programme which has attracted the maximum public attention among all the development programmes. To generate the full confidence of the people in the schemes, the beneficiaries will have to be consulted and involved at each stage, right from the conception and planning to the actual execution of the work.

Thus, what appears from the critical examination of some of the important poverty alleviation programmes is that the various rural development programmes as well as experiments may have achieved very little and may have been misconceived, but that does not in any way mean that the attack on rural poverty

is wrong. It is a continuous process. Although rural poverty cannot be eliminated, efforts should be directed towards developing the rural areas on a priority basis. In recent years, stress has been laid on human development and development of agriculture and allied sectors go a long way in improving the living conditions of the rural poor. The crux of the problem is that the rural poor have to be awakened, organized and motivated on an ongoing basis to improve their living conditions by a direct attack on poverty. And this is vitally important element for rural development programmes to accelerate the process of economic growth and strengthen socio-cultural heritage.

BIBLIOGRAPHY

- Agarwal A.N (1990): Indian Economy – Problems of Development & Planning, Wiley – Eastern Ltd – New Delhi.
- Agarwal A.K. (1985): North East India and Economic Perspective. Chugh Publications, Allahabad.
- Ahluwalia, Montek (1977): Rural Poverty and Agricultural Performance in India, The Journal of Development Studies.
- Ahuja, Kanta and Pradeep Bhargava (1984), Integrated Rural Development Programme: An Evaluation, Institute of Development Studies, Jaipur.
- Ambedkar, S.N. (1994), Integrated Rural Development Programme: Implementation Process, Rawat Publications, Jaipur.
- Ali, Sayed (1998) “Income and Employment Generation through IRDP: An Analysis”, Kurukshetra, Vol. 46, No. 10, July.
- Arunachalam, K. (1981): Gandhian Approach to Rural Development, Sarvodaya, Ilakkiya Pannai, Madhurai.
- Arora, R.C. (1979), Integrated Rural Development, S. Chand and Co., New Delhi.
- Aziz, Abdul (1994), Poverty Alleviation in India: Policies and Programmes, Ashish Publishing House, New Delhi.
- Basu, Angsuman (1988), “Garibi Hatao: A study of IRDP in Nadia District”, Kurukshetra, Vol. XXXVI, No.7, April

- Bagchee, Sandeep (1987), “Poverty Alleviation Programmes in Seventh Plan”, EPW, Vol. XXII, No. 4, January 24.
- Barua, S.K., Gurdev Singh and S.P. Seetharaman (1987), “ Rural Development Programmes: A Management Approach”,EPW, Vol. XXII, No. 4, February.
- Bajpai, S.I. (1982), “ Rural Development: Some Constraints”, Kurukshetra, Vol. XXX, No.23.
- Chaurasia, B.P., Ed. (1995), Poverty Planning and Social Change, Chugh Publications, Allahabad.
- Chadha, G.K. and Alakh N. Sharma, Eds. (1997), Growth, Employment and Poverty: Change and Continuity in Rural India, Vikas Publishing House Pvt. Ltd., New Delhi
- Chandakavate, M.S. (1985), “Tardy Implementation of IRDP”, Yojana, Oct 16-31, Vol.29, No.19.
- Chaturvedi, Y.S., K.K. Naidu and M.J. Sridhar (1988), “Beneficiaries of IRDP in Gujarat”, Kurukshetra, Vol. XXXVI, No. 12, September.
- Da Costa E.P.W (1964): Estimate of Rings of Poverty in India, Indian Institute of Public Opinion.
- Das, Debendra Kumar, Ed. (1994), Dynamics of Rural Development, Deep and Deep Publications, New Delhi.
- Dandekar, et.al (1971): Poverty in India, Dimensions and Trends, Economic and Political Weekly January 2 & 9.

- Das, Kalpana (2004): Rural Development in Mizoram – A study of IRDP; Mittal Publication.
- Dasgupta, K.R. (1997), “ Rural Development Programmes in India: Concepts and Strategies”, Kurukshetra, Vol. XLV, No. 11, August
- Datt, Ruddar et.al (2009): Indian Economy, S. Chand Publication – New Delhi.
- Dandekar, V.M. (1996), The Indian Economy 1947-92: Population, Poverty and Employment, Vol. II, Sage Publications, New Delhi.
- Devi, K. Manjula (1997), Rural Women: Poverty Alleviation Programme, Anmol Publications Pvt. Ltd., New Delhi.
- Devi, Pajula, A.K(1986), “Poverty in Rural Areas: A Study”, Kurukshetra, Vol. XXXV, Nos. 2-3, November-December, p. 31.
- Desai, S.S.M. (1996), Fundamental of Rural Economics, Himalaya Publishing House, Bombay.
- Dreze, Jean (1990): Poverty in India and the IRDP Delusion, Economic and Political Weekly Sept,29.
- Etienne, Gilbert (1988), Food and Poverty: India’s Half Won Battle, Sage Publications, New Delhi.
- Ghate, Prabhu (1984), Direct Attacks on Rural Poverty: Poverty Programmes and Implementation, Concept Publishing Co., New Delhi.
- Ghose, Arabindo (1986), “On Reducing Poverty Speedily”, Yojana, December 16-31.
- Gill, P.P.S. (1983), “Loan for Wrong Persons”, The Tribune, May 24.

- Government of India (1984), Economic Assessment of Poverty Eradication and Rural Employment Programmes and their Prospects, Institute of Financial Management and Research, Madras.
- Government of India (1951), First Five Year Plan: 1951-56, Planning Commission, New Delhi.
- Gupta, AK et. Al (1987): Rural Credit: How do the poor see it?, Vikalpa 12(4): 3-10.
- Guhan, S. (1986), Rural Poverty Alleviation in India: Policy Performances and Possibilities, Madras Institute of Development Studies.
- Hebbar, C.K. (1991), Integrated Rural Development Programme: Retrospect and Prospect, Deep and Deep Publications, New Delhi.
- Himachalam, D. (1989), “ How far has IRDP Alleviated Poverty?”, Kurukshetra, Vol.XXXVIII, No.2.
- Hirway, Indira (1988), “Planning for Poverty Eradication in Rural Areas: An observation”, Kurukshetra, Vol. XXXVI, No. 7, April.
- Hirway, Indira and Piet Terhal (1994), Towards Employment Guarantee in India: Indian and International Experiences in Rural Public Works Programmes, Sage Publications India Pvt. Ltd., New Delhi.
- Jain, C.M. and T. Cangan (1993), Forty Years of Rural Development in India, Printwell, Jaipur.
- Jain, L.C. (1989), Integration Illudes IRDP”, Kurukshetra, Vol. XXXVIII, No.2. November.

- Jain, S.C. (1985), Rural Development: Institution and Strategies, Rawat Publications, Jaipur.
- Jhingan, M.L (1997): The Economics of Development and Planning, Vrinda Publication (P) Ltd. – New Delhi.
- Joshi, Sandeep (1997), “ Ekikrut Gramin Vikas Karyakram: Prabhavi Kriyanvayan Ki Aavashyakata”, Yojana, No. 7, October.
- Kamble, N.D. (1979), Poverty within Poverty: A study of the Weaker Sections in a Deccan Village, Sterling Publishing House, New Delhi.
- Kothari, C.R., Ed. (1991), Rural Development: Strategy for Rural Development, Vol. I, Manak Publications Pvt. Ltd., Jaipur
- Kumar, B. (1984), Planning, Poverty and Economic Development, Deep and Deep Publications, New Delhi.
- Kulkarni, G., RC Batta & Ganesh Kumar, N (1989): “Integrated Rural Development in Bijapur:An Evaluation of Dairy Scheme”, Social Change, Vol. 19, No.89, p.78.
- Kurian, N.J (1987), “IRDP: How Relevant is it? Economic and Political Weekly, Vol. XXII, No.52, December 26.
- Lawania, Vinod Kumar (1992), Rural Development in India, Ashish Publishing House, New Delhi.
- Lekhi, R.K (2001): The Economics of Development and Planning; Kalyani Publishers – New Delhi.

- Manrai, M.L. (1986), “Poverty Alleviation Programmes and Agricultural Development”, Indian Journal of Agricultural Economics, Vol. XLI, No.4, October-December.
- Maheshwari, S.R. (1985), Rural Development in India: A Public Policy Approach, Sage Publications, New Delhi.
- Mathur, Y.B. (1985), Rural Development in India: 1885 to 1985, NIRD, Hyderabad.
- Mehta, S.R., Ed. (1997), Poverty, Population and Sustainable Development, Rawat Publications, Jaipur.
- Mishra, A.P. (1981), Rural Poverty in India: Problems in Planning and Strategy for Poverty Alleviation, Deep and Deep Publications, New Delhi.
- Minhas, B.S (1971): Rural Poverty, Numbers Games and Polemics, Indian Economic Review, New Series. April.
- Mishra et.al, (1974): Rural Development: Perspective and Approaches, Sterling Publishers, New Delhi.
- Mishra, Jagannath (1997), My Vision for India’s Rural Development, Vikas Publishing House Pvt. Ltd., New Delhi.
- Mishra, Sibranjan (1986), “Rural Development: A Challenge Before IRDP: A Fresh Look”, Indian Journal of Agricultural Economics, Vol. XLI, No. 4, October-December.
- ML. Dantwala (1985): Garibi Hatao – Strategy Options, Economic and Political Weekly, March 16.

- Murari, Krishna (1988), “ How to Make IRDP More Effective?”, Yojana, Vol. XXXVI, No.4.
- Munjal, Satish (1997), Rural Development and Cooperation, Sublime Publications, Jaipur.
- Myrdal, Gunnar (1968), Asian Drama: An Enquiry into the Poverty of Nations, Vol. I to III, Penguin Press, London.
- Nambiar, A.C.K. (1992), Rural Poverty: Problems and Prospects, Ashish Publishing House, New Delhi.
- Nagaraja, B. (1987), “Rural Poverty and Human Resource Yojana, 31 (6), April.
- P.D. Ojha (1968): A Configuration of Indian Poverty – Inequality and Levels of Living, Challenge of Poverty in India.
- Panda, P.N. (1988), Self-employment Programmes in India, Ashish Publishing House, New Delhi.
- Pandey, R.K. and Birendra Kumar (1998), “ Awareness of Rural Poor about Development Programmes”, Kurukshetra, Vol. 46, No. 11, August.
- Patnayak, Rama (1990), Rural Development in India, Vikas Publishing House Pvt. Ltd., New Delhi.
- Prasad, K. (1986), “Planning for Alleviation of Poverty in India: Experience and Lessons”, Social Change, 16 (2 and 3), June – September.
- P. Sachdeva (2005): Urban Local Government and Administration in India, Kitab Mahal Publication – New Delhi.

- Rao, K.P.C. (1987), “Rural Development: A Case Study”, Kurukshetra, Vol. XXX, No.5, February.
- Rao, Perumalla D. and R. Natarajan (1988), “IRDP Assistance in Andhra Pradesh: An Evaluation”, Kurukshetra, Vol. XXXVI, No. 8, March.
- Rao, V.M. (1987) “Impact of IRDP in Village Structure”, EPW, March 25.
- Rao, Y.V (1994), Administration of IRDP: Methods and Concepts, Delta Publishing House, New Delhi.
- Satyanarayan, B. (1986), “Rural Development Programmes: A study”, Kurukshetra, Vol. XXXIV, No. 6, April.
- Sen, Amartya (1981), Poverty and Famines: An Essay On Entitlement and Deprivation, Oxford University Press, Delhi.
- Sharma, Anita (1994), Rural Employment Programme in India, Mohit Publications, New Delhi.
- Sharma, D.P. and V.V. Desai (1980), Rural Economy of India, Vikas Publishing House, New Delhi.
- Sharma, P.N., “Ensuring Better Quality of Life For the Poor”, Yojana, Vol. 9, No. 30, November.
- Sharma, S.K. and S.L. Malhotra (1977), Integrated Rural Development: Approach, Strategy and Perspectives, South Asia Books, Columbia, MO 65201.
- S. Erappa (1996): Dynamics of Rural Poverty in India; Published by Discovery Publishing House.

- Singh, Jasbir, K. and P.C Deb (1986), “People Participation in Integrated Rural Development Programme”, Guru Nanak Journal of Sociology, Vol. 6, No. 2, October.
- Singh, Katar (2008): Rural Development – Principles, Policies and Management, Sage Publication Ltd.
- Singh, Pratap, “Integrated Rural Development: An Analysis”, in S. Bhatnagar and S.S. Chibb, Rural Development in India, Ess Ess Publications, New Delhi.
- Singh, R.R. (1987) “Poverty Alleviation: Problems and Prospects”, Khadi Gramodyog, 34 (3) December.
- Singh, Shashi Bhushan (1990), Planning for the Rural Poor, Common Wealth Publishers, New Delhi.
- Singh, Sukhpal (1996), Dynamics of Rural Poverty, Anmol Publication Pvt. Ltd., New Delhi.
- S. Sankaran (1991): Indian Economy – Problems Policies and Developments Publication – Chennai.
- Singh, Sukhdev (1995), IRDP and District Development: Role and Implementation of DRDA Schemes, Deep and Deep Publications, New Delhi.
- Sodhi, J.S. (1990), Poverty Alleviation and Rural Development, Criterion Publications, New Delhi.

- Srivastava, A.K.(1986), Integrated Rural Development Programme in India: Policy and Administration, Deep and Deep Publications, New Delhi.
- Taneja, Suresh (1989), “Long Search For Savers”, The Tribune, February.
- Tewari, Rajendra, N. (1985), “Is IRDP Lacking Thrust?”, Yojana, Vol. 29, No. 20, November.
- Tewari, R.T. and Sinha, R.C. (1988), Rural Development in India, Ashish Publishing House, New Delhi.
- Thippaiah, P. and Devendra Babu, M. (1986), “Tackling Rural Poverty”, Yojana, Vol. 30, No. 22.
- Tokhi, M.R. and Sharma, O.P., Ed. (1975), Rural Banking in India, Oxford and IBH, New Delhi.
- World Bank (1989), “Flaws in IRDP”, the Tribune, September 3.