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## **Performance of Swarnjayanti Gram Swarozgar Yojana (SGSY) in the Cachar District of Assam**

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### **Abstract**

*Various antipoverty, employment generation and basic services programmes have been in operation for decades in India. Moreover, the ongoing reforms attach great importance to removal of poverty, and addressing specifically the wide variations across States and the rural-urban divide. Further, the central government has been implementing many social-sector programmes in the areas like poverty alleviation and employment generation, social protection, rural infrastructure and development, urban infrastructure, education and skill development, health, women and child development, and welfare and development of weaker sections in order to address multi-dimensional nature of poverty. In other words, we can say that Government of India is following a focused approach through various flagship schemes in the areas of poverty alleviation and employment generation to achieve inclusive development. Keeping this in mind, a modest attempt has been taken in this paper to examine the performance of one of revamped poverty alleviation programme of the Government of India, i.e. Swarnajayanti Gram Swarozgar Yojana (SGSY) in the Cachar District of Assam.*

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**Introduction:** Poverty reduction has remained as one of the major goals of development planning in India since independence and accordingly the development efforts have been directed in creating adequate livelihoods and provision of services for a better quality of life for the poor. It is further recognized that poverty is an outcome of multiple deprivations and it is not simply a matter of inadequate income but also a matter of low literacy, short life expectation and lack of basic needs such as health care, education, housing, drinking water, etc. Since these deprivations are inter-related, it is expected that an integrated approach alone can eliminate poverty and ensure optimal utilization of human resources for sustainable development. Thus, multi-pronged and convergent approaches with proper targeting are deemed essential for elimination of poverty. It is also recognized that poverty is not only an economic phenomenon but also a social one. Well-designed poverty alleviation programmes, if effectively implemented, not only supplement the poverty reducing effects of growth but also could promote pro-poor growth (Planning Commission, 2006). Recent estimates on poverty shows that the number of poor in India has declined from 407.1 million in 2004-05 to 269.3 million in 2011-12 with an average annual decline of 2.2 percentage points during 2004-05 to 2011-12 (Ministry of Finance, 2014).

**Swarnjayanti Gram Swarozgar Yojana (SGSY):** In April 1999, the Integrated Rural Development Programme (IRDP) was restructured and combined with Training of Rural Youth for Self-Employment (TRYSEM), Supply of Improved Tools for Rural Artisans (SITRA), Ganga Kalyan Yojana (GKY), Million Wells Scheme (MWS) and Development of Women and Children in Rural Areas (DWCRA), and a single self-employment programme known as *Swarnajayanti Gram Swarozgar Yojana* (SGSY) was put in place. The basic objective of SGSY is to bring the assisted poor families above poverty line by providing them income-generating assets through bank credit and government subsidy. Formation of organizations of the poor at the grassroots level through a process of social mobilization for poverty reduction is central to the programme. The approach of SGSY is based on SHGs that have to act as a financial intermediary and in many cases there are women SHGs

which are also expected to serve as vehicle for their empowerment. Non-Government organizations (NGOs) are also expected to facilitate the formation of these groups. The community involvement as emphasized in SGSY, in contrast to IRDP, is further reflected in the mobilization for the formation of SHG groups (Ministry of Rural Development, 2009).

One lesson which comes out clearly from the long experience of Indian planning processes in dealing with the concerns of the poor and alleviating poverty is that people-centric approaches have been more effective than programme based on top-down approaches. People-centric approaches rely on social mobilisation and put the poor at the centre of delivery and implementation processes. Accordingly, the SGSY's approach to organise the poor stems from the same conviction that there is tremendous potential within the poor to help themselves and that the potential can be harnessed by organising them. Social mobilisation enables the poor to build their own organisations (Self Help Groups) in which they participate fully and directly and take decisions on all issues concerning poverty eradication (Ministry of Rural Development, 2003).

Since the inception of the SGSY in 1999, about 42.05 lakh SHGs have been formed, of which approximately 60 per cent are women SHGs. Total investment under the SGSY is Rs. 42,168.42 crore comprising of Rs. 28,824.53 crore as credit and Rs. 13,343.89 crore as subsidy. Approximately 168.46 lakh swarozgaris have been assisted with bank credit and subsidy (Ministry of Finance, 2013). The SGSY now restructured as Aajeevika – National Rural Livelihoods Mission (NRLM) and being implemented across the country since June, 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. NRLM has set out with an agenda to cover 7 Crore rural poor households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country (<http://aajeevika.gov.in/>).

**Objective of the Study:** The objective of the present study is to examine the performance of Swarnjayanti Gram Swarozgar Yojana (SGSY) in the Cachar District of Assam.

**Data Source:** Only secondary data has been used in the present study which were collected from different sources like Annual Reports of Ministry of Rural Development, Government of India, Website of Ministry of Rural Development, Government of India, Economic Survey, Government of India, Statistical Hand Book, Assam and Annual Reports of SGSY, DRDA Cachar, Assam.

**Method of Analysis:** Compound Annual Growth Rate (CAGR) has been used in order to analyse the data. Moreover, percentages and charts, wherever necessary have been used to further elucidate the data.

**Performance of SGSY in the Cachar District of Assam:** In the district, the District Rural Development Agency (DRDA) is the nodal agency for promotion and formation of SHGs. The DRDA through its field staffs promote, nurture and facilitate group formation at grass root level. Sometimes, DRDA takes help from Non-governmental Organisations (NGOs) or Community Based Organisations (CBOs), Network of Community Coordinators/Animators and SHPIs for promoting SHGs. The formation stage of a particular SHG may last for about six months or more depending upon the literacy, awareness levels, socio-economic background of the people being organised, as well as the capacity of the facilitator involved in the process of social mobilisation and Group formation. At the end of the formation stage, which may be about six months or more, it is necessary to subject each SHG to a test popularly known as 'Grading of SHGs' to assess whether it has evolved into a good group or not. Accordingly, Grade-I is done in order to identify the weaknesses of the SHGs and help the group to overcome the same through training and capacity building inputs so as to develop into a quality group. On successfully passing of Grade-I, the SHGs receives the Revolving Fund from DRDA and Banks as cash credit facility. The SHGs are expected to utilise the fund in the manner and for purpose it deems fit. The idea is that the group should develop the capacity to utilise 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 (IGAs). 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 revolving fund. The DRDAs may release subsidy which is equal to the group corpus with a minimum of Rs. 5000/- and a maximum of Rs. 10,000/- linked with bank credit. The banks would sanction credit which would be in multiples of the group corpus and could go upto four times of the group corpus as cash credit facility based on the absorption capacity and credit worthiness of the group. Subsequently, if it is found that the group has not been able to reach the microenterprise stage and requires further financial support to continue in the micro finance stage for some more time, performance of such groups may be got evaluated. In the evaluation if it is found the group has been successfully utilising the revolving fund, they could be considered for sanction of further doses of subsidy fund upto a maximum of Rs. 20,000/- inclusive of previous doses linked with bank credit (Ministry of Rural Development, 2003).

**Financial Performance of SGSY in the Cachar District:** Table 1 shows the financial performance of SGSY in the Cachar district of Assam during 1999-2000 to 2010-2011.

**Table 1: Financial Performance of SGSY in Cachar District**  
(Rupees in Lakh)

Year	Total Fund Available	Total Expenditure	Percentage Utilisation of Funds
1999-2000	380.95	280.23	73.56
2000-01	200.95	173.76	86.47
2001-02	261.62	171.88	65.70
2002-03	268.97	233.98	86.99
2003-04	591.35	499.11	84.40
2004-05	451.09	441.65	97.91
2005-06	436.27	365.89	83.87
2006-07	315.97	288.86	91.42
2007-08	797.26	747.87	93.81
2008-09	1747.09	1387.00	79.39
2009-10	1476.29	1163.45	78.81
2010-11	1829.19	1143.21	62.50
CAGR	15.33%	13.63%	---
Average	---	---	82%

Source: 1. 1999-2000 and 2000-01 – Annual Reports of SGSY, DRDA Cachar.

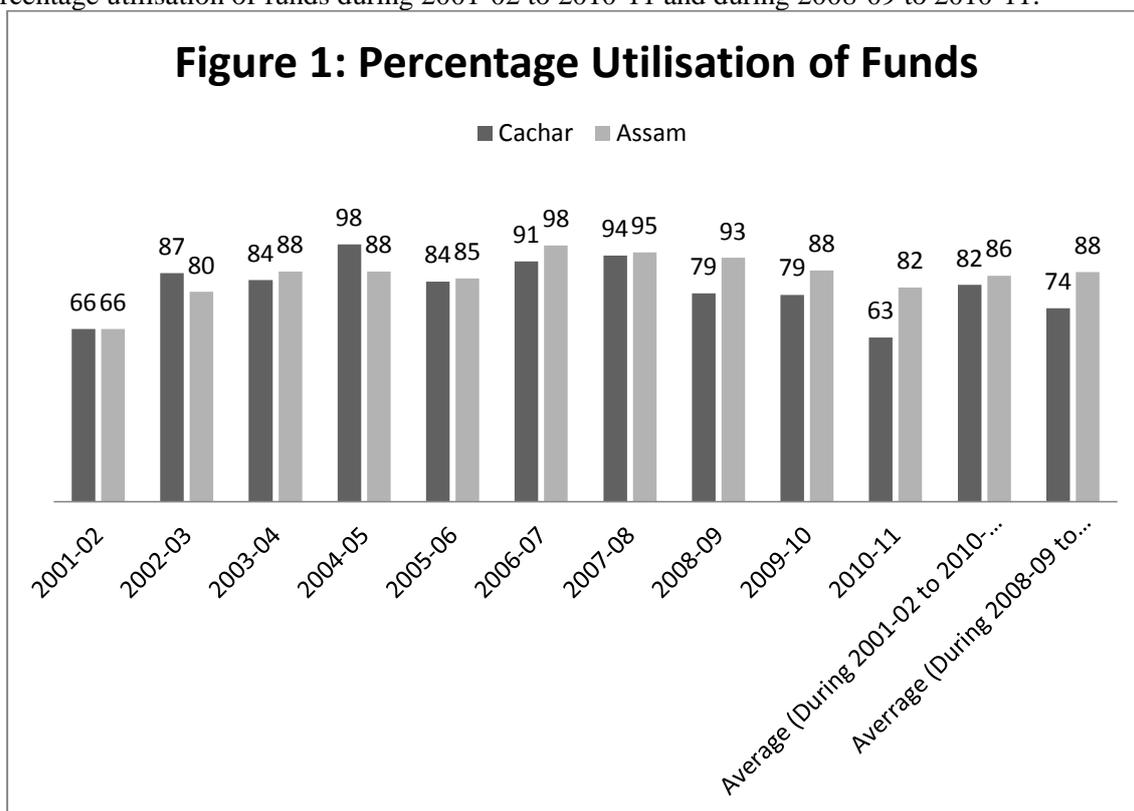
2. 2006-07 and 2008-09 – Website, Ministry of Rural Development, GoI.

3. Government of Assam (2003, 2004, 2005, 2006, 2007, 2008, 2010, 2011).

From the above table, it is observed that, as on 31<sup>st</sup> March 2011, the total available funds in the hands of DRDA Cachar were Rs. 1829.19 lakhs as against only Rs. 380.95 lakhs as on 31<sup>st</sup> March 2000 thereby having the compound annual growth rate of 15.33 percent. On the other hand, as on 31<sup>st</sup> March 2011, the total expenditure under SGSY in the Cachar district of Assam was Rs. 1143.21 lakhs as against Rs. 280.23 lakhs as on 31<sup>st</sup> March 2000 thereby indicating a compound annual growth rate of 13.63 percent. The table also shows the percentage of expenditure incurred to total available funds.

Here one thing is noticeable that the percentage utilisation of funds ranges from as high as 97.91 percent during 2004-05 to as low as 62.50 percent during 2010-11.

Figure 1 shows a comparative analysis of percentage utilisation of funds under the SGSY scheme both in the Cachar district as well as in the state of Assam. The figure also shows the average percentage utilisation of funds during 2001-02 to 2010-11 and during 2008-09 to 2010-11.



From the above figure, it is observed that the average percentage utilisation of funds during the period 2001-02 to 2010-11 in the district is 82 percent which is 4 percent lower than the percentage utilisation of funds in the state. On the other hand, the average percentage utilisation of funds during 2008-09 to 2010-11 in the district is 74 percent which is 14 percent lower than the state level figure of 88 percent thereby indicating worse performance of the district than the state in terms of utilisation of SGSY funds are concerned. The under-utilisation of available funds in the district could be due to lack of motivation on the part of poor as well as inability to shift from wage employment to self-employment.

#### Physical Performance of SGSY in the Cachar District:

Table 2 below shows the year wise growth of Total SHGs, Grade-I SHGs and Grade-II SHGs under SGSY in the Cachar district of Assam since the inception of the programme upto 31<sup>st</sup> March 2011.

**Table 2: Growth of Total SHGs, Grade-I SHGs and Grade-II SHGs in the Cachar District**

Year	No. of SHGs Formed		No. of SHGs Passed Grade-I**		No. of SHGs Passed Grade-II**	
	During the Current Year	Total Since 1-4-1999	During the Current Year	Total Since 1-4-1999	During the Current Year	Total Since 1-4-1999
1999-2000	---	---	---	---	---	---
2000-01	83	83	---	---	---	---
2001-02	100	183	34	34	---	---
2002-03	874	1057	338	372	79	79
2003-04	1019	2076	1201	1573	67	146

2004-05	38	2114	28	1601	172	318
2005-06	302	2401	546	2237	245	643
2006-07	291	2760	172	2258	61	704
2007-08	451	3211	316	2578	330	1049
2008-09	1691	4902	2000	4678	601	1650
2009-10	1503	6405	1600	6178	700	2350
2010-11	1901	9010	1893	8903	625	2830
CAGR	---	59.8%	---	85.6%	---	56.4%

Source: 1. 2000-01 and 2001-02 – Annual Reports of SGSY, DRDA Cachar.  
 2. 2006-07 – Website, Ministry of Rural Development, GoI.  
 3. Government of Assam (2003, 2004, 2005, 2006, 2008, 2009, 2010, 2011).  
 4. \*\* Annual Reports of SGSY, DRDA Cachar.

From the above table, it is observed that as on 31<sup>st</sup> March 2011, a total of 9010 SHGs were formed in the district as against only 83 SHGs as on 31<sup>st</sup> March 2001 thereby having the compound annual growth rate of 59.8 percent. About 57 percent (5095 SHGs) of these groups in the district were formed during the last three years, i.e., during 2008-09 to 2010-11 of the implementation of the SGSY. The table also shows that as on 31<sup>st</sup> March 2011, a total of 8903 SHGs have passed Grade-I as against only 34 SHGs as on 31<sup>st</sup> March 2002 thereby having the compound annual growth rate of 85.6 percent. On the other hand, as on 31<sup>st</sup> March 2011, a total of 2830 SHGs have passed Grade-II as against only 79 SHGs as on 31<sup>st</sup> March 2003 thereby having the compound annual growth rate of 56.4 percent.

It is further observed from Table 2 that out of total 9010 SHGs that were formed in the district since inception of the programme, 8903 SHGs (99 percent; Figure 2) had passed Grade-I. On the other hand, only 2830 SHGs (31 percent; Figure 2) could pass Grade-II. This signifies that the SHG members are not in a position to avail bank loan for starting up of economic activities.

Figure 2 shows the year wise percentage share of Grade-I SHGs and Grade-II SHGs to total number of SHGs formed in the district during 2002-03 to 2010-11.

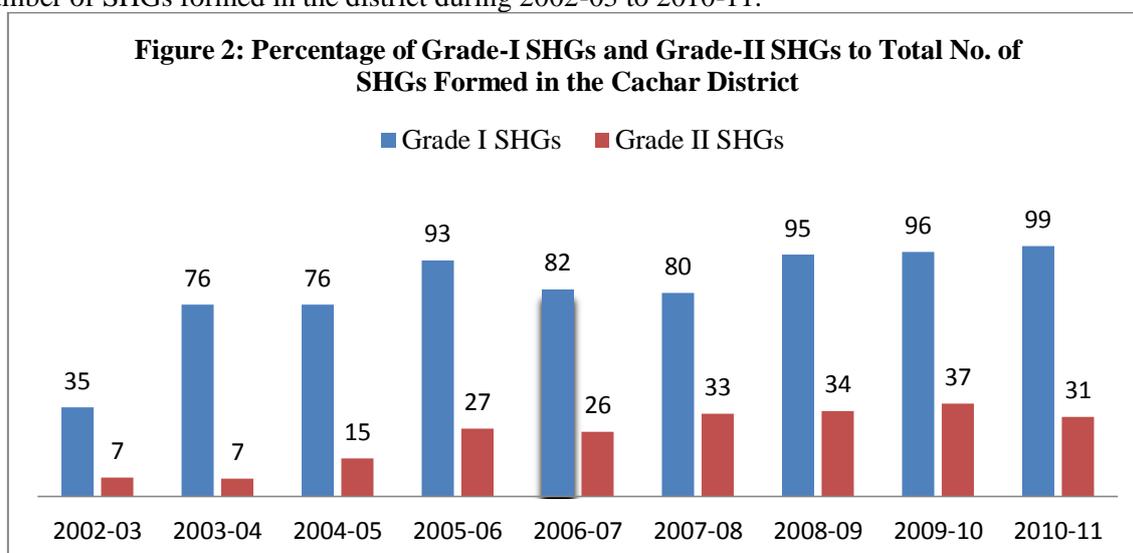
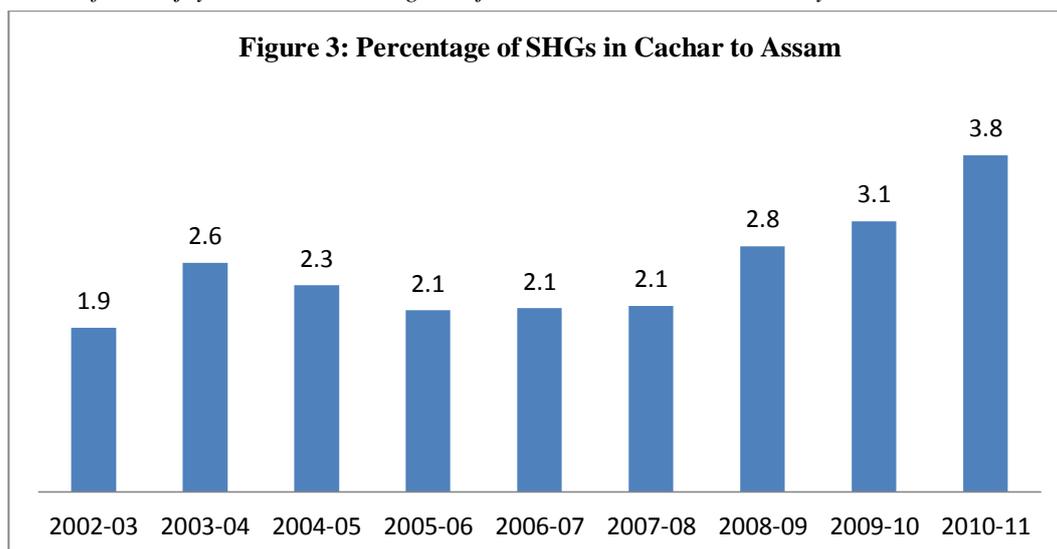


Figure 3 shows the percentage share of Cachar district in the total number of SHGs formed in state as a whole. From the figure, it is observed that the percentage share of the district in the total number of SHGs formed in the state as a whole is only 1.9 percent during 2002-03 but rose to 3.8 percent during 2010-11 having a growth rate of 100 percent during these nine years period.



**Conclusion:** From the above analysis, it is observed that the percentage of expenditure incurred under SGSY in the Cachar District of Assam is lower than the State as a whole. Moreover this difference is more pronounced in the later years of implementation of the scheme in the district. This is not a good sign for the success of the scheme in the district. Moreover, the percentage of SHGs passing Grade II is quite low in the district. This is also an indicator of the poor performance of scheme in the district. But it is hoped that with the restructuring of SGSY into NRLM, the people at the bottom of the pyramid is expected to be benefitted from NRLM as it has adopted 'demand driven' strategy, in place of SGSY's 'allocation based' strategy.

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