
UNIT 1 SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY)-1

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1.0 OBJECTIVES

In this Unit we will discuss various aspects of Swarnjayanti Gram Swarozgar Yojana, the main self-employment programme in operation now for uplifting the rural poor.

After studying this unit, you should be able to:

- describe the main features of SGSY;
- outline the procedure for identifying and selecting beneficiaries;
- describe how Self-Help Groups are formed;
- explain how key activities are selected under SGSY; and
- analyze how capacity building and marketing of products take place.

1.1 INTRODUCTION

You are perhaps aware that the state of rural poverty continues to be a cause of great worry to development planners in India. A large number of anti-poverty programmes have been introduced from time to time through various successive plans but in terms of absolute numbers, poverty continues to grow. During the second

half of the seventies, there was a feeling that benefits of development had not reached the poorest of the poor in the previous two decades. The experience gained by implementing various target group approach programmes such as Small Farmers Development Agency (SFDA), Marginal Farmers and Agriculture Labourers (MFAL) programme, Command Area Development Programme and Drought Prone Area Development Programme (DPAP) suggested a need for an integrated approach to rural development. However, the integrated approach that followed through the introduction of Integrated Rural Development Programme (IRDP) and its sub-programmes either did not help to redress the situation. These programmes had to be revamped to ensure that the desired linkages were established for a meaningful impact. This is now being achieved through the introduction and implementation of the Swarnjayanti Gram Swarozgar Yojana (SGSY), which replaced all other earlier programmes of self-employment. The basic argument however remains intact that it is the self-employment programme, which alone can provide income to the rural poor on a sustainable basis. In Block-1 of this course you have been acquainted with a retrospective picture of various rural development programmes, which were in operation until recently. In this unit we are now turning to the current strategy starting with the self-employment programme namely Swarnjayanti Gram Swarozgar Yojana (SGSY). Since there are a number of aspects of SGSY to be discussed in detail, it may not be possible to accommodate them in one unit. You will, therefore, observe them spread over two units. In this unit we present details about the objectives of SGSY, the Self-Help Groups, identification of key activities, capacity building, etc.

1.2 THE BACKGROUND

At the end of the 1970's, Integrated Rural Development Programme (IRDP) was the only self-employment programme. Over the years a number of supporting programmes, such as Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Toolkits to Rural Artisans (SITRA), Million Wells Scheme (MWS) and Ganga Kalyan Yojana (GKY), have been added. The overall objective of these programmes was to make the rural poor cross the poverty line by generating sustainable income.

With so many programmes for self-employment in operation, they tended to be viewed as separate programmes. There was also the absence of proper linkages as well as lack of proper social intermediation and as a result all these programmes got engaged in achieving individual targets rather than having a cumulative impact on the situation. In the process, the objective of sustainable income generation on a collective basis was lost. This led to the restructuring of these programmes in order to make them more effective in providing sustainable income. Keeping in view the strengths and weaknesses of earlier programmes, a new self-employment programme called 'Swarnjayanti Gram Swarozgar Yojana' (SGSY) was introduced in April 1999. With SGSY coming into effect, the earlier programmes such as IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS are no longer in operation.

1.3 OBJECTIVES OF SGSY

The objective of Swarnjayanti Gram Swarozgar Yojana (SGSY) is to lift the assisted poor people above the poverty line by ensuring appreciable increase in their incomes over a period of time. This objective is to be achieved by, inter alia, organizing the rural poor into Self-Help Groups (SHGs) through a process of social mobilization, training, capacity building and the provision of income-generating assets through a mix of bank credit and government subsidy. The programme aims at setting up a large number of micro-enterprises in the rural areas. The basic idea is that the rural poor in India have varied competencies and if they are provided with necessary support at the right time, they can become very successful producers of valuable goods and services, which will help them in crossing the poverty line. The assisted poor people are known as *swarozgaris*

and they could be either individuals or groups (Self-Help Groups). The emphasis, however, is on group approach. *SGSY is basically a holistic programme* of micro-enterprises covering all the necessary *aspects* of self-employment. They include the following:

- Organization of poor into SHGs (Self-Help Groups),
- Capacity building of SHGs,
- Planning of activity clusters,
- Infrastructure build up,
- Technology,
- Credit, and
- Marketing.

Now let us discuss *what these micro-enterprises are*. Micro-enterprises are those key-activities, which are identified for each block on the basis of the following:

- Resources
- Occupational skills of the people
- Availability of the markets

In order to explain this point further, let us take an example from farm activities. You know that the provision of irrigation facilities is an important activity. Therefore, a group or an individual can take up minor irrigation as a key-activity in a micro-enterprise. Similarly, in the case of non-farm activities, such activities as lead to production of goods and services and have market potential can be taken up as key-activities.

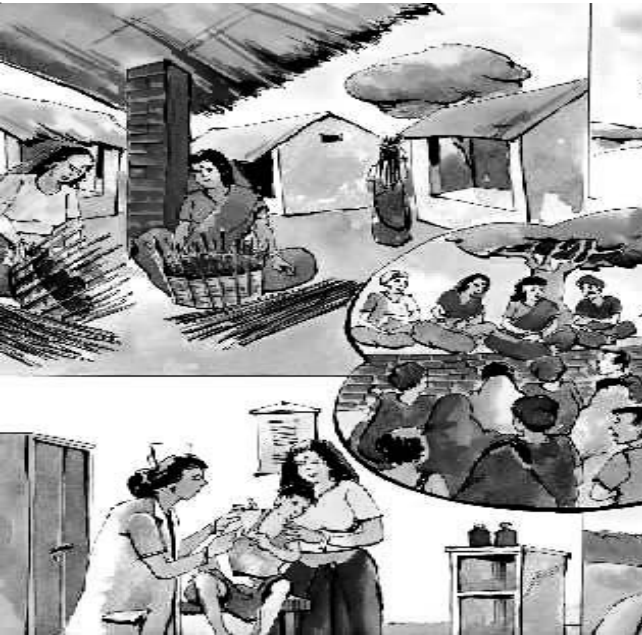
Check Your Progress I

- Note:** i) Write your answer in the space provided.
ii) Check your answer with the possible answer provided at the end of the unit.

- 1) Why did it become necessary to restructure self-employment programmes resulting in the formation of SGSY?
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1.4 TARGET BENEFICIARIES OF SGSY

You know that under SGSY, the beneficiaries are known as Swarozgaris. They can be either individuals or groups of individuals. You will have to remember that SGSY



lays emphasis on the group approach. Whether it is an individual or a group, the beneficiaries or Swarozgaris are selected from the list of below poverty line (BPL) households, which is duly approved by the Gram Sabha. The SGSY particularly focuses on disadvantaged groups among the rural poor. Accordingly, Scheduled Castes and Scheduled Tribes are expected to account for at least 50 per cent of the Swarozgaris, women for 40 per cent and the disabled for 3 per cent.

1.4.1 Selection of Individual Swarozgaris

The process of the selection of individual Swarozgaris begins as soon as the Block SGSY Committee finalizes the list of selected villages every year. The Sarpanches concerned are informed in this regard. The individual Swarozgaris are normally selected in the Gram Sabha. Some times, however, Gram Sabha held at the Panchayat headquarters may not have the participation of all the BPL families concerned. In order to ensure maximum participation, a 3-member team consisting of the BDO or his/her representative, the Banker and the Sarpanch is expected to visit each household in the Panchayat area. This visit has to be taken up as per schedule and should be duly publicized. The team ascertains from BPL families, the persons who can be covered under the designated key activities. The process of identification has to be completed carefully so as to ensure that the deserving beneficiaries are selected.

1.4.2 Self-Help Groups (SHGs)

The other category of beneficiaries is Self-Help Groups. An SHG is a group of rural poor who have volunteered to organize themselves into this group for eradicating the poverty of its members. These groups are organized through the process of social mobilization. This process enables them to form their own organizations (self-help groups) in which they can participate fully and directly and take decisions on all the issues related to poverty eradication. Now let us discuss in detail as to what these Self-Help Groups are.

1.5 EVOLUTION OF SELF-HELP GROUPS

A Self-Help Group (SHG) is an organization of the poor people at the grass roots level meant to exploit their potential for their own betterment. It emerges as a result of the process of social mobilization, which enables them to build their own organizations (self-help groups), for the eradication of poverty. They effectively participate in these groups and take decisions on all issues that affect their lives in relation to their poverty and its eradication. These groups have the advantage of receiving assistance either in terms of credit and technology or market guidance. They evolve through various stages, which include:

- **Group Formation:** formation, development and strengthening of the groups to evolve into self-managed people's organizations at grass roots level.
- **Group Stabilization:** through thrift and credit activity amongst the members, they build their Group Corpus.
- **Micro Finance:** the Group Corpus is supplemented with a Revolving Fund sanctioned as cash credit limit by the banks or under SHG-Bank linkage programme of NABARD.
- **Micro Enterprise Development:** Groups take up Economic Activities of their choice for income generation. They include development of entrepreneurship as well as other skills of the group members to enable them to successfully implement the chosen activity.

An SHG may have 10-20 members. The minimum number of members in a group may be even five in difficult areas like deserts, hills and areas with scattered and sparse population and in the case of minor irrigation projects or when the members are disabled persons. The difficult areas have to be identified by the state level SGSY committee. No group should include more than one member from the same family, nor should a person be a member of more than one group.

In general, all members of the group should belong to the families below the poverty line. In exceptional cases and also where it is considered necessary, however, a maximum of 20% and where it is essentially required, up to a maximum of 30% of the members in a group could be taken from families marginally above the poverty line (APL) living contiguously with BPL families, provided they are acceptable to the BPL members of the group. APL members, however, will not be eligible for the subsidy under the scheme. Further, APL members of the SHG shall not become office bearers (Group Leader, Treasurer, etc.) of the group.

1.5.1 Group Formation: How to form Self-Help Groups under SGSY

You know now that Self-Help Groups (SHGs) are one of the beneficiary categories of the SGSY programme. It is to be kept in mind that the Self-Help Groups have to be different from caste or other traditional groups that already exist in the village. Let us now discuss how to form Self-Help Groups under SGSY. The first thing to remember is that the people who live below the poverty line in a village and are eligible to be beneficiaries of SGSY have to be motivated to become members of Self-Help Groups. This motivation can come only if somebody explains the importance and benefits of group formation to the people concerned. This has to be done by the elected members of Panchayats and voluntary organizations (wherever available). We can say that group formation has taken place when the group concerned is able to:

- Meet regularly (weekly or fortnightly);
- Function in a democratic manner by allowing free exchange of views;
- Participate in the decision making process;
- Draw up an agenda for each meeting and discuss items/issues according to the agenda;
- Follow common rules and procedures for working together;
- Build their corpus through regular savings and use it to advance loans to the members; and
- Maintain simple basic records and operate a group account.

In forming Self-Help Groups under SGSY, it should be noted that *50 per cent* of the groups formed in each block should be *exclusively for women*. Regarding disabled persons, wherever possible, the groups formed should be around a particular disability. If that is not possible, then the people suffering from various disabilities could be brought together to form a disability Self-Help Group. It is during this stage of group formation that the SHGs are brought into contact with the local banks, where they open saving bank accounts to provide them opportunities for learning the modes of dealing with banks. Although an SHG is an informal group, yet if they so desire, they may also register themselves under the Societies Registration Act, the State Cooperative Act or as partnership firms.

Grading of SGSY Self-Help Groups

We have now some idea as to how SHGs are formed under SGSY. The group formation stage lasts for about six months or more depending upon the literacy, awareness levels and the 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 group formation stage, it is necessary to put every SHG so formed to a test to know how far an SHG has evolved into an effective group and whether it is ready to advance to the next stage. This is done through a grading exercise, which takes place six months after the formation of SHGs. The objective of the grading exercise is to identify the weaknesses, if any, of a group and to help the group to overcome them. This helps SHGs to develop into good/effective groups. During the grading exercise the primary focus is on weak groups and all efforts are made by the DRDAs to rectify the weaknesses of such groups.

The DRDAs have to play an effective role in the grading exercise. The grading of SHGs may be done either by the same agency, which was involved in its promotion and development or by an independent agency. It is good, however, if the grading exercise is done by an independent agency, as it will lend objectivity to the exercise and enhance its chances of acceptability by financial institutions. The grading exercise is not a questionnaire oriented process but a participatory process where the investigator assumes the role of a facilitator.

The process of grading involves the following steps:

- i) Development of a detailed list of characteristics of a good/effective group by DRDA in consultation with those involved in the promotion of SHGs;
- ii) Development of criteria for grading the groups;
- iii) Identification of a suitable agency to undertake grading exercise;
- iv) Intensive training of the investigators who will interact with the members of the group;
- v) Facilitating the visits of the assessing agencies to assess the status of the groups;
- vi) Obtaining SHG-wise reports with the rating awarded and the reasons there of;
- vii) Development of an appropriate SHG-wise action plan for strengthening the groups identified as weak or average; and
- viii) Pursue with bankers for securing SHG linkage with such SHGs that are rated “good”.

1.5.2 Capital Formation or Capacity Building through Revolving Funds and Skill Development

In the process of their formation and evolution SGHs pass through various stages and levels of grading. We have just discussed the process of Group Formation, and that of grading to identify ‘good’ groups. This is the first stage in the process of evaluation. A SHG passes through two types of gradation. The first grading begins when a group is already in operation for six months. This is necessary to ascertain whether a particular group has remained viable and is (or is not) a good group. Only a viable and good group enters the first grade of the second stage and receives the Revolving Fund and takes up the activity of capacity building (training) of its members.

Revolving Fund

What is this revolving fund? The revolving fund is a grant received by a good group from the Government to help increase the group corpus so that more and more members of the group can have access to loans. It also helps in increasing the per capita loan available to the members. This helps in making the activity undertaken economically viable.

SHGs need to keep the following principles in mind in order to manage the revolving funds efficiently.

- The groups have to follow the same norms for the utilization of the revolving fund as in the case of their own saving funds. Each group should discuss the credit requirements of its members and advance loans out of the corpus amount to a few members and fix repayment schedules and interest rates. Once the amount is recovered from loanees, new members can be covered following the same process. This is what makes it a *revolving* fund.
- The revolving fund should be used judiciously so that it imparts credit discipline among the members. It is also expected to develop financial management skills among the group members and makes them credit worthy in the eyes of the lending banks.
- The group should utilize the fund in a way that helps its members to develop the capacity for proper utilization of funds.
- The revolving fund can be used for the purchase of raw materials, marketing or infrastructure support for income generating activities.
- The group should encourage, among its members, the habit of timely repayment of loans. It makes the *revolving fund* healthy and strong.
- Those groups that have received the *revolving fund* earlier under DWCRA or any other programme shall not be eligible to receive it under SGSY. They can, however, receive a credit and subsidy under the scheme of group loans of SGSY after they have shown that they have functioned as a viable group.

Grading for a higher level of investment

This is now the second stage of grading. This stage comes only after 6 months from the date when an SHG had received the Revolving Fund. The basic objective is to find out whether an SGH is capable of taking an economic activity through higher levels of investment. Since banks have to provide the loans, it is necessary that the evaluation process be completed to the satisfaction of the banks concerned. There are certain indicators that help in evaluating/grading the SHGs as successful or otherwise.

Indicators of the success of an SHG

An SHG can be classified as a successful one if it shows the following traits:

- Gradual increase in the per capita loan amount;
- Shift from consumption loans to production loans;
- Ability to identify training needs of the members and calculate the value of the training input;
- Ability of the members to investigate and assess their poverty situation and articulate the opportunities for overcoming it;
- Ability to develop portfolio/list of opportunities;
- Capacity to undertake participatory monitoring of its assets;
- Implement community action programmes;
- Self-sufficiency in managing the various aspects of the group including its financial affairs;
- A clear idea of the role and the responsibilities of the members;
- Evolves effective strategies for participatory management.

If an SHG impresses on the basis of the above indicators, it qualifies for a higher level of investment.

1.5.3 Taking up of Economic Activities

After crossing the second stage of grading successfully, the SHG is eligible for receiving assistance for economic activities. This is provided in the form of loans and subsidies. There are two ways in which an SHG can receive this assistance.

- a) Loan-cum-Subsidy to the members of the Group
- b) Loan-cum-Subsidy for a Group Activity
- a) **Loan-cum-Subsidy to the Members of the Group**

A few individuals are identified to be the beneficiaries under the loan-cum-subsidy provision. Even in these cases the group plays the following important role:

- Stands as a guarantee for the repayment of loans to the bank;
- Takes the responsibility of monitoring the processes of asset management and income generation;
- Accesses services from the line departments to help the members to generate the expected income from the activities undertaken; and
- Secures continuous line of credit to the Swarozgaris to access the multiple doses of loan.

The members of the group who are provided the above assistance, however, can also avail themselves of the *back-end subsidy*. Since Swarozgaris are expected to repay all the loan installments to the banks through their respective groups, the groups may like to keep to themselves parts of the subsidy component.

b) **Loan-cum-Subsidy for a Group Activity**

The SGSY encourages group approach because of its advantages over the individual beneficiary approach. In order to do so, the group loans are entitled to 50 per cent subsidy subject to a per capita subsidy of Rs. 10,000 or Rs. 1.25 lakhs, whichever is less. It is necessary that the groups become fully self-managed and strong. This can happen when the members are properly trained. This has to be done by the DRDAs. Any amount spent on group formation or its development can be met from the funds provided under SGSY.

Check Your Progress II

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.
- 1) Define a Self-Help Group. How is it formed?
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2)

When does an SHG become eligible for a higher level of investment?

Role of NGOs

There are a number of factors responsible for the formation of groups under SGSY. The role and the capacity of a facilitator and the creation of the desired motivation among the members are two such important factors among others. The experience of the past reveals that good NGOs can play an important role in providing the desired motivation and thus in the formation of SHGs. They can work closely with the people and motivate them to form groups. The District SGSY Committee can select suitable organizations, societies, individuals or Rural Bank branches as facilitators or community coordinators in the programme on the basis of their past experience in SHG formation, community organization or any other similar work involving participatory approach, communication skills, ability to stay with the people in the rural areas, etc. DRDAs are expected to support such initiatives to promote and sustain the group development process. They may devise Memoranda of Understanding (MOUs) or contracts to be used for entering into agreements with NGOs, CBOs, Banks, Community Coordinators or Animators being involved as facilitators for group formation, development and training.

1.6 IDENTIFICATION AND SELECTION OF KEY ACTIVITIES

The process of finalizing the key activities comprises two steps. First they have to be identified and then selected. Not all the identified activities are selected for implementation.

1.6.1 Identification of Key Activities

Identification of key-activities is based on:

- Availability of local resources
- Aptitude and skills of the people
- Market demand.

The key activities are identified through a participatory process on the basis of the above criteria, as the related decisions should not be arbitrary or ad-hoc in nature. All the decisions are taken after examining all the possible merits and demerits of the identified key activities.

Role of the Block SGSY Committee

The Block SGSY Committee has a very important role to play in identifying the key activities. You know that in the rural areas many poor families have some assets such as land. Efforts should be made so that those who have some land are enabled to cross the poverty line by making additional investments on that land, such as those on wells, other irrigation facilities, pump sets or the like. The next category is of those people who possess some skills. They may be primarily the rural artisans who form a large segment of rural society. The programme envisages covering the rural artisans to a significant

extent. Another category is that of the unemployed educated youth who would have been trained under the TRYSEM. An inventory may be taken of such people to find out which activities are best suited for the area. The Block Committee can identify activities after consulting the following groups of people/institutions:

- NABARD or other Banks of the area;
- Industrial/technical organisations;
- Local Khadi and Village Industries officials;
- District Manager of District Industries Centre;
- As many Sarpanches as possible in the block; and
- Groups of the rural poor such as the landless labour, the educated unemployed, the rural poor who own some land, the rural artisan groups, etc.

Based on the above consultation process, the Block Committee identifies about 8-10 activities. These activities may be ranked in the order of local preferences. This list is then placed before the general body of the Panchayat Samiti (Block Panchayat) for their recommendations or comments. Then, the list of selected key activities, along with the recommendations or comments of the Panchayat Samiti are forwarded by the BDO to the District SGSY Committee for further action.

1.6.2 Selection of Key Activities

After the identification process is completed at the block level, the next step is the selection of key activities that get finalized at the district level. For this purpose, a district SGSY Committee is constituted at the district level.

Role of the District SGSY Committee

The District SGSY Committee receives proposals from the blocks and examines them thoroughly. It scrutinizes the proposals for each key activity separately in consultation with the experts concerned including the line department officials. In fixing the unit cost for the farm sector, the costs fixed by the regional committee of NABARD are taken into consideration. As for the loans for various purposes falling under the ISB sector of SGSY, the responsibility of fixing the unit cost and other techno-economic criteria rest with the Committee.

After examining/scrutinizing the proposals, the Committee selects not more than 10 activities per block. In doing so, the Committee will:

- i) ensure that the infrastructure already available in the district, such as the services, training facilities as well as the market, is fully utilized and that the selected activity does not require any new efforts to acquire these facilities;
- ii) ensure that Swarozgaris taking up the activity can realize appreciable incremental income over a period of time which will help them in crossing the poverty line effectively.

After the final selection of the activities, the DRDA prepares the directory of selected key activities in the district, which is used at the state level for preparing the consolidated directory of selected key activities in the state.

1.6.3 Preparation of Project Reports

For each key activity, there will be a project report. This report is prepared by the Block SGSY Committee not only for each key activity but also for each block separately. It should present details about all the elements of a key activity namely training, credit, technology, infrastructure and marketing. It should clearly indicate:

- How many people were covered in a block under a key activity;
- The required infrastructure that was provided, and the costs involved;
- The levels of investment required and made at the individual Swarozgari level or for a group;
- Whether the key activity selected was for an individual, a group or both; and
- Details of economic components like the investment required and made, the expected returns, the repayment schedule and the net income expected and derived by the Swarozgari.

Very close collaboration between the implementing agency and the line departments is necessary. This collaboration is expected to start with the identification of key activities and preparation of project reports. The selected key activities as well as the project report of each key activity is to be approved by the District SGSY Committee and then placed before the governing body of DRDA for final approval. Where no DRDA exists, it is to be placed before the Zilla Parishad. The approved list of selected key activities is expected to be circulated to the BDO, Bank in the block concerned as well as the line departments concerned. It is to be stressed that under no circumstances, the financing of the key activity is inadequate. The Block SGSY Committee is to review this situation.

1.6.4 Activity Clusters

SGSY emphasizes the cluster approach. What does this mean? The cluster approach implies that each block concentrates only on a few selected key activities, all aspects of which are properly attended to. These activities are to be taken up in clusters to facilitate backward and forward linkages and to enable Swarozgaris to draw sustainable income from their investments.

Covering a few villages every year, clusters are to be taken up for each activity separately. The idea is to cover as many villages as possible and not to concentrate activities of the programme in only a few selected villages.

1.7 CAPACITY BUILDING OR SKILL UP-GRADATION

Under the SGSY programme there are a number of measures for upgrading and improving the capacity of the Swarozgaris for activities meant for individuals as well as groups. While developing the project profiles for the identified key activities, the District SGSY Committee (in consultation with the technical personnel concerned) is expected to determine the Minimum Skill Requirement (MSR) in terms of technical and managerial skills of the Swarozgaris. Once the persons or groups of persons are identified for assistance, their training needs are ascertained with reference to Minimum Skill Requirement (MSR). This exercise helps in assessing the training needs and the types of training, which may suit the Swarozgaris. It could be either:

- a Basic Orientation Programme; or
- a Skill Development Training Programme.

Basic Orientation Programme

This programme is of two-days duration and is arranged after the loan is sanctioned and distributed. This is a mandatory programme and is organized at the block headquarters. It aims at familiarizing the Swarozgaris with SGSY, their responsibilities in the programme and the behavioral aspects required of them. The programme seeks to instill confidence in the Swarozgaris and alert them to the possible risks they may have to face. It includes elements of bookkeeping, knowledge of market and acquaintance with the cost and the

price of the products. The Swarozgaris are also familiarized with the process of project financing done by banks and also with the basic skills required for key activities. The BDOs, Bankers and line departments may act as resource persons in the training programme.

Skill Development Training

This is arranged for those Swarozgaris who need additional skill up-gradation. In order to do so, suitable training programmes are organized by involving government institutions like engineering colleges, ITIs, polytechnics, universities and NGOs. The objective of this training is to ensure that the Swarozgaris possess the Minimum Skill Requirement (MSR) for their respective activities. Loans for the key activities are disbursed only when the Swarozgaris have satisfactorily completed the relevant skill training. For this training Swarozgaris are eligible for financial assistance if the required training takes more than a week to impart. This money may be provided by the bank concerned as a soft loan to the Swarozgaris.

1.7.1 Identification of Training Institutions

Existing infrastructural facilities at the block and the district levels should be utilized for training purposes. These may include ITIs, 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. The selected training institutions should have adequate facilities in terms of faculty, buildings, etc. Normally private institutions shall not be used for training, unless they are well known and have excellent infrastructural facilities. There is, however, no bar on utilizing the private sector industrial units for appropriate training. The expenses for the training programme are met by DRDA from the ‘SGSY Training Fund’.

1.7.2 SGSY Training Fund

Of the SGSY Funds certain percentage is set aside for training and a separate Account Head is opened for this purpose. This fund is utilized for providing both orientation and skill development training programmes to the Swarozgaris.

1.8 TECHNOLOGY SUPPORT AND MARKETING

As you are aware, for any successful enterprise, appropriate technology support is of great importance. SGSY seeks technology interventions to add value to the local resources and to support and promote the marketing of goods produced by the Swarozgaris. We shall now discuss both these aspects in detail.

1.8.1 Identification and Absorption of Appropriate Technology

The technology identified for each key activity should be one that can be managed easily by the Swarozgari and at the same time it should lead to quality products, either in terms of goods or services. The technology that is provided to the rural poor has to be tested in the field and care needs to be taken to avoid giving unproven technology to them. The technology introduction/up-gradation is expected to be such as to suit the needs of the rural poor (Swarozgaris) for the given key activity. The process of technology identification is closely inter-linked with the identification of the key activity itself. The technology itself should be of a type for which support services and infrastructure are adequately available. The project profiles of the key activities are expected to clearly state the present status of technology, feasibility and potential for technology up-gradation.

Technology options may be explored in the following areas:

- Processing, value addition and packaging;
- Linkages with agricultural and animal husbandry extension services; and
- Productivity enhancement, efficiency improvement, cost-effectiveness, drudgery reduction, etc.

Since SGSY emphasizes the group approach, the number of groups is not expected to be far too large. The Swarozgaris either individually or in groups are to be distributed over the 8-10 key activities in the block. For each key activity it is necessary to have an institution capable of providing technology, ensuring skill up gradation and monitoring the performance in terms of the quality of output as well as the recovery. The choice of such an agencies varies depending on the local situation. They include the existing institutions or agencies available in the blocks/districts, such as:

- Community Polytechnics
- Technology resource centers established by CAPART
- Rural Technology Demonstration-cum-Training Centres of the National Research and Development Corporation (NRDC)
- Farmer Training Centres
- Regional Centres of Agricultural Universities
- Krishi Vigyan Kendras

The DRDAs are expected to channelise the infrastructural facilities/resources to achieve the desired goals of SGSY.

1.8.2 Marketing Support

The marketing of goods produced by the Swarozgaris is an important task under SGSY. If there is a proper market for the sale of their products, the Swarozgaris will not lose interest in the programme. The following options have been suggested to promote the marketing of goods produced by the Swarozgaris:

- Market surveys should be conducted to know what kinds of product are needed in the area concerned and what quantity is to be produced;
- The State Governments have established District Supply and Marketing Societies (DSMSs) to provide services related to marketing and other relevant information. The DSMS should be a part of the overall strategy for the promotion of marketing support to the products under SGSY;
- The SGSY products should be sold and displayed at Centre/State Emporia, Handicraft Boards and Handloom Corporations, KVIC/KVIB retail outlets, etc.;
- NGOs and independent organizations should help in marketing the products of rural artisans/craftsmen across the country; and
- Rural *haats*, urban markets, *melas* and periodical exhibitions should be used to popularize the SGSY products.

Check Your Progress III

Note: i) Write your answers in the space provided.
ii) Check your answers with the possible answers provided at the end of the unit.

1) How are the ‘Key Activities’ identified?

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.....

2)	What are the various elements of a project report prepared for a Key Activity?
	
	
	
	
	
	
	

1.9 LET US SUM UP

This unit provides detailed information about the first part of the newly introduced self-employment programme, namely SGSY. This programme aims at building the potential of the rural poor by establishing a large number of micro-enterprises in the rural areas. With the coming into force of SGSY, the earlier programmes IRDP, TRYSEM, DWCRA, SITRA, GKY and MWS are no longer in operation. The objective of SGSY is to lift the assisted poor families above the poverty line within a specified period of time by providing them income-generating assets through a mix of bank credit and government subsidy. It has been conceived as a holistic programme of micro-enterprises covering all the aspects of self-employment, viz. organization of the rural poor into self-help groups and their capacity building, planning of activity clusters, infrastructure build up, technology up-gradation, credit and marketing. All these aspects have been discussed in great detail. Further, the institutional set up for the implementation and monitoring of the programme has also been explained and lastly, the unit describes the special project component, which is an alternative strategy to lift a specific number of BPL families above the poverty line within a limited period of time.

1.10 KEY WORDS

- | | | |
|--------------------------|---|---|
| Group Corpus | : | Under the SGSY programme, Group Corpus is defined as the total amount available with the group. It includes all the cash with the group, the amount in the Savings Bank account of the group, loans outstanding against members of the group and the interest earned on the loans as well as deposits. |
| Sustainable | : | An activity or process that can remain in operation on continuous basis |
| Holistic Approach | : | Total approach that takes account of all the factors necessary to achieve success. In the present context, the SGSY is conceived as a holistic programme of micro-enterprises covering all aspects of self-employment viz. organization of the rural poor into SHGs, their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing. |
| Subsidy | : | The difference between the market price and the price (which is lower) paid by the beneficiary for various products and/or services. This difference is met by the government. |

1.11 SUGGESTED READINGS AND REFERENCES

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1.12 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1) There were a number of programmes for self-employment in operation. In absence of proper linkages these programmes got engaged in achieving individual targets rather than having a cumulative impact on the situation. As a result they tended to be viewed as separate programmes. In the process, the objective of sustainable income generation on a collective basis was lost. This led to the restructuring of these programmes and the creation of SGSY.

Check Your Progress II

- 1) A Self-Help Group (SHG) is an organization of the rural poor at the grassroots level who are helped to exploit their potential for their own betterment. It emerges as a result of the process of social mobilization, which enables the rural poor to build their own organizations (self-help groups) for the eradication of poverty.
- 2) It is only after 6 months from the date a Self-Help Group has received the Revolving Fund. The process is called ‘Grading’. The basic objective is to find out whether a Self-help Group is capable of taking an economic activity through higher levels of investment.

Check Your Progress III

- 1) The key activities are identified through a participatory process on the basis of the following criteria:

- Aptitude and skills of the people
- Availability of local resources
- Market demand.

They are finally selected after examining all the possible merits and demerits of the identified key activities. All efforts are made to see that about 30 per cent of the rural poor in a block are covered within the next five years.

- 2) The project report should clearly indicate:

- How many people were covered in a block under a key activity;
- The required infrastructure that was provided, and the costs involved;
- The levels of investment required and made at the individual Swarozgari level or for a group;
- Whether the key activity selected was for an individual, a group or both; and
- Details of economic components like the investment required and made, the expected returns, the repayment schedule and the net income expected and derived by the Swarozgari.

UNIT 2 SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY)-2

Structure

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Credit-cum-Subsidy
 - 2.2.1 Norms of Lending
 - 2.2.2 Sanction of Loans by the Banks
 - 2.2.3 Creation of Assets
 - 2.2.4 Provision for Multiple Doses of Credit
 - 2.2.5 Provision of Subsidy in SGSY
 - 2.2.6 Repayment of Loans
- 2.3 Allocation and Release of Funds
 - 2.3.1 Criteria for Selection/Allocation
 - 2.3.2 Procedure for the Release of Funds
- 2.4 Implementation of SGSY
 - 2.4.1 Central Level
 - 2.4.2 State Level
 - 2.4.3 District Level
 - 2.4.4 Block Level
 - 2.4.5 Role of the Panchayati Raj Institutions
 - 2.4.6 Role of NGOs and other Institutions
 - 2.4.7 Monitoring and Evaluation
- 2.5 Special Projects under SGSY
- 2.6 Let Us Sum Up
- 2.7 Key Words
- 2.8 Suggested Readings and References
- 2.9 Check Your Progress - Possible Answers

2.0 OBJECTIVES

We have already discussed a part of SGSY programme in the previous unit. In this unit, we shall now discuss the remaining details of the programme.

After studying this unit, you should be able to:

- describe all the important features of SGSY;
- outline the availability of funding and the procedure for releasing funds;
- describe the implementation process of SGSY; and
- explain the role of Panchayats and other agencies in the implementation of SGSY.

2.1 INTRODUCTION

The basic purpose of Swarnjayanti Gram Swarozgar Yojana (SGSY) is to help the poor with proper support and encouragement so that they can cross the poverty line within a fixed period of time. Building upon the potential of the rural poor, SGSY aims at establishing a large number of micro-enterprises in the rural areas. Keeping in view the size of guidelines on the SGSY programme and the limitation of space in a unit, it was thought desirable to divide SGSY into two parts. In the first part (i.e. Unit 1 of this Block) you

must have come across the different aspects of SGSY including its main features, procedure for selecting and identifying beneficiaries, formation of Self-Help Groups, selection of key activities, training, etc. In the second part (i.e. in this unit), we shall now discuss the remaining details of the programme, which include credit-cum-subsidy, allocation and release of funds, implementation and special projects under SGSY .

2.2 CREDIT-CUM-SUBSIDY

In different sense, SGSY is a credit-cum-subsidy programme. Credit is the key element under SGSY and subsidy is only a small and enabling component. The major part of the investment consists of bank credit from financial institutions like commercial banks, cooperative banks and regional rural banks. The various aspects of the credit-cum-subsidy available under the programme for the Swarozgaris are outlined as follows.

2.2.1 Norms of Lending

SGSY has no investment limits other than the unit cost (investment requirement). The size of loan for a project depends on the nature of the project. It would be equal to the total project cost including the amount of subsidy as permitted to the Swarozgaris. As far as interest rates on loans are concerned, these are to be notified by the Reserve Bank of India and NABARD from time to time.

2.2.2 Sanction of Loans by the Banks

The bank concerned is expected to sanction the loan to the Swarozgaris or Self-Help Groups within fifteen days from the date the applications are received in the bank. Once the bank sanctions loans, it will send the list of the selected grantees to the Gram Panchayat, the BDO and the line department concerned. The panchayat is expected to place this list before the next meeting of the Gram Sabha to ensure that the loans are sanctioned strictly as per the norms laid down. The Bank Manager is expected to ensure that the terms of loans and repayment schedules are parts of the project profiles. The line department concerned will have to ensure as to whether the Swarozgaris have the necessary skills. As soon as loans are sanctioned, the bank is expected to distribute the loans and subsidies to the Swarozgaris who have completed the basic orientation programme or the skill-training programme.

2.2.3 Creation of Assets

One of the interesting features of this scheme is that Swarozgaris are given full freedom to purchase assets of their choice after they receive the loan. There are, however, some conditions attached to it. These include:

- Assets purchased should be of good quality;
- Assets should be procured within a month after the receipt of the loan and subsidy;
- The BDO and the Bank Officer concerned should be informed about the purchases; and
- DRDA and the Bank should ensure, through the normal monitoring and verification processes, that quality assets have been purchased.

It is necessary to remember that if the bank is not informed about the procurement of assets and the BDO comes to the conclusion that non-procurement has been due to the negligence of the Swarozgaris, the loan can be cancelled and the money has to be recovered. The Swarozgaris or all the group members of SHGs concerned are liable for civil or criminal proceedings that may arise from such an event. Before such steps are taken, however, Swarozgaris are given reasonable opportunity to explain their position.

2.2.4 Provision for Multiple Doses of Credit

As you have already seen SGSY is a credit-cum-subsidy programme, in which the subsidy is only an enabling component while the credit is the key component. Therefore, there may be more than one dose of credit needed to improve the earning capacity of the Swarozgaris. Multiple doses of credit would mean assisting a Swarozgari over a period of time with a second and subsequent dose(s) enabling him/her or them to access a higher amount of credit. The Swarozgaris are allowed to stabilize and improve their credit absorption capacity and increase their credit intake over the years either for the same activity or a new activity. It is therefore important to remember that the main purpose of multiple credits is to facilitate a gradual improvement in the income earning capacity of the Swarozgaris.

2.2.5 Provision of Subsidy in SGSY

The provision for subsidy in SGSY is as follows:

- It is available uniformly at 30 per cent of the project cost. This is subject to a maximum of Rs. 7,500/-;
- In the case of Scheduled Castes and Scheduled Tribes, the subsidy component is 50 per cent of the project cost, subject to a maximum of Rs. 10,000/-;
- For Self-Help Groups (groups of Swarozgaris), the subsidy is available at 50 per cent of the project cost. It is, however, subject to a maximum limit of Rs. 1.25 lakhs; and,
- For irrigation projects, there is no limit to the subsidy provided.

The subsidy available under SGSY is *back-ended*. It means that the banks would provide the full project cost including subsidy to the Swarozgaris as a loan. The benefits of the subsidy will also be available to those who would like to avail themselves of the working capital in the form of cash-credit. One of the important things to understand is as to how the banks operate the subsidy amount. This operation is outlined as follows:

- The subsidy admissible to the Swarozgaris is kept in a Subsidy Reserve Fund Account.
- The subsidy amount is kept in the bank Swarozgari-wise and **not** as a term deposit in the name of Swarozgaris.
- The banks do not apply any interest on the Subsidy Reserve Fund Account.
- In order to facilitate charging of interest on the loan, the subsidy amount is separated from the amount received as a lone.
- In the case of working capital advances also, the subsidy is kept in the Reserve Fund Account without any interest being offered. Any amount standing to the credit of the account is withdrawn and credited to cash-credit account of SGSY Swarozgaris after a period of five years.

2.2.6 Repayment of Loans

The repayment schedule of the loan is expected to be drawn up in such a way that the subsidy kept under Subsidiary Reserve Fund would be sufficient for adjustments towards the last few instalments. The availability of subsidy benefits to the Swarozgaris depends on their proper utilization of the loan, prompt repayments and proper maintenance of the asset created in the process.

The banks also issue loan passbooks to the Swarozgaris. These passbooks contain the following details:

- The date of the sanction of the loan;
- Amount of the loan sanctioned;
- Subsidy to be adjusted in the final instalment repayment;
- Rate of interest;
- Amount due under each instalment; and
- Due dates of instalments.

All the loans given under SGSY are medium-term loans and repayments are subject to the following conditions prescribed in the repayment procedure:

- The minimum repayment period is five years,
- The instalment amount is to be fixed as per the unit cost approved by NABARD/DLCC,
- Instalments need not be paid during the development period (initial stages) of the asset (project),
- Repayment instalments should not be more than 50 per cent of the incremental net income expected from the project, and
- The number of instalments is fixed in accordance with the principal amount, interest liability and the repayment period.

You have to remember that the Swarozgaris would not be entitled for any benefit of subsidy if the loan is not fully repaid before a certain fixed period known as the ‘lock-in period’. The loan repayment period under SGSY is 5, 7 or 9 years. The lock-in period corresponding to these repayment periods is 3, 4 and 5 years respectively. If, however, the loan is fully repaid before the lock-in period, pro-rata is to be given to the Swarozgaris.

Check Your Progress I

- Note:** i) Write your answer in the space provided.
- ii) Check your answer with the possible answer provided at the end of the unit.

1) What are the conditions attached to the purchase of assets by Swarozgaris?

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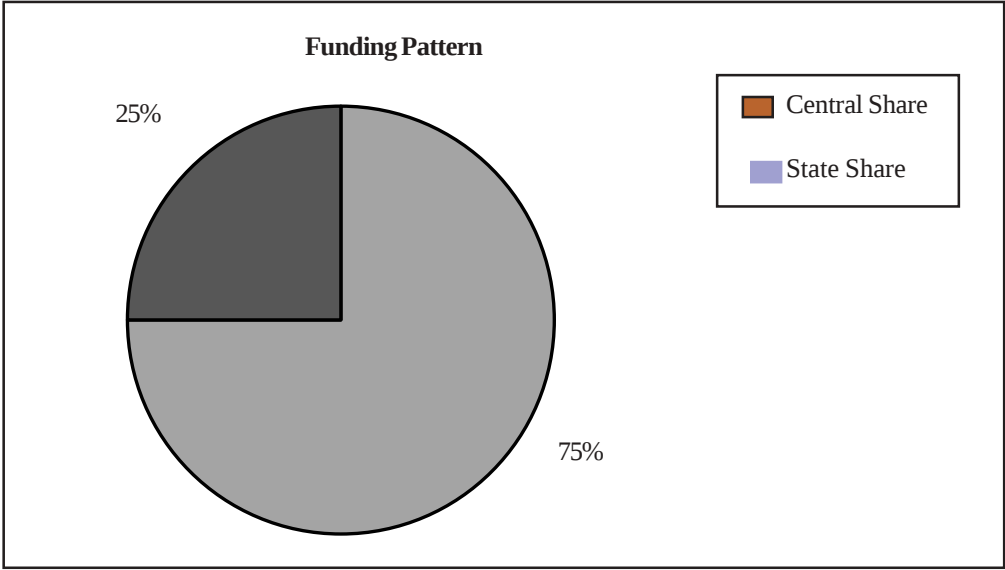
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2.3 ALLOCATION AND RELEASE OF FUNDS

As you have seen SGSY is a *centrally* sponsored scheme. The funding for the programme is shared by the central and the state governments in the ratio of 75:25.



2.3.1 Criteria for Selection/Allocation

The central allocation of funds that is earmarked for the states is distributed on the basis of the incidence of poverty in the states. The amount of funds that should go to the districts is indicated by the states and approved by the Government of India. The central government releases the funds directly to the DRDAs, while the devolution of funds to the Blocks is decided by the Governing Body of the DRDA on the basis of the level of poverty and other local factors. During the course of the year other factors like the utilization of SGSY funds and special requirements are taken into consideration for adjustments.

As far as the expenses for running the administration of DRDA are concerned, there is a separate centrally sponsored scheme called “DRDA Administration”, from which these expenses are met.

2.3.2 Procedure for the Release of Funds

The Central Government usually releases the funds of SGSY in two instalments except in the case of cold snow bound districts with limited working period such as Lahaul, Spiti, Leh and Kargil, where the entire share can be released in one instalment. These releases should be immediately followed by the releases of the states.

First Instalment

The first instalment for a particular year is released without any formal request, if the second instalment of the previous year had been released without any condition. If it was not released at all or was released with some condition, then a formal request for the release of the first instalment for a particular year is required from DRDAs after the conditions have been fulfilled. The process of releasing the first instalment should ordinarily be completed by the end of the second month of the financial year.

Second Instalment

The second instalment is released by the Central Government on the request of DRDAs in a prescribed proforma. For this, the following conditions should be fulfilled before the request is made:

- i) The State Government should indicate the budget provision for the current year. The Central release will not exceed it proportionately;
- ii) The State Government should have released its contribution during the previous year;

- iii) The opening balance of the DRDAs should not exceed 15 per cent of the allocation of the year in which funds are being released;
- iv) At least 60 per cent of the available funds including carry forward funds should have been utilized;
- v) Audit reports and utilization certificates for the previous year should be furnished;
- vi) The related annual plan should have been approved by the Governing body of DRDA;
- vii) Any other terms and conditions imposed at the time of the last release should have been met; and
- viii) The States should ideally get the second instalment released latest by the end of December. The release of the second instalment depends on when utilization is reported. Depending on the receipt of the complete proposal for the second instalment, the quantum is to be governed as follows:

Proposals received:

-By the end of December	-	50% of the allocated fund
-By the end of January	-	40% of the allocated fund
-By the end of February	-	30% of the allocated fund
-By March	-	20% of the allocated fund

Check Your Progress II

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.
- 1) What is the central share in the funding of SGSY? In how many instalments are funds released?
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-
-
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-
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2.4 IMPLEMENTATION OF SGSY

SGSY involves different agencies for the successful implementation of its programmes. It is implemented by District Rural Development Agencies (DRDAs) through Panchayat Samitis and with the active involvement of other Panchayati Raj Institutions, the line departments, banks and NGOs. Close coordination among the agencies responsible for the implementation of SGSY programmes is necessary to achieve the desired goals of the programmes. The programme need to be treated as a joint programme and all the agencies are expected to be conscious of their respective roles. In order to ensure proper coordination, various committees and institutions are involved at different levels.

2.4.1 Central Level

The Ministry of Rural Development, Government of India, has the overall responsibility for policy formulation, monitoring and evaluation of the programmes and also for the release of the Central share of funds. A Central Level Coordination Committee (CLCC) is constituted to oversee the programmes at the national level. This Committee is expected to meet once in six months under the Chairmanship of the Secretary, Ministry of Rural Development with the Joint Secretary (IRD), Department of Rural Development as its Member Secretary. Other members of this committee are:

- Deputy Governor, Reserve Bank of India;
- Secretary, Dept. of Agriculture & Cooperation;
- Secretary, Dept. of Expenditure;
- Special Secretary, Banking Division, Ministry of Finance;
- Secretary, Dept. of Women & Child Development;
- Secretary, Dept. of Small Scale & Agro-related Industries;
- Secretary, Dept. of Science & Technology;
- Secretary, Ministry of Welfare;
- Managing Director, NABARD;
- Advisor (Rural Development), Planning Commission;
- Additional Secretary & FA, Ministry of Rural Development;
- State Secretaries of Rural Development;
- Chairmen-cum-Managing Directors of all commercial sector banks;
- Director General, CAPART;
- Director General, NIRD;
- Chairman, Indian Banks Association; and
- 4-5 NGO representatives nominated by the Ministry of Rural Development.

The functions of CLCC are:

- i) To review and ensure effective implementation of the programmes;
- ii) To review linkages of support services for SGSY;
- iii) To review the progress of these programmes in physical, financial and qualitative terms including credit assistance;
- iv) To consider concurrent evaluation reports;
- v) To provide a forum for a continuous dialogue with the State Governments and Bankers; and
- vi) To review the credit arrangements and recommend changes and improvements as and when necessary.

2.4.2 State Level

At the State level, the Department of Rural Development or any other Department, which deals with Rural Development, is responsible for planning, implementation, monitoring and evaluation of the programmes. The State Level SGSY Committee is constituted to oversee the functioning and performance of the programmes. The Chief Secretary/Development Commissioner chairs this Committee and Secretary, in charge of Rural Development is the Member Secretary. Other members of this committee are:

Programmes for Self & Wage Employment and Social Security — Current Strategy

- Secretary, Dept. of Institutional Finance;
- Secretary, Dept. of Planning;
- Secretary, in-charge of Women’s Development;
- Heads of Line Departments concerned as and when required;
- Secretary in-charge of welfare of Scheduled Castes/Scheduled Tribes;
- Representative of NABARD (local head of the regional office);
- Representative of RBI;
- Representatives of the implementing banks at State Headquarters;
- A representative of the Government of India (not below the rank of Deputy Secretary);
- Director, SIRD;
- Convener, SLBC.

The functions of the State level committee are:

- i) To provide leadership and guidance in the planning, implementation and monitoring of the programmes;
- ii) To review the district wise progress under SGSY and suggest remedial actions;
- iii) To monitor and evaluate the implementation of the programmes with reference to the objectives of the programmes;
- iv) To review the involvement of the reputed NGOs in the SGSY and provide advisories if necessary;
- v) To provide a forum for a meaningful dialogue between the policy makers at the State level and the implementers at the field level as well as the bankers concerned; and
- vi) To discuss any other issues relating to SGSY.

2.4.3 District Level

A district level SGSY Committee is constituted under the Chairmanship of District Collector/Chief Executive Officer. This Committee meets every month to review the progress of programmes under SGSY and suggest corrective action wherever necessary. The Lead Bank Officer is the Convener of this Committee.

Other members of this committee are:

- DDM of NABARD;
- LDO of RBI;
- District level Coordinators of the implementing banks;
- Concerned Heads of district level line departments;
- General Manager, DIC;
- District KVIB officer;
- Project Director, DRDA;
- 2-3 NGO representatives; and
- Lead Bank Officer.

The functions of the District SGSY Committee include:

- i) Review of the SGSY plan;
- ii) Monitoring and review of the overall progress of programmes in physical and financial terms;

- iii) Sorting out inter-agency differences and to prepare items for consideration of the State Level Committee;
- iv) Assessing training needs of Swarozgaris and also to review the arrangements for training including the identification of appropriate institutions; and
- v) Monitoring the recovery position bank-wise and block-wise so as to initiate corrective measures where necessary.

This Committee meets every month to review the progress of SGSY programmes and suggest corrective measures wherever necessary.

2.4.4 Block Level

Each Block has a SGSY Committee under the Chairmanship of the Project Director, DRDA. The Block Development Officer (BDO) is the Convener of this Committee. The Lead Bank Officer, DDM, NABARD and the Lead District Officer, RBI, are expected to attend the meetings as special invitees. Other members of this committee are:

- Project Officer (Self-employment);
- Branch Managers of all the implementing bank branches in the Block;
- Block level/Sub-Division level officers of the line departments concerned; and,
- One NGO representative.

The functions of Block Level SGSY Committees are:

- i) Selection of key activities at the beginning of the programme;
- ii) Selection of the villages and the number of Swarozgaris to be covered each year;
- iii) Distribution of work among the bank branches;
- iv) Monitoring of the performance of different agencies;
- v) Resolution of coordination issues pertaining to infrastructure, credit, technology and marketing;
- vi) Review of incomes being earned by Swarozgaris;
- vii) Review of the recovery performance, fixing dates for recovery camps, etc.;
- viii) Conduct of sample checks for verification of assets;
- ix) Drawing up of the monthly report (the monthly report may be drawn by the BDO based on the information furnished by the banks); and
- x) Review of the progress of Swarozgaris in crossing the poverty line.

- This Committee meets between the 5th and the 10th of every month. It discusses the selection of activities, selects villages, decides number of Swarozgaris, and attends to infrastructure related issues. It also reviews the progress of Swarozgaris in crossing the poverty line. The proceedings and decisions of the meetings are compiled by the BDO and sent to Panchayat Samitis for information and necessary action. A copy of it is also sent to the Project Director, DRDA and another one to the Lead Bank Officer.

2.4.5 Role of the Panchayati Raj Institutions

In SGSY, the Panchayati Raj Institutions are to play a crucial role. The Gram Sabha approves the BPL list of families. It also identifies the potential Swarozgaris for taking up key activities. This is done by a three-member committee including the Sarpanch. The list of Swarozgaris who are sanctioned the loan by the bank is placed before the Gram Sabha.

The Gram Panchayat takes steps to provide funds available under JGSY and other programmes for the necessary key activities under SGSY. It also participates in monitoring the performance of Swarozgaris and ensures the recovery of loans regularly.

The Panchayat Samiti (Block level) approves the key activities that are identified for the blocks before the list is sent to the district level technical group through the BDO. It also reviews the monthly reports sent by the Block SGSY Committee, particularly those on the loan recovery performance.

The Zilla Parishad examines the performance of SGSY in its general meetings.

2.4.6 Role of NGOs and other Institutions

You cannot under estimate the importance of NGOs in such schemes. Under SGSY, NGOs have an important role to play. They are involved in the formation of and for providing basic training to Self-Help Groups. They can help the Swarozgaris by providing technology support and the means of quality control for their products. They can also monitor the progress of the Swarozgaris. Besides, if any other technical resources in the form of technical institutions are available in the district, their experiences and technical knowledge is utilized.

Similarly, the banks have a very important role in SGSY. They are involved in planning and preparation of projects, selection of Swarozgaris, selection of key activities, pre-credit activities and post-credit monitoring and recovery of sanctioned loans. Line departments also have important roles to play. In fact, SGSY needs close collaboration between the implementation agencies and the line departments. The latter are responsible for the planning and creation of infrastructure to make the key activities successful. They also have to ensure that all the facilities including technical guidance and the relevant training are provided to *swarozgaris*. Besides, they are expected to monitor their progress.

2.4.7 Monitoring and Evaluation

Monitoring

The performance of the implementation of SGSY is expected to be monitored continuously at all the levels to ensure that prescribed procedures and specifications are followed. The agencies involved in monitoring are DRDA, BDO, Panchayats and Bank branches. At the Block and the District levels, this is to be done through reports and physical verification of assets. At the Central level, the programme is monitored on the basis of monthly progress reports. At the end of the financial year (i.e. at the end of March every year) the Annual Progress Report brings together the details pertaining to all the aspects of the implementation of and the progress made by the programme. In particular it focuses on:

- The physical and financial progress made during the year;
- The linkages provided and used for various activities; and
- General comments on the implementation of the programme including suggestions, if any.

The Projects given to the Swarozgaris are followed up by the DRDA/Block officials and the bankers to see that the Swarozgaris are properly managing their assets and are able to generate the expected income. All efforts are made to remove the difficulties that the Swarozgaris may face from time to time. All the Swarozgaris are given a Vikas Patrika, i.e. a development manual. A copy of this Patrika is kept at the Block office also. Both the copies are continuously updated with reference to the health of the Projects.

In order to develop a consistent system of monitoring the implementation of SGSY at the block/DRDA level through field visits and physical verification of assets as well as the progress of swarozgaris towards income generation, the following schedule of inspections (of the families concerned by various officers) is provided in the guidelines:

i) District Magistrate or Chairman DRDA	10 per month
ii) Project Director, DRDA	20 per month
iii) Project Officer & Project Economist	40 per month
iv) SDMs	20 per month
v) BDOs	20 per month
vi) ADOs	20 per month

The District Collector/Chairman DRDA is expected to prescribe a suitable number of field visits for the officers of the line departments and obtain their inspection reports, which serve as the main input in preparing the consolidated report by the Monitoring Wing at DRDA. These reports are discussed at the meetings of the Governing Bodies of DRDA for taking corrective action. Copies of the reports are also sent to states along with summaries of comments and the follow up action taken.

Evaluation

The States and Union Territories are expected to conduct periodic evaluation studies on the implementation of the programme and on issues thrown up by the concurrent evaluation. Evaluation studies can also be assigned to reputed institutions and organizations. The Centre or States/UTs may commission such studies as and when needed. Remedial action is expected to be taken by the States/UTs on the basis of observations and recommendations made in these evaluation studies. Further, copies of the evaluation studies commissioned by the states are to be provided to the Central Government.

2.5 SPECIAL PROJECTS UNDER SGSY

Special projects are taken up under SGSY to take up new initiatives or possible alternative strategies to achieve the desired goals of the programmes. For taking up such projects 15 percent of SGSY funds are set apart by the Ministry of Rural Development, and other departments and semi-government organisations such as, the Khadi and Village Industries Commission, Handicrafts, Commodity Boards, etc. or international organisations are involved in these initiatives under special projects.

The objective of each special project is to ensure a time bound programme for lifting a specific number of BPL families above the poverty line through self-employment programmes.

A two-tier committee approves the projects:

- a) A Project Screening Committee chaired by the Joint Secretary, Department of Rural Development scrutinizes the project proposals submitted under the special projects scheme. This Committee is also responsible for periodical review and monitoring of the projects sanctioned under the scheme.
- b) A Project Approval Committee (PAC) chaired by the Secretary, Ministry of Rural Development gives approval to the special projects under SGSY. Joint Secretary (IRD) is the Member-Secretary of this committee.

The proposals for special projects under SGSY include the following details:

- i) Likely beneficiaries/ families of beneficiaries and year-wise details of long-term and short-term benefits expected to accrue to the Swarozgaris;

- ii) An analysis of the activities proposed to be undertaken and the possibility of replicating them elsewhere;
- iii) The approach proposed to be adopted for achieving the objectives and the activities identified in relation to the available resources; and
- iv) Details of integration with other on-going rural development programmes in the area and the arrangement for dovetailing funds from non-SGSY resources.

The duration of the implementation of projects is not normally expected to exceed three years. Funds are released according to the relevant approval for each programme. The implementing agency submits the reports and the returns to the Central Government as per the prescribed procedures.

Check Your Progress III

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.
- 1) What is the role of the Ministry of Rural Development in the implementation of SGSY?
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- 2) In what way do NGOs help in the effective implementation of SGSY?
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- 3) Why are special projects taken up under SGSY and what is their main objective?
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2.6 LET US SUM UP

This unit gives you the remaining details of SGSY (following those given in Unit 1). It deals with the provision of providing credit and government subsidy to the swarozgaris whether individuals or groups (Self-Help Groups). The major part of the investment

consists of bank credit from financial institutions like commercial banks, cooperative banks and regional rural banks. The institutional set up for the implementation and monitoring of the programme is also explained in this unit. SGSY involves different agencies for the successful implementation of the programme. These include central and state governments, DRDAs, Panchayati Raj Institutions and NGOs. We have discussed in detail their roles in the implementation of SGSY. In addition, this unit describes the special projects component, which is an alternative strategy to lift a specific number of BPL families above the poverty line within a limited period of time. SGSY is a programme aiming at eradicating rural poverty. It, therefore, assumes great importance in the overall strategy for the eradication of rural poverty in India.

2.7 KEY WORDS

Evaluation	:	It is a process for determining relevance, efficiency and impact of the key activities in the light of their objectives.
Monitoring	:	It is a continuous or periodic review and surveillance or overseeing effected by the management at various levels during the process of implementation.
Project	:	A project is a planned undertaking which is a set of interrelated and coordinated activities designed to achieve specific objectives within a given time-frame and budget.
SIRD	:	It stands for State Institute of Rural Development. There is a network of such institutions across the states in India for conducting research and imparting training at the respective state levels to development functionaries and others on various aspects of rural development.

2.8 SUGGESTED READINGS AND REFERENCES

Government of India, 1999, *Swarnjayanti Gram Swarozgar Yojana: Guidelines*, Ministry of Rural Development, New Delhi.

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Government of India, 1998-1999, *Annual Report*, Ministry of Rural Areas and Employment, New Delhi.

Government of India, 1999, *Swarnjayanti Gram Swarozgar Yojana: Guidelines*, Ministry of Rural Development, New Delhi.

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National Institute of Rural Development, 1998, *Fifty Years of Rural Development in India*, NIRD, Hyderabad.

2.9 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress I

- 1) The conditions attached to the purchase of assets by the Swarozgaris include the following:
 - a) It is necessary that the assets should be procured within a month after the receipt of the loan and subsidy;
 - b) The assets purchased by the swarozgaris should be of good quality;
 - c) It is necessary that the BDO and the Bank Officer are informed in time; and
 - d) DRDA and the Bank are expected to ensure that quality assets are purchased.

Check Your Progress II

- 1) The central and the state governments share funding for the programme in the ratio of 75:25. Normally, the Central Government releases the funds for SGSY in two instalments, except in the case of cold snow bound districts with limited working period such as Lahul, Spiti, Leh and Kargil. For these areas the entire share is released in one instalment. These releases are expected to be followed immediately by the corresponding releases from the states.

Check Your Progress III

- 1) There are a number of agencies involved in the implementation of SGSY. The Ministry of Rural Development, Government of India, has the overall responsibility for policy formulation, monitoring and evaluation of the programme and for the releasing the Central share of funds.
- 2) NGOs play an important role in the implementation of SGSY. They are very helpful in the formation of SHGs. They also provide basic training to Self-Help Groups for effective functioning. They help the Swarozgaris by providing technology support and the means of quality control for their products. They are also instrumental in monitoring the progress of the swarozgaris.
- 3) Special projects are taken up under SGSY to facilitate new initiatives or to explore possible alternative strategies to achieve the desired goal of the programme. The main objective of the special projects is to ensure a time bound programme for lifting a specific number of BPL families above the poverty line through self-employment programmes.

UNIT 3 SAMPOORNA GRAMEEN ROZGAR YOJANA (SGRY)

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Background
- 3.3 Sampoorna Grameen Rozgar Yojana (SGRY)
 - 3.3.1 The Objectives of the SGRY
 - 3.3.2 What does the SGRY Provide?
 - 3.3.3 Beneficiaries under the SGRY
- 3.4 Works to be taken up Under the SGRY
 - 3.4.1 Works to be taken up under SGRY by District and Intermediate Panchayats
 - 3.4.2 Works to be taken up at the Village Panchayat Level
- 3.5 Allocation of Resources
 - 3.5.1 Allocation of Funds/Food-grains from the Center to the State/Union Territories and the Districts
 - 3.5.2 Distribution of Funds among Zilla Parishads/DRDAs and Panchayat Samitis
 - 3.5.3 Distribution of Resources among the Gram Panchayats by the DRDAs/ZPs
 - 3.5.4 Earmarking and Utilization of Resources
- 3.6 Release of the Central Assistance
 - 3.6.1 Release of the Central Assistance from the Department of Rural Development to the DRDAs/ZPs
 - 3.6.2 Release of the First and the Second Instalments of Food-grains
 - 3.6.3 Release of the State Share to DRDAs/ZPs
 - 3.6.4 Release of Funds to the Panchayat Samitis and to the Village Panchayats
- 3.7 Planning of the SGRY
 - 3.7.1 Preparation of the Annual Action Plan by Zilla Parishad/DRDA, Panchayat Samiti and the Village Panchayat
 - 3.7.2 Approval of the Annual Action Plan by the Gram Sabha in the Case of Village Panchayats and the General Bodies in the Case of ZPs/DRDAs and the Panchayat Samitis
- 3.8 Implementation of the SGRY
 - 3.8.1 Implementing Authority
 - 3.8.2 Executing Agencies
- 3.9 Supervision and Evaluation
- 3.10 Convergence with other Programmes
- 3.11 Let Us Sum Up
- 3.12 Suggested Readings and References
- 3.13 Check Your Progress – Possible Answers

3.0 OBJECTIVES

After working through this unit you should be able to:

- describe the importance of the Sampoorna Grameen Rozgar Yojana;
- list its main features;
- identify the types of works/activities that may be undertaken for wage employment and infrastructural development;
- explain the working of the SGRY; and

- describe the vital role of the Panchayats in the preparation, implementation and supervision of the SGRY programme.

3.1 INTRODUCTION

All the economic activities in villages are closely related to seasons. You might have experienced this phenomenon in your own village. During certain seasons, there is enough demand for labour. At certain other times, there is little demand for labour. As a result, the rural poor and landless labourers do not get regular paid-work throughout the year. Most of the time they remain unemployed or under-employed. Increase in our population makes the situation still worse.

Wage and self-employment could be the most effective strategy for the alleviation of poverty, reduction of inequalities as well as the improvement of nutritional levels. This, in turn, would be instrumental in maintaining a relatively high rate of economic growth.

The new scheme called Sampoorna Grameen Rozgar Yojana (SGRY) is the result of the merger of the two earlier schemes namely, the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY).

Additional wage-employment, infrastructural development and food security are the key concerns of the SGRY. Accordingly, the SGRY aims at providing a demand driven infrastructure at the village level to facilitate faster growth in the rural areas and to increase opportunities of employment through access to the market oriented economy. This would lead to progressive increase in the employment opportunities and equally help in the faster growth of the rural economy. The SGRY is in operation since the 25th September 2001. In this unit, we will discuss various aspects of Sampoorna Grameen Rozgar Yojana.

3.2 BACKGROUND

During the first four years of the Seventh Five Year Plan period, there were two wage-employment programmes in existence namely, the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). In April 1989 these programmes were merged into a single programme called the Jawahar Rozgar Yojana (JRY). The strategy for the implementation of JRY was modified in 1993-94. This was done to ensure better implementation of the Yojana during the Eighth Five Year Plan especially to achieve the target of providing 90-100 days of employment per person in the backward districts where there is a concentration of unemployed and underemployed persons. The implementation of JRY was carried out through three streams. The first stream consists of general works and two sub-schemes namely, the Indira Awaas Yojana (IAY) and the Million Wells Scheme (MWS). The second stream, which was called intensified JRY, was being implemented in 120 specifically identified backward districts and the third stream consisted of special and innovative projects.

On 1st January 1996, both the sub-schemes of JRY, i.e. *IAY and MWS* were made independent programmes and JRY became *General Jawahar Rozgar Yojana and Innovative JRY*.

After evaluating the outcome of JRY, it was felt that there was a need to develop village infrastructure based on local needs. It was felt that the Village Panchayats could better judge these local needs because they are closest to the ground realities. Accordingly, the Government decided to streamline and restructure Jawahar Rozgar Yojana with its new focus on the development of rural infrastructure and it was renamed as Jawahar Gram Samridhi Yojana w.e.f. 1st April 1999.

You are perhaps aware that the Employment Assurance Scheme (EAS) was the only additional wage-employment scheme for rural areas. Similarly, the above Jawahar Gram Samridhi Yojana (JGSY) was a rural infrastructure development scheme. But, to give more attention to the additional wage-employment, infrastructural development and food security in the rural areas, the Ministry of Rural Development reviewed these schemes. Based on the outcome of the review it was decided to merge EAS with JGSY and to launch a new scheme called the Sampoorna Grameen Rozgar Yojana (SGRY) in September 2001.

The SGRY is a Centrally Sponsored Scheme (CSS) and the cost is shared by the Center and the States in the ratio of 75:25 in the case of cash component. The Center, however, provides 100% of the funds required in the Union Territories under this scheme. More pertinently, food grains are provided to the State and Union Territories free of cost.

3.3 SAMPOORNA GRAMEEN ROZGAR YOJANA (SGRY)

Alleviation of poverty, reduction of inequalities, improvement of nutritional levels and more significantly the maintenance of a high economic growth rate are not possible without the efficient use of the existing available human resources. Hence, providing wage-employment to all the rural poor by involving them in the manual and unskilled work is the primary objective of the SGRY.

Agricultural wage earners, non-agricultural unskilled wage earners, marginal farmers, women, members of SCs/STs, parents of the child labourer and handicapped children, adult children of handicapped parents, etc. shall get preference under this scheme. The SGRY also provides special safeguards for the weaker sections and women.

The Central Government will provide food grains and cash component to the States and Union Territories as per the set criteria in order to generate adequate additional wage-employment. The SGRY programme is being implemented through the Panchayati Raj Institutions (PRIs).

3.3.1 The Objectives of the SGRY

The SGRY has two fold objectives:

- a) The primary objective is to provide additional and supplementary wage-employment in all rural areas and thereby provide food security and improve nutritional levels; and
- b) To create durable community, social and economic assets and effect infrastructural development in rural areas in the long run.

3.3.2 What does the SGRY Provide?

The wages under the SGRY programme are paid partly as food-grains and partly in cash. But, at least 25% of the wages has to be paid in cash. Under the SGRY, both the skilled and the unskilled labour are paid minimum wages fixed by the State authorities. Moreover, both men and women workers are paid equal wages.

Food grains are given as part of wages under the SGRY to the rural poor at the rate of 5 kg. per man-days. If, however, a State Government wishes to give more than 5 kg of food grains per man-days it may do so within the existing state allocation, subject to a minimum of 25% of the wages to be paid in cash.

Under this programme, the distribution of food grains to the workers is made either through PDS/Gram Panchayat or any other agency appointed by the State Government. Distribution of food grains is made to the workers, most preferably, at the work site.

3.3.3 Beneficiaries under the SGRY

All the rural poor, particularly those who are in need of wage-employment and also desire to do manual and unskilled work in and around their village or habitat, are entitled for the benefit under the SGRY. The SGRY, however, provides special safeguards for the weaker sections and women. Accordingly, specific allocations are made for them on the following pattern (see item 3.5.4 also):

- a) 22.5% of the annual allocation (inclusive of food-grains) of the District Panchayat and of the Intermediate Panchayats is earmarked for individual/group beneficiary schemes of SC/ST families living Below the Poverty Line (BPL).
- b) 50% of the allocation (inclusive of food-grains) of the Village Panchayat share is earmarked for the creation of need based village infrastructure in SC/ST habitations/wards.
- c) 30% of employment opportunities are reserved for women.

3.4 WORKS TO BE TAKEN UP UNDER THE SGRY

The SGRY is implemented at two levels. At the first level activities are implemented by the District and Intermediate Panchayat and the second one by the village panchayat. We shall now discuss works to be taken up at each level.

3.4.1 Works to be taken up under SGRY by District and Intermediate Panchayats

In formulating the Annual Action Plan and while taking up works, District Panchayat/DRDA and Intermediate Panchayats are expected to give priority to the following types of works:

- i) Soil and moisture conservation;
- ii) Minor irrigation;
- iii) Rejuvenation of drinking water sources;
- iv) Augmentation of ground water and traditional water harvesting structures;
- v) Desilting of village tanks/ponds;
- vi) Construction of rural link roads, farm roads linking agricultural fields;
- vii) Drainage works; and
- viii) Aforestation.

In addition, works that result in the creation of durable socio-economic assets such as schools, kitchen sheds for schools, dispensaries, community centres, panchayat ghars, hats (markets), etc. are also to be taken up during the first phase of the SGRY. On the contrary, the following works shall not be taken up under the SGRY programme:

- a) building for religious purposes such as temples, mosques, gurudwaras, churches, etc.;
- b) building monuments, memorials, statutes, idols, arch gates, welcome gates, etc.;
- c) building bridges;
- d) building for higher secondary schools;
- e) building for cottages; and
- f) black topping of roads.

3.4.2 Works to be taken up at the Village Panchayat Level

Emphasis is on the creation of durable productive community assets. Therefore, priority is to be given to the following works:

- i) Infrastructural support for the SGSY.
- ii) Infrastructure required for supporting agricultural activities in the Village Panchayats.
- iii) Community infrastructure for education, health as well as internal and link roads.
- iv) Desilting and renovation of traditional village tanks/ponds.

At the village panchayat level, emphasis is not only on the purely material oriented works but also on the labour intensive works. It has to be kept in mind that the works taken up are sustainable and cost effective.

Check Your Progress I

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.

1) How can wage-employment be the most effective strategy for the alleviation of poverty?

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2) Name those works, which cannot be taken up under the SGRY.

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3.5 ALLOCATION OF RESOURCES

As already said the SGRY is a Centrally Sponsored Scheme and, thus, the cost of the whole programme is shared by the Center and the States in the ratio of 75:25 of the cash component, but the Centre provides 100% funds for the programmes in the Union Territories. In the case of food grains, both the States and Union Territories are treated equally. The Centre provides food grains free of cost to both the State as well as the Union Territories.

**3.5.1 Allocation of Funds/Food-grains from the Centre to the States/
Union Territories and the Districts**

Allocation of resources (funds and food grains) from the Centre to the States/Union Territories is made on the basis of the proportion of the rural population in a State to the total rural poor in a country. On the other hand, the allocation of resources to the Districts is made on the basis of its relative backwardness.

**3.5.2 Distribution of Funds among Zilla Parishads/DRDAs/
Panchayat Samitis**

i) Zilla Parishads/ DRDAs

At the district level, 20% of the resources are reserved by the Zilla Parishads/DRDAs for utilization in the areas suffering from endemic labour exodus or areas of distress.

ii) Panchayat Samitis

At the intermediate level 30% of the resources are allocated among the Panchayat Samitis. In allocating these resources, however, the proportion of the SC/ST population and that of the rural population of the respective Panchayat Samitis is taken into consideration. Detailed methods of calculation are provided in the guidelines.

**3.5.3 Distribution of Resources among the Gram Panchayats by the
DARDs/ZPs.**

Out of the total resources allocated under the SGRY, 50% is earmarked for the distribution among village panchayats for generation of supplementary wage employment and creation of demand driven community village infrastructure, which includes durable assets to enable the rural poor to increase opportunities for sustained employment.

3.5.4 Earmarking and Utilization of Resources

The main highlights of earmarking and utilization of resources at district, intermediate and village panchayat levels are as follows:

- 22.5% of the annual allocation of the District Panchayat and of the intermediate panchayats must be spent on individual beneficiary group schemes for SCs/STs below the poverty line.
- In a year, up to 2% of the respective share of funds can be spent by District and Intermediate Panchayats on contingency for strengthening the process of monitoring and coordination.
- Up to Rs. 100,000 can be utilized by the District Panchayats from their annual share of funds for training/capacity building of the officials and/or the non-officials of PRIs involved in the implementation of SGRY.
- A minimum of 50% of the village panchayat share of allocations (inclusive of food-grains) under the SGRY has to be earmarked for the creation of need based village infrastructure in SC/ST habitations/wards.

3.6 RELEASE OF THE CENTRAL ASSISTANCE

Under the SGRY, Central Assistance is released directly to the DRDAs/ZPs, and the State Governments also release their corresponding shares to the DRDAs/ZPs. The funds to the Panchayat Samitis and the Village Panchayats are disbursed by the DRDAs/ZPs.

3.6.1 Release of Central Assistance from the Department of Rural Development to the DRDAs/ZPs.

Every year, the Central Assistance is released directly to the DRDAs/ZPs in two instalments:

1) Installment of the cash component

All those districts, which received the second installment in the preceding financial year without any condition, automatically receive the first installment in the current year. But, the other Districts have to submit the proposal for the 1st installment with necessary documents asked for the same.

2) Installment of the cash component

The second installment of the Central Assistance is released on the request from the DRDAs/ZPs provided the following conditions are fulfilled by the concerned:

- a) 60% of the total available funds should have been utilized at the time of submitting the proposal for the second installment.
- b) 75% of the food grains earmarked during the first installment have been lifted and 60% of the lifted food grains have been utilized.
- c) The State Government has made adequate provision in its budget to match the central financial assistance.
- d) The State Government should have released all its contribution up to the date of application.
- e) Submission of Audit reports for the SGRY for the last year.
- f) Submission of the utilization certificates from DRDAs/Zilla Parishads based on reports received from Panchayat Samitis and Gram Panchayat.
- g) Submission of non-diversion and non-embezzlement certificates.
- h) Submission of the certificate regarding the preparation of the Annual Action Plan.
- i) Submission of the certificate by the DRDA/Zilla Parishad certifying that funds have been disbursed to the Panchayat Samitis and Village Panchayats.
- j) All pending progress and monitoring reports should have been sent.
- k) Submission of the details of expenditure incurred in respect of SC/ST sector.
- l) Submission of a certificate certifying that no work started more than two years ago has remained unfinished.

3.6.2 Release of the First and the Second Instalments of Food-grains

The district, which obtained the second instalment of funds and food-grains in the preceding financial year without any condition, shall receive the first instalment of food-grains under the SGRY in the current year automatically. Others will have to submit the proposal as in the case of cash component. The release of food-grains is further subjected to the following conditions:

- The release order for food-grains is valid for a period of two financial years.
- Districts are allowed to carry forward the unutilized portion of food-grains released in the previous year to the next financial year.
- Food-grains will be released only to those districts that qualify for the first instalment of the cash component.
- The first instalment of food-grains will be equal to 75% of the total allocation of the district.

- The second instalment is released after 50% of the food-grains allocated as the first instalment has been lifted and 60% of the lifted food-grains (including carry-over balance) has been utilized.
- The food-grains against a release order will have to be lifted only after the entire quantity authorized in the earlier orders has been lifted.

3.6.3 Release of the State Share to DRDAs/ZPs

The release of funds to the DRDAs/ZPs by the State Governments is made within a fortnight after the release of the cash component of the Central Assistance.

3.6.4 Release of Funds to the Panchayat Samitis and the Village Panchayats

The DRDAs/ZPs will have to release the funds and food grains to the Panchayat Samitis and Village Panchayats within 15 days of the receipt of the funds by it from the Central/State Governments as the case may be. Distribution of the central share should not wait for the matching state share to reach the Panchayat Samitis. Diversion of resources either from one District to the other or from one Panchayat Samiti to the other is normally not allowed.

Check Your Progress II

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.
- 1) How are resource allocations made from the Center to the States/UTs and then to Districts under the SGRY?
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- 2) In how many installments are funds released to DRDAs/ZPs? What is the procedure followed for the release of the 1st Installment?
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3.7 PLANNING OF THE SGRY

The whole SGRY programme is based on the formulation and implementation of an Annual Action Plan. Accordingly, no work is taken up unless it forms part of the Annual Action Plan.

The works included in the Annual Action Plan are essentially based on the needs of the individuals and the community concerned. In both the cases, individual employment as well as the community infrastructural development, works are carefully prioritized.

Taking into account the availability of resources and the priorities of works, it is advisable and essential that emphasis is given to those works that could be completed normally within one year and in extraordinary cases within two years. Hence, no work that cannot be completed in one year or at the most within two financial years should be taken up.

3.7.1 Preparation of an Annual Action Plan by the Zilla Parishad/DRDA, the Panchayat Samiti and the Village Panchayats

Before the beginning of each financial year, every Zilla Parishad/DRDA, Panchayat Samiti and village Panchayat prepares an Annual Action Plan. While preparing the Annual Action Plan, first priority is given to the completion of the incomplete works, if any, including those of the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY), instead of taking up any new works.

3.7.2 Approval of the Annual Action Plan by the Gram Sabha in the Case of the Village Panchayats and by the General Bodies in the Case of ZPs/DRDAs and the Panchayat Samitis

The Annual Action Plan prepared by the Village Panchayat is fully discussed and also finally approved in the meetings of the Gram Sabha. Similarly, the plans prepared by the ZPs/DRDAs and the Panchayat Samitis are thoroughly discussed in their respective General Bodies, which also approve them finally.

The formalities of approving the Annual Action Plan are to be completed by the end of February of the preceding financial year. The approved Annual Action Plan is then intimated to the Panchayat Samitis and Zilla Parishad/District Rural Development Agency.

3.8 IMPLEMENTATION OF THE SGRY

You know that panchayats are being actively involved in the implementation of various development programmes. Accordingly, the SGRY programme is being implemented through the Panchayati Raj Institutions (PRIs).

3.8.1 Implementing Authority

The Zilla Parishad/District Rural Development Agency is the implementing authority for its share of resources released to the ZPs/DRDA. Similarly, the Panchayat Samiti is the implementing authority for its share of resources released by the Zilla Parishad/DRDA.

Accordingly, the ZPs/DRDAs and the Panchayat Samitis are accountable for the approval of the Annual Action Plan for their respective share of resources as well as for entrusting works to the executing agencies. Moreover, the ZPs/DRDAs are responsible for the overall supervision and coordination of works and also for furnishing necessary reports to the State and the Central Governments.

3.8.2 Executing Agencies

The Executing Agencies could be a Department or Corporation of the State Government and Panchayati Raj Institutions at the Village, Block and District levels. The well-reputed NGOs, as recognized by the Zilla Parishad/DRDA, could also be the Executing Agencies.

The Head of each Executing Agency is expected to ensure the implementation of the works allotted by the Zilla Parishads/DRDAs and the Panchayat Samitis. All Executing Agencies are responsible to the Zilla Parishad/DRDA/Panchayat Samiti concerned for:

- a) the proper maintenance of accounts of the expenditure incurred;
- b) the measurement of physical work done;
- c) the payment of wages to labour;
- d) the submission of periodical statements of attendance; and
- e) the details of work and accounts of all works.

At the village level, the SGRY is implemented through the Village Panchayats. The Village Panchayats are responsible for planning and implementation of the programme. The technical supervision is the responsibility of the DRDAs/ZPs. The execution of works, however, could be entrusted to the well-established Self-Help Groups (SHGs) under the Swarnajayanti Grameen Swarozgar Yojana (SGSY).

The entire work pertaining to co-ordination, supervision, review and monitoring of the SGRY is the responsibility of the Village Panchayats, which actually execute the works. In fact, the Panchayats have the power to execute works/schemes up to Rs. 1,00,000/- with the approval of the Gram Sabha. No other administrative/technical approval is necessary for this.

3.9 SUPERVISION AND EVALUATION

The supervision of the works implemented under the SGRY is the responsibility of the Vigilance and Monitoring Committees at the State, the District and the Panchayat Samiti levels constituted for monitoring the various programmes of the Ministry of Rural Development. For the effective implementation of the SGRY, the officers at the District, the Sub-division and the Panchayat Samiti closely monitor all aspects of the programme through regular visits to the work sites. The Zilla Parishads/DRDAs prepare a schedule of inspection for each supervisory level functionary from the District to the Panchayat Samiti level and a copy of the same is sent to the State and the Central Governments for information.

It is the duty of the officers dealing with the SGRY at the State headquarters to examine that the programme is implemented satisfactorily and that the execution of works is in accordance with the prescribed rules and procedures. The DRDAs/ZPs are accountable to the State Government for submitting a *Monthly Progress Report* and a detailed *Annual Report*.

The State Government, in return, submits these reports to the Central Government. These reports are expected to be extremely helpful in monitoring the progress of the SGRY programme and also in keeping a close watch on the wage-employment generated and quality of infrastructure created.

Evaluation Studies

Various types of evaluation studies are conducted from time to time by the Central and State Governments. The reputed organizations and institutions may take up these evaluation studies. On the basis of the observations and suggestions made in these

evaluation studies, the States/UTs are expected to take the remedial action to streamline the programme. District Panchayats/DRDAs may also conduct studies from time to time. They, however, have to report the outcome of such studies to the State Governments concerned and the Central Government from time to time.

Check Your Progress III

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.

- 1) What is an Action Plan and what needs to be taken into consideration in the formulation of an Action Plan at the village level?

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3.10 CONVERGENCE WITH OTHER PROGRAMMES

Funds available from other sources like market committees, cooperatives, NGOs, NRIs and other institutions may also be dovetailed with SGRY funds for similar purposes. The funds available with the PRIs from other sources such as the National Finance Commission, the State Finance Commission, State Departments, other central and centrally sponsored schemes such as SGSY, etc. may also be dovetailed with SGRY activities for the construction of durable community assets/works. The SGRY funds, however, are not allowed to be used as substitutes for departmental plan funds of different departments and agencies.

3.11 LET US SUM UP

This unit provides you important information about the SGRY. Recapitulating the following key aspects of the SGRY could sum up the unit:

- The SGRY has been in operation since 25th September 2001, after two schemes namely EAS and SJSY were merged together.
- The SGRY is a Centrally Sponsored Scheme (CSS) and the cost is shared by the Centre and the States in the ratio of 75:25 in the case of the cash component.
- The Centre provides 100% funds to the Union Territories under the SGRY.
- Food grains are provided to the State and the Union Territories free of cost.
- The SGRY is implemented through the Panchayati Raj Institutions (PRIs).
- Both skilled and unskilled labour are paid the minimum wages fixed by the State authorities. More importantly, both men and women workers receive equal wages under the Yojana.

- The wages are paid partly as food grains and partly in cash. However, at least 25% of the wages is to be paid in cash.
- All the rural poor, especially those who are in need of wage- employment and interested in manual and unskilled work, are entitled for the benefit under this programme.
- The Panchayati Raj Institutions have been assigned the important role of preparing, implementing and effectively supervising the works undertaken under this Yojana.

3.12 SUGGESTED READINGS AND REFERENCES

Aslam, M. 2003, *Wage Employment Programmes*, Panchayati Raj Project, New Delhi.

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3.13 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1) It could be the most effective strategy for the alleviation of poverty through reduction of inequalities as well as by making contributions towards the improvement of nutritional levels. This, in turn, would be instrumental in maintaining a relatively high rate of economic growth.
- 2) These include building for religious purposes such as temples, mosques, gurudwaras, churches, etc.; monuments, memorials, statutes, idols, arch gates, welcome gates, bridges; building for higher secondary schools; building for cottages and black topping of roads.

Check Your Progress II

- 1) Under the SGRY, the allocations of resources imply both funds and food grains. The allocation of these resources from the Centre to the State/Union Territories is made on the basis of the proportion of the rural population in a State to the total rural poor in a country. In turn the allocation of resources to a District is made on the basis of its relative backwardness.

- 2) The funds to DRDAs/ZPs are released in two installments. For both the phases of the SGRY, all those Districts, which receive the second installment in the preceding financial year without any condition, automatically receive the first installment for the current year. As far as the other Districts are concerned, they have to submit the proposal for the 1st installment with necessary documents asked for the purpose.

Food Security—TPDS

Check Your Progress III

- 1) The whole SGRY programme is based on the formulation and implementation of an Annual Action Plan. In fact, no work is taken up unless it forms part of the Annual Action Plan. The works included in the Annual Action Plan are essentially based on the needs of the individuals and the community concerned. In both the cases, individual employment as well as the community infrastructural development, works are carefully prioritized. It is necessary, however, that the availability of resources is kept in mind for either of the cases. It is also advisable that emphasis be given to those works that could be completed within one year or at the most in two years.

UNIT 4 NATIONAL SOCIAL ASSISTANCE PROGRAMME (NSAP)

Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 National Social Assistance Programme
- 4.3 Main Aim of the NSAP
 - 4.3.1 National Old Age Pension Scheme (NOAPS)
 - 4.3.2 National Family Benefit Scheme (NFBS)
- 4.4 Common Aspects of the NSAP
 - 4.4.1 Distribution of the Benefits from the NSAP
 - 4.4.2 Linkages to Other Programmes
 - 4.4.3 Allocation of Funds
 - 4.4.4 Release of Funds
 - 4.4.5 Implementation of the NSAP
 - 4.4.6 Monitoring and Evaluation
- 4.5 Let Us Sum Up
- 4.6 Suggested Readings and References
- 4.7 Check Your Progress – Possible Answers

4.0 OBJECTIVES

After going through the unit you should be able to:

- outline and comment on the importance of the social assistance programme;
- explain the main features of NSAP;
- describe how NSAP can help in providing social assistance for poor households and senior citizens; and
- explain and comment on the role of Panchayats in implementing NSAP.

4.1 INTRODUCTION

The National Social Assistance Programme (NSAP) was introduced with a view to ensuring minimum National Standard of Social Assistance to the poor households that suffer because of the old age and/or the death of the breadwinner. This is a significant step towards the fulfillment of the Directive Principles of our Constitution. These principles are defined in the Constitution under Articles 41 and 42, which recognize the joint responsibility of the Central and the State governments for this purpose. Through these principles the State is directed to promote the welfare of the people. The welfare of the people can be promoted by creating a just social order based on socio-economic and political justice. Introduction of NSAP is an important step in this direction. This programme consists of two schemes dealing with issues related to old age and family benefits. In this unit, we will discuss the importance and the main features of schemes pertaining to these two issues.

4.2 NATIONAL SOCIAL ASSISTANCE PROGRAMME

Ours is a welfare state where the major task of the State is to ensure the well being of every citizen. In spite of our efforts made over the last few decades, poverty remains a

major problem in the country. You must have seen poor people in your village. They are poor because they don't have access to the basic facilities of life. As a result, they are held up in a state of poverty. Many plans and programmes are being implemented for them, yet there is a large number of needy people and families who are left out of such programmes and their numbers are increasing day by day. Important among them, for purposes of assistance, are those who are old and/or belong to poor families without primary breadwinners.

It is to help these poor people that NSAP was introduced on August 15, 1995. It was a Centrally Sponsored Programme to extend 100 per cent Central assistance to the States and Union Territories in order to help them to provide various programme based benefits to the poor. As a result of the recent review of the centrally sponsored schemes conducted by the Planning Commission, in consultation with the Ministry of Rural Development, it was decided to transfer the NSAP to the State Plan beginning the financial year 2002-2003. The objective of this shift is to provide the requisite flexibility to the States/UTs in the choice and implementation of the schemes.

4.3 MAIN AIM OF THE NSAP

As we have seen, the National Social Assistance Programme (NSAP) was introduced with a view to ensuring a minimum National Standard of Social Assistance to poor households suffering from issues pertaining to old age and/or the death of the breadwinners. The main aim of the programme is to extend financial assistance to:

- old persons having little or no regular means of subsistence; and
- households living below the poverty line because of the death of their primary breadwinners.

The programme consists of the following two schemes:

- i) National Old Age Pension Scheme (NOAPS)
- ii) National Family Benefit Scheme (NFBS)

We will now discuss each one of them separately.

Since the procedure for implementation, release of funds and the monitoring and evaluation mechanisms are the same for both the schemes, we will discuss them together after we outline their specific features. Let us discuss the National Old Age Pension Scheme (NOAPS) first.

4.3.1 National Old Age Pension Scheme (NOAPS)

This scheme is meant for old persons who are destitutes. You know that there are people who are old and without any regular source of income. Because of their old age they cannot work and therefore are unable to support themselves. At the same time, they may not have any one else, son/daughter or any relative to take care of them. They are helpless and vulnerable in all respects—physically, financially and socially. In order to sustain themselves, people belonging to this category of the poor require assistance on a continuous basis. The NOAPS has been designed to provide monthly old age pension to such destitutes.

Criteria for old age pension

In order to claim old age pension under this scheme, a person (male/female):

- i) Should be of 65 years of age or above;
- ii) Should be a destitute who is left with little or no regular means of subsistence from his/her own sources of income; and

- iii) Should not have financial support either from family members or from any other sources of income.
- In case any State Government/UT uses some other criteria for determining destitutes, they can also be considered.

How much is given as the Old Age Pension?

Under this scheme, a person gets an amount of Rs. 75/- (Rupees Seventy-Five Only) per month as old age pension. The respective State Governments, however, are free to add to this amount from their own sources.

Mode of the distribution of pension

The benefits under NOAPS should be disbursed in not less than two instalments in a year and if possible, the benefits may be disbursed in more instalments as per the direction of the State Government. *It has to be noted that Village Panchayats should report every case of the death of a pensioner to the authority concerned so that payments are stopped immediately.*

Check Your Progress I

- Note:** i) Write your answer in the space provided.
- ii) Check your answer with the possible answer provided at the end of the unit.
- 1) Why was the National Social Assistance Programme introduced? Name three main criteria to be fulfilled to claim old age pension.
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4.3.2 National Family Benefit Scheme (NFBS)

Now let us turn to the next scheme namely the National Family Benefit Scheme (NFBS). In our country, every effort is made to help the poor people to come out of poverty. At times, however, situations arise when the needy cannot wait for the benefits of the development programmes to reach them; for instance, consider the sudden death of the primary breadwinner in a family and the consequential helplessness of the family.

Such a family needs immediate assistance to come out of destitution. The National Family Benefit Scheme (NFBS) has been introduced by the Government to help such poor households who suffer due to accidental or natural death of their primary earning members. The scheme provides a sort of immediate compensation to the affected family in order to help them to come out of the situation. It is, however, a one-time assistance for the affected families and nothing more than that.

Identification of primary breadwinner in the family

Since the assistance is linked with the death of the primary breadwinner, it is necessary to clarify as to who the primary breadwinner is. As per the guidelines issued by the Government of India, any person in a household is considered the primary breadwinner,

if his or her earnings contribute substantially to the total household income.

Extent of compensation given

The amount of compensation has been fixed at Rs.10, 000 (Ten Thousand) per family in the case of primary breadwinner’s death.

Conditions attached

There are two conditions attached to this facility.

- **First**, the family must be living below the poverty line.
- **Second**, the age of the main breadwinner at the time of his/her death should be more than 18 and less than 65 years.

In order to determine as to whether the particular family or household is below the poverty line, criteria prescribed by the Government of India are applied and the case settled.

Who gets compensation?

The compensation under NFBS is given to the head of the surviving household/family. In order to avoid any disputes regarding the determination of who the head of the family is, a local enquiry is conducted. This local enquiry becomes the basis for deciding the head of the family to whom the family benefit is provided by the Government under this scheme.

Here again the number of families to be covered in a State/UT is determined by the Central Government.

Check Your Progress II

- Note:** i) Write your answer in the space provided.
- ii) Check your answer with the possible answer provided at the end of the unit.
- 1) What is the extent of compensation given under the National Family Benefit Scheme and state two conditions that need to be fulfilled to receive the compensation?

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4.4 COMMON ASPECTS OF THE NSAP

4.4.1 Distribution of the Benefits of the NSAP

The assistance under both the schemes is made preferably through Savings Accounts of the beneficiaries at a Post Office or Commercial Bank. It can also be sent through Postal Money Order, though there is no bar on cash payments. Generally, for NOAPS, cash payment may be permitted if the payment is made in a public meeting such as at a Gram Sabha. This way people would realize the importance of Gram Sabha and the Gram Sabha will be strengthened. Besides, this process will help in making the Panchayat representatives accountable to the village community. It is to be noted that the sanctioning authority has the right to recover payments made on the basis of false or misleading information about eligibility.

4.4.2 Linkages to Other Programmes

The NSAP offers a special opportunity in relating these schemes to other poverty-alleviation programmes and the provision of basic needs. For example, old-age pension can be related to medical care and other benefits for old destitutes. Similarly, poor households covered under the National Family Benefit Scheme can also be assisted through the schemes available under SGSY and JGSY respectively.

4.4.3 Allocation of Funds

As a result of the transfer of NSAP to the State Plan, the Ministry of Finance releases the funds for its operations as Additional Central Assistance (ACA) to the States/UTs. The total ACA provided to the States/UTs for the NSAP is decided by the Planning Commission. And the Ministry of Rural Development and Planning Commission make the state wise allocations of this assistance. The States/UTs are expected to provide a Mandatory Minimum Provision (MMP) for the scheme under their own budgets. The MMP is equal to the States' Budget Provision or actual expenditure for this purpose, whichever was higher for the scheme during the year 2000-2001 and the ACA allocation for the year concerned.

The details of budget allocation and expenditure incurred by the States/UTs during 2000-2001 for providing old age pension and family benefits are compiled by the Ministry of Rural Development to have benchmark figures of MMP.

The States/UTs are expected to report the details regarding the distribution of the total MMP over various schemes adopted by them for the welfare of the BPL families to the Ministry of Rural Development within a month after the states' allocation of ACA for the transferred scheme is conveyed to the States/UTs. The Ministry of Rural Development monitors the expenditure of the ACA and MMP during the year.

4.4.4 Release of Funds

The release of the Additional Central Assistance (ACA) to the States/UTs is made routinely by the Ministry of Finance in equal instalments on a monthly basis till the month of December in every financial year. The release of ACA for the last quarter of the financial year, i.e. for the three months of January, February and March, however, depends on satisfactory progress reports pertaining to the implementation of the scheme and the utilization of funds by the States/UTs. The release of funds for the last quarter is subjected to the following conditions:

- At least 50% of the ACA funds released must have been utilized by the States/UTs by the 31st of December, so that ACA for the remaining three months of the financial year may be released.
- The States/UTs have to furnish utilization certificates for the funds released during the previous financial year to the Ministry of Rural Development.
- The utilization position as on the 31st of December must be reported by the States/UTs by the 15th of January to the Ministry of Rural Development, who after an examination of these reports makes suitable recommendations to the Ministry of Finance regarding the release of ACA for the three months of the last quarter.
- The ACA funds released under the scheme must be passed on to the implementing agencies within a month after the release of funds by the Centre.

4.4.5 Implementation of the NSAP

The States/UTs are allowed to implement the schemes through any State Government Department. They have to designate a Nodal Secretary at the State Level to report the progress of implementation by coordinating with the various departments involved in the

implementation of the scheme. The process of the implementation of NSAP at the district and lower levels is as follows:

District Level

At the district level, the District Collector or any other officer is given the primary responsibility to implement the NSAP. Here, the major responsibility is to:

- give wide publicity to the NSAP and its procedures;
- monitor and compile information about the implementation of the scheme and pass it to the authorities concerned;
- arrange the payment of benefits to the beneficiaries; and
- ensure efficient implementation of the NSAP in accordance with the guidelines.

Panchayat Level

The implementation of NSAP at the gram panchayat level includes the following:

- To procure target figures for NOAPS and NFBS from the State Government concerned;
- To give wide publicity to the schemes and provide information about procedures for getting benefits to the potential beneficiaries;
- To convene the meetings of Gram Sabha for the identification of beneficiaries and later for the distribution of assistance under NSAP;
- To publish the list of selected beneficiaries; and
- To take the help of Voluntary Organizations in publicizing the scheme.

As Panchayats are expected to play an important role for the development of rural areas, the above activities assigned to Panchayats are expected to further strengthen their involvement.

4.4.6 Monitoring and Evaluation

A lot of attention has been paid to effectively monitor and evaluate the performance of the NSAP. The progress of the implementation of the scheme is reported through Quarterly Reports in a given monitoring format by the 15th of the first month of the following quarter. Non-submission of the physical and financial progress reports is construed as *lack of progress* and therefore, may result in the non-release of ACA for the last quarter of the financial year.

Since the allocation of the scheme lapses at the end of the financial year, these instalments cannot be released during the next financial year, even if a state government reports progress subsequent to the cut-off dates mentioned above. The states may review, if necessary, the functioning of the existing committees at the state and district levels to ensure better results and coordination. The nomination of the representatives of the Ministry of Rural Development and the Planning Commission in the State Level Committees may have to be considered in the States/UTs.

In this regard, the respective activities taken up at the State/UT and District levels are outlined below:

State/UT Level

- States/UTs are expected to ensure wide and continuous publicity of the benefits available under the NSAP. This can be ensured through posters, banners, brochures, wall-writings and regional newspapers to make people aware of the provision and procedure for availing themselves of the benefits available under the NSAP.

Programmes for Self & Wage Employment and Social Security — Current Strategy

- In this regard, States/UTs can also use mass media like Television and Radio to give wider coverage to the NSAP.
- For availing themselves of the benefits of the NSAP, States/UTs should come forward to provide application forms in local languages in all the Gram Panchayat offices.
- States/UTs are also expected to intimate the Central Government the total number of beneficiaries identified district wise under each scheme of the NSAP. This helps the Central Government to work out the maximum number of beneficiaries to be covered under all the three schemes of the NSAP.
- As the NSAP involves massive financial transactions, States/UTs should open separate bank accounts for this scheme at the district level. The Central Government would release the funds under the NSAP directly into such accounts for all the districts. This will ensure smooth flow of funds for timely execution of activities.
- States/UTs have also the responsibility to set up committees both at the State and the District levels to monitor the implementation of schemes under the NSAP. The Chief Secretary of the State concerned will be the Chairman of the State Level Committee (SLC). Besides, the Secretaries of the Departments concerned like Health and Welfare, Finance, Rural Development and Municipal Affairs will be included among others as members of the SLC. The SLC will monitor and also evaluate the social assistance programme and give its report to the Government of India.

District Level

State Governments also set up District Level Committees (DLCs), which monitor and evaluate the NSAP in the respective districts. Headed by the District Collector, a DLC includes the following as members:

- a) The concerned Members of Parliament;
- b) One third of the MLAs elected from the district;
- c) Chairperson of the Zilla Parishad and/or that of its Standing Committee;
- d) Heads of the district level Departments concerned;
- e) Representatives from among the Chairpersons of Panchayat Samitis (block/taluk level Panchayat bodies) and Municipalities; and
- f) Representatives of NGOs and independent experts.

Check Your Progress III

- Note:** i) Write your answers in the space provided.
- ii) Check your progress with the possible answers given at the end of the unit.

- 1) How can the NSAP be related to other poverty alleviation programmes?
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2) Who implements the NSAP at the district level? What measures have to be taken to ensure its effective implementation?

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4.5 LET US SUM UP

In this unit, you have learnt about the National Social Assistance Programme. It covers two schemes: the National Old Age Pension Scheme (NOAPS) and the National Family Benefit Scheme (NFBS). You have also learnt that these schemes are meant for persons/ families living below the poverty line. These include:

- Old destitutes, 65 years of age and above, who have no regular means of subsistence;
- Those poor households in which the primary breadwinners, aged between 18 and 65 years, have suffered an accidental or natural death.

Now you are aware of the above schemes. You will perhaps agree that NSAP is an important step to help and reach those poor sections of the society who are either not addressed by other development intervention or do not fulfill their criteria but still desperately need assistance. Let us hope NSAP brings relief and a smile on the faces of old and needy.

4.6 SUGGESTED READINGS AND REFERENCES

Government of India, 2003-2004, *Guidelines Regarding Transferred Schemes* captioned, ‘*National Social Assistance Programme and Annapurna Scheme to the States/UTs*’, Ministry of Rural Development, New Delhi.

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National Institute of Rural Development, 1995, *Panchayati Raj Institutions in India: An Appraisal*, NIRD, Hyderabad.

4.7 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1) There are a number of programmes implemented from time to time to alleviate rural poverty. A large number of needy people and families, however, are left out

for various reasons. These among others include old destitutes and poor families without a breadwinner. It is to address problems of this segment of rural population that the NSAP was introduced in August 1995.

The main criteria to be fulfilled to receive old age pension include that a person should be: a) 65 years or above, b) a destitute with no regular means of income, and c) not having any financial support from the family or any other source.

Check Your Progress II

- 1) The Government has fixed the amount of compensation at Rs10,000 per family, provided it is a case of the death of the primary breadwinner. There are two criteria to be fulfilled to receive this compensation. These are:
 - The family claiming compensation under the scheme must be living below the poverty line.
 - The age of the main breadwinner for whom compensation is claimed should have been between 18 and 65 years at the time of death.

Check Your Progress III

- 1) The NSAP can be related to other on-going development programmes to ensure the flow of other available benefits to the beneficiaries of the programme. For example, old destitutes under the old age pension scheme can be related to the medical care scheme as much as the other poor families to be covered under the National Family Benefit Scheme can be to the SGSY and the SGRY.
- 2) The District Collector is responsible for implementing the NSAP at the District level. The measures to be taken for the effective implementation among others include following:
 - To give wide publicity to the NSAP at the district level and below;
 - To convene District Level Committee meetings regularly;
 - To keep a monitoring mechanism in place and to ensure that corrective actions are taken based on the feedback received; and
 - To follow the NSAP guidelines in letter and spirit.

UNIT 5 FOOD SECURITY — TPDS

Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Increasing the Domestic Production of Food-grains
- 5.3 International Trade in Food-grains
- 5.4 Ensuring Regional Food Security
- 5.5 Stabilising Food-grain Prices
- 5.6 Targeted Public Distribution System (TPDS)
- 5.7 Food Subsidy
- 5.8 Diversion from the PDS
- 5.9 Restructuring of the PDS
- 5.10 Let Us Sum Up
- 5.11 Suggested Readings and References
- 5.12 Check Your Progress – Possible Answers

5.0 OBJECTIVES

After studying the unit you should be able to:

- describe the various elements that are essential to ensure food security in the country; and
- state the role of the Public Distribution System (PDS) in ensuring food security.

5.1 INTRODUCTION

During the first two decades after independence, India had to import large quanta of food grains to meet the shortfall in domestic production. Then came the period of the green revolution and the country emerged virtually self-sufficient in the production of food grains. Being a large country of continental dimensions, India cannot afford to depend on large-scale import of food grains to meet domestic requirements. The country, therefore, has to plan for *a system of food security*. The model of food security outlined here consists of the following essential elements:

- 1) Increase in the domestic production of food grains.
- 2) A limited presence in the international trade in food grains.
- 3) Ensuring regional food security within the country.
- 4) Stabilization of the prices of food grains by maintaining a buffer stock.
- 5) Providing subsidized food grains to the poor through the PDS.

In this unit we deal with the important theme of Food Security, which is a vital element in the process of poverty eradication.

5.2 INCREASING THE DOMESTIC PRODUCTION OF FOOD-GRAINS

You are perhaps aware of the fact that the Domestic production of food grains plays an important role in providing food security. We can better understand this if we have a

look at the post-independence scenario. Table 5.1 shows the historical trend in the production of food grains in India since independence. Total production of food-grains in the country increased from 50.82 million tonnes in 1950-51 to 196.81 million tonnes in 2000-01. Today, the country is virtually self-sufficient in the production of food-grains. Despite the fact that the country experienced rapid growth of population at the rate of about 2 per cent per annum, we could maintain the production rate of food-grains at a level above the rate of population growth and thus ensured increase in per capita production of food-grains.

Table 5.1: Production of Food Grains in India

(Million Tonnes)					
Year	Rice	Wheat	Coarse Cereals	Pulses	Total Food-grains
1950-51	20.58	6.46	15.38	8.41	50.82
1960-61	34.58	11.00	23.74	12.70	82.02
1970-71	42.22	23.83	30.55	11.82	108.42
1980-81	53.63	36.31	29.02	10.63	129.59
1990-91	74.29	55.14	32.70	14.26	176.39
2000-01	84.98	69.68	31.08	11.07	196.81

Source: Ministry of Agriculture, *Agricultural Statistics at a Glance*, 2003.

You will observe some interesting trends in the production of food-grains from the above table. While total food-grain production increased almost four fold between 1950-51 and 2000-01, the production of wheat increased 10 fold during this period. Production of rice increased four fold during this 50-year period while that of coarse cereals doubled during the same period. Increase in the production of pulses, however, has been less impressive.

Let us now turn to per capita net availability of food-grains. Table 5.2 shows the data on per capita net availability of food-grains in India during the period, 1950-2001. The table shows that per capita net availability of rice increased by 20 per cent during the period while in the case of wheat it has doubled. There was, however, a consistent decline in the net per capita availability of coarse cereals and pulses during the period.

Increasing the production of food-grains in the country continues to be a major element of our agricultural strategy. In the past surplus production was realized primarily in Punjab, Haryana and Western UP. In future, we cannot depend entirely on this region for surplus production. Already, there is a tendency among farmers in this region to diversify towards crops other than food-grains. Moreover, further increases in the productivity of food-grains in this region will be difficult to realize.

Table 5.2: Per Capita Net Availability of Food-grain in India

(kgs./year)					
Year	Rice	Wheat	Coarse Cereals	Pulses	Total Food-grains
1951	58.0	24.0	40.0	22.1	144.1
1961	73.4	28.9	43.6	25.2	171.1
1971	70.3	37.8	44.3	18.7	171.1
1981	72.2	47.3	32.8	13.7	166.0
1991	80.9	60.0	29.2	15.2	186.2
2001	69.5	49.6	20.5	10.9	151.9

Source: Ministry of Agriculture, *Agricultural Statistics at a Glance*, 2003.

The main vehicle through which the Government encourages farmers to increase agricultural production is through its food procurement operations at the Minimum Support Prices (MSP) announced from time to time. The Commission for Agricultural Costs and Prices (CACP) recommends prices for various agricultural commodities. In its recommendations the CACP takes into account not only a comprehensive overview of the entire structure of the economy and details relating to a particular commodity but also a number of other important factors. This is reflected in the list of factors that go into the determination of support prices—cost of production, changes in input-output prices, open market prices, demand and supply, inter-crop price parity, effect on industrial cost structure, general price level, cost of living and the international price situation.

Based on the recommendations made by the CACP the Government announces the minimum support prices. The objectives of the pricing policy are two fold – (i) to assure the producer that the price of his/her produce will not be allowed to fall below a certain minimum level, and (ii) to protect the consumer against an excessive rise in prices.

The region, in the country, which has the maximum potential of increasing the production of food-grains, particularly rice, is the eastern region. The next stage of green revolution in the country has to come about in the eastern region. Extending the green revolution to the eastern region will also result in the expansion of employment and income earning opportunities in this region and will result in substantial fall in the levels of poverty.

Check Your Progress I

- Note:**i) Write your answers in the space provided.
- ii) Check your progress with the possible answers given at the end of the unit.
- 1) List the five elements of the model that facilitates achievement of food security
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-
-
-
-
-

5.3 INTERNATIONAL TRADE IN FOOD-GRAINS

We will now discuss India’s potential in the international market for food-grains. Along with the expansion in the production of food-grains, it is necessary that India should establish a limited presence in the international market for food-grains. We cannot enter the international market for food-grains in any substantial way. This is because world trade in food-grains is only a fraction of India’s own production. Table 5.3 gives the percentage share of various countries in the total world production of paddy and wheat. In the case of paddy, India’s share in world output is 22.1 per cent and in the case of wheat it is 12.0 per cent. In both cases, India emerges as a major producer in the world.

International trade in rice is only about 10 per cent of India’s own domestic production. So, if India decides to enter the world food market with exports or imports of rice

equivalent to about 10 per cent of its domestic production, it would create major upheavals in the international market and India will not be able to realize substantial gains from such trade. Any news of India’s decision to export will bring down prices and vice versa in the international food-grains market. Thus, we can at best maintain a limited presence in the world food-grains market as a part of our objective in relation to the operation of buffer stocks and the maintenance of stability in food-grain prices.

Table 5.3: Percentage Share in the Total World Production
(1998-2000)

PADDY		WHEAT	
Country	% share	Country	% share
Bangladesh	5.6	Argentina	2.5
Brazil	1.7	Australia	3.8
China	33.1	Canada	4.4
India	22.1	China	18.4
Indonesia	8.5	France	6.5
Japan	1.9	India	12.0
Myanmar	3.2	Iran	1.6
Pakistan	1.2	Italy	1.3
Philippines	1.8	Pakistan	3.3
Thailand	3.9	Russia	5.4
USA	1.5	Turkey	3.1
Vietnam	5.2	UK	2.7
		USA	11.0

Source: Ministry of Agriculture, *Agricultural Statistics at a Glance*, 2003.

5.4 ENSURING REGIONAL FOOD SECURITY

In India, we also need to maintain food security at the regional level. An essential element of this strategy should be the removal of all restrictions on the movement of food-grains from one part of the country to the other. While the Food Corporation of India (FCI) has been a major instrument for facilitating the movement of food- grains from one region to the other, the role of private trade in this regard also needs to be strengthened.

At this stage, it is important to remember that limited international trade and unrestricted domestic trade together would help in bringing desirable features like transparency and efficiency in allocations into the Indian food-grains market. This can also help in reducing governmental intervention in the domestic market to the minimum, i.e. only to the extent it is necessary to serve a perceived social goal such as building a minimum buffer stock to meet any exceptional and severe situation of shortage in the domestic market.

An important factor in maintaining regional food security is the extent of costs involved. It is well known, for instance, that the northwestern region is a major surplus producing area and the state most chronically in deficit is Kerala. Such regional concentrations make transport costs and bottlenecks very crucial in the operation of food-grains trade in the country.

It has been observed that the benefits of operating the PDS have been concentrated within a few states like Kerala that have a strong infrastructure for the PDS. With respect to Kerala, it has been observed that this state, which accounts for about 3 per cent of the country’s population, enjoyed a share of about 12 per cent of food-grains distributed through the PDS. In this connection, it has to be pointed out that the major beneficiaries of the PDS are not only the major food deficit states but also the major food surplus states. While the PDS helps achieve the objective of food security in food deficit states, it also creates a ready demand for the supplies generated in surplus producing states. In this context, it can be noted that Bihar is one of the states that benefits least from the operation of the PDS, as this state benefits neither from the procurement operations nor from the distribution operations to any reasonable extent.

The MSP Scheme served the country well in the past four decades. In the recent years, however, it has started encountering certain problems. This is mainly because the scenario of agricultural production has undergone significant changes over the past few years. Surpluses of several agricultural commodities have started appearing in several states and this trend is likely to continue in the coming years as well. Former deficit regions like Bihar, Assam and Eastern UP have started generating surpluses of certain cereals, and logically the FCI should procure from these areas also. As of now, however, the procurement operations of the FCI are largely confined to Punjab, Haryana, Western Uttar Pradesh and Andhra Pradesh.

One way of dealing with this issue is to promote the scheme of decentralised procurement, so that the State Governments themselves carry out their own procurement operations with the financial support of the Central Government. Most of the states, however, have not shown any eagerness to participate in this programme and decentralized procurement is today confined to the states of West Bengal, Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Uttaranchal, Himachal Pradesh and Tamil Nadu. To encourage the states to accept the system of decentralized procurement, some of the FCI godowns may be handed over to the states. The storage capacity in these regions may also have to be enhanced through construction of godowns under the plan schemes operated by the Food Corporation of India and the Central/ State Warehousing Corporations. There is also a need to reduce FCI manpower in a phased manner in Punjab and Haryana and redeploy the same in the Central and the Eastern parts of the country to ensure better protection for farmers in the region.

There are, however, limitations to extending the coverage of the system of decentralized procurement. The operation of food procurement and maintenance of a buffer stock is best undertaken by a centralized agency. This is necessary to ensure prompt transfer of food grains from regions of excess production to the deficit regions. Moreover, the cost of operating a buffer stock will be less if it is centralized rather than if each state tries to maintain its own buffer stock.

Check Your Progress II

- Note:** i) Write your answers in the space provided.
- ii) Check your progress with the possible answers given at the end of the unit.
- 1) Fill up the blanks in the following sentences:
- i) India’s share in world output of paddy is per cent.
- ii) India’s share in world output of wheat is per cent.
- iii) international trade and an domestic trade would help bring desirable features into the Indian food-grain market.

5.5 STABILISING FOOD-GRAIN PRICES

We have examined in some detail the first three elements of maintaining food security in India. Now we shall turn to the fourth element namely, the stabilization of food prices. The stabilization of prices for food-grains in India is sought to be achieved by maintaining a buffer stock. Crucial elements involved in the operation of a buffer stock in India are the following:

- i) Fixation of procurement prices by the Government based on the recommendations of the CACP.
- ii) Procurement, storage and distribution operations, which are carried out primarily by FCI.
- iii) Fixation of issue prices of food-grains by the Government.
- iv) Distribution of food-grains to the public through the PDS outlets.

While the provision of food subsidy is an important element of the food security system in India, an equally important role is played by food procurement and buffer stock operations. Since agricultural production is subject to fluctuations due to climatic factors, it is necessary to maintain an adequate level of buffer stocks to bring about stability in food grain prices in the country.

The FCI can maintain a minimum level of buffer stocks and then undertake open market operations within a prescribed price band. It can conduct open market operations by releasing stocks in the open market when shortages are prevalent and prices are high. The FCI can also purchase food-grains from the open market when there is excess supply and prices are depressed. Its objective, however, should not be to procure all that is offered by the farmers, but only to maintain an optimum level of buffer stocks. Recognising the fact that a high level of buffer stocks can itself be a factor contributing to inflation, it is reasonable for the FCI to limit its role in the future to more manageable and optimum levels.

The FCI could also play a role in the international market for food-grains by resorting to imports when stock levels are low and exporting food grains when there is a surplus stock. The private sector and the farmers must also be allowed a role in the export and import of food-grains.

5.6 TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

You know that rationing was first introduced in India in 1939 in Bombay by the British Government as a measure to ensure equitable distribution of food-grains to the urban consumers in the face of rising prices due to increased demand from the armed forces. In 1943, the First Food-grain Policy Committee set up by the Government recommended continuation of rationing, maintenance of reserve stocks and extension of rationing to rural areas also. The recommendations were, no doubt, based on the experience of the fall of Burma, which was a major supplier of rice, and the Great Bengal Famine in the preceding year. Rationing in India, however, continued largely as an urban-oriented programme. Immediately after independence, rationing was abolished by the Government only to be reintroduced in 1950 as shortages led to higher food-grain prices.

From the first phase of rationing of food-grains in short supply, the system evolved into the present day Public Distribution System (PDS) in the mid 1960s as the Government envisaged an elaborate PDS as a necessary part of its strategy to boost agricultural production in selected areas through infrastructural investment, technological inputs and price incentives to farmers through government intervention in the food-grain markets.

This second phase, characterized by near self-sufficiency in food-grains production, holding of huge buffer stocks of food-grains by the government and rapid expansion of the network of distribution outlets deep into the rural areas of the country has continued till the present day. During the past four decades, the Public Distribution System has measured up very well in reducing the year-to-year and inter-regional variations in the availability of food-grains. It has also been largely successful in realizing its other objectives of reducing inter-regional and inter-seasonal variations in prices of food grains, even in the face of severe drought situations due to failure of the monsoon during some years during this period.

The Public Distribution System, however, has failed in translating the macro-level self-sufficiency in food-grains achieved by the country into micro-level household food security for the poor in the country. In a system that allows access to all, the rich and the poor alike, the quantum supplied by the PDS to each household forms only a small portion of the family's total requirement. Increases in the Minimum Support Price over the years, considered necessary by the Government to keep up agricultural production, has led to corresponding increases in consumer prices in the PDS, adversely affecting the economic access of the poor to the PDS food-grains. The holding of huge buffer stocks through a highly centralized Food Corporation of India has led to enormous costs of storage and transportation, which have to be borne by the Government.

As mentioned earlier, the importance of an effective Public Distribution System that ensures availability of food at affordable prices at the household level for the poor can hardly be over emphasised. The PDS as it stood earlier, however, was widely criticised for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the States with the highest concentration of the rural poor and the lack of transparent and accountable arrangements for delivery. Realising this, the Government streamlined the PDS by issuing special cards to families Below Poverty Line (BPL) and selling food-grains under the PDS to them at specially subsidized prices with effect from June 1997.

Under this new scheme, viz., the Targeted Public Distribution System (TPDS), each poor family was originally entitled to 10 kgs of food-grains per month at specially subsidized prices and this was likely to benefit about 6 crore (i.e. 60 million) poor families. The identification of the poor is done by the States as per the state-wise poverty estimates of the Planning Commission. These estimates regarding the proportion and the number of the poor in each state are based on the methodology developed by the 'Expert Group' chaired by late Prof. Lakadwala. The policy thrust is to include only the really poor and vulnerable sections of the society, such as the landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tapers, weavers, blacksmiths, carpenters, etc., in the rural areas and slum dwellers and persons earning their livelihood on a daily basis in the informal sector like porters, rickshaw pullers and hand cart pullers, fruit and flower sellers on the pavements, etc. in the urban areas.

Keeping in view the consensus on increasing the allocation of food-grains to BPL category and to better target the food subsidy, the Government of India increased the allocation to BPL families from 10 kgs. to 20 kgs. of food-grains per family per month on April 1, 2000. The allocation for the Above Poverty Line (APL) population was retained at the earlier level.

The number of BPL families was increased in the official records with effect from December 1, 2000, by shifting the base from the earlier population projection of 1995 to the population projections of the Registrar General as on March 1, 2000. This change has resulted in raising the number of BPL families to 652.03 lakhs as against 596.23 lakhs originally estimated when the TPDS was introduced in June 1997. The increased level of allocation of food-grains for BPL category is about 147 lakh tonnes per annum.

In order to reduce the excess stocks lying with the Food Corporation of India, the Government initiated the following measures under the TPDS with effect from July 12, 2001:

- The BPL allocation of food grains was increased from 20 kgs. to 25 kgs. per family per month with effect from July 2001 and the issue price for BPL families was fixed at Rs. 4.15 per kg. of wheat and Rs. 5.65 per kg. of rice.
- The Government decided to allocate food-grains to APL families at a discounted rate. For the APL families, the issue price of wheat was reduced to Rs. 610 per quintal from the earlier Rs. 830 per quintal, and the issue price of rice was reduced to Rs. 830 per quintal from the earlier Rs. 1130 per quintal.

Further, under the Antyodaya Anna Yojana, 25 kgs. of food-grains are being provided to the poorest of the poor families at a highly subsidized rate of Rs. 2 per kg. of wheat and Rs. 3 per kg. of rice. In a decision taken on March 3, 2002, the Government increased the issue quantity of food-grains to 35 kgs per month for all the APL, the BPL and the Antyodaya households. It needs to be mentioned that the Public Distribution System (Control) Order 2001 was also promulgated. It seeks to plug the loopholes in the PDS and make it more efficient and effective.

It would not be prudent on the part of the Government to depend entirely on the Public Distribution System (PDS) outlets to make food-grains available to the poor. Further expansion of the PDS network can be achieved only at a tremendous cost in the form of food subsidy and increasing unit costs in the operation of the system. It is high time the Government took measures to strengthen private trade in food-grains all over the country. Unfortunately, we find ourselves in an atmosphere of mistrust when comes to the involvement of private traders in the management of food-grains in India. The predatory behaviour of traders in conditions of scarcity has earned them this distrust. Private traders, however, can be an efficient means of providing food to all those who have the purchasing power, as today food-grains are available abundantly and the risk of unsocial trade practices has reduced considerably.

Check Your Progress III

- Note:** i) Write your answers in the space provided.
ii) Check your progress with the possible answers given at the end of the unit.
- 1) What are the crucial elements involved in the operation of buffer stocks in India?
.....
.....
.....
.....
- 2) Fill up the blanks in the following sentences.
- i) The FCI can maintain a minimum level of buffer stocks and then undertake,,
- ii) Rationing was first introduced in India in
- iii) Under *Antyodaya Anna Yojana* kgs of food-grains are provided to the poorest of the poor families at a highly subsidized rate of Rs. per kg. of wheat and Rs. per kg of rice.

5.7 FOOD SUBSIDY

All is not well with the operation of the PDS in India. The annual food subsidy involved in maintaining the system is huge (see Table IV). For the year 2004-05 an amount of Rs. 25800 crore is proposed to be spent on food subsidy according to the budget estimates. This volume of food subsidy accounts for 5.40 per cent of the total budgeted expenditure of the Central Government. A close look at Table IV would show that the level of food subsidy in India as a proportion of the total government expenditure has gone up from a level of about 2.5 per cent or less during the beginning of the 1990s to more than 5 per cent today.

Table 5.4: Food Subsidy of the Central Government

Year	Amount (Rs. in crores)	% of (Total Government Expenditure)
1990-91	2450	2.33
1991-92	2850	2.56
1992-93	2785	2.27
1993-94	5537	3.90
1994-95	4509	2.80
1995-96	4960	2.78
1996-97	6066	3.19
1997-98	7500	3.34
1998-99	8700	3.30
1999-00	9200	3.09
2000-01	12010	3.69
2001-02	17494	4.83
2002-03	24176	5.84
2003-04	25200	5.31
2004-05	25800	5.40

Source: Ministry of Finance, *Budget Documents*.

5.8 DIVERSION FROM THE PDS

A study was conducted by the Tata Economic Consultancy Services to ascertain the extent of diversion of commodities (from the distribution system) supplied under the PDS. At the national level, it is assessed that there is 36% diversion of wheat, 31% diversion of rice and 23% diversion of sugar. These are most likely the estimates of diversion based on the sample survey conducted. It was also found that diversion is more in the Northern, Eastern and North Eastern regions. Diversion is comparatively less in the Southern and Western regions. Several State Governments, as brought out in the report, have disputed the huge extent of leakages. A view has also been expressed that the sample size used in the study was small and therefore was not truly representative.

It is significant to note that diversion estimated in the case of sugar is less than that in the case of rice and wheat. In this connection, it has to be noted that sugar is a commodity that is bought from the PDS outlets even by the well-to-do sections. Greater diversion in the case of rice and wheat (not generally purchased by the well-to-do sections from the PDS outlets) is perhaps an indication that a large amount of the quota meant to be distributed among the well to do is actually diverted to the open market. This again strengthens the argument for excluding the population above the poverty line from the PDS.

5.9 RESTRUCTURING OF THE PDS

The Tenth Five Year Plan Working Group on the Public Distribution System and Food Security made the following recommendations for restructuring the Public Distribution System:

- 1) The coverage of TPDS and food subsidy should be restricted to the population below the poverty line. For the people above the poverty line who have the purchasing power to buy food the requirement is only to ensure availability of food-grains at a stable price in the market. There is no need to extend the coverage of food subsidy to this population. Stability in food-grain prices should be ensured through the maintenance of a buffer stock and open market operations of the FCI.
- 2) Items other than rice and wheat need to be excluded from the purview of TPDS. The main objective of providing food subsidy to the poor is to ensure food security. Rice and wheat are the two commodities, which are eagerly sought after as basic necessities by the poor in India. Provision of food subsidies should be restricted to these two commodities.
- 3) Items such as sugar should be kept outside the purview of the PDS. Sugar should be decontrolled and the system of levy on sugar should be discontinued.
- 4) There are difficulties in supplying coarse cereals through the PDS and bringing them under the cover of food subsidy. The average shelf life of coarse grains is limited making them unsuitable for long-term storage and distribution under the PDS. Inclusion of coarse cereals under the PDS cannot be taken up as a national level program since there is no standard variety of coarse grains. But initiatives from the side of the State Governments are possible for catering to the needs of specific localities.
- 5) All further attempts to include more and more commodities under the coverage of food subsidy should be resisted.
- 6) At the same time the FPS should be permitted to sell all commodities (other than rice and wheat) at full market prices through the PDS outlets so as to ensure their economic viability.
- 7) With the liberalization of the external sector, the operation of the buffer stocks can be supplemented by timely exports and imports. In effect, this means that the buffer stocks required will be smaller in size.
- 8) Ration cards should not be used by the administration as an identification card for various purposes. This role should be assigned to multi-purpose identity cards in the future. Many people get ration cards issued only to establish their identity for administrative purposes.
- 9) There are several plan schemes in operation, which are in the nature of welfare or income transfer schemes where the distribution of food-grains is involved. Such schemes, all serving the same purpose, could be merged and some sort of convergence among them could be evolved.

Check Your Progress IV

- Note:** i) Write your answers in the space provided.
ii) Check your progress with the possible answers given at the end of the unit.
- 1) Fill up the blanks in the following sentences.

- i)

The level of food subsidy in India as a proportion of the total government expenditure has gone up from a level of about per cent or less during the beginning of the 1990s to more than per cent at present.
- ii)

The Tata Economic Consultancy Services study estimated that there is per cent diversion of wheat,..... per cent diversion of rice and per cent diversion of sugar from the PDS.

5.10 LET US SUM UP

Being a large country of continental dimensions, India cannot afford to depend on large-scale import of food-grains to meet domestic requirements. While on the one hand, there is a need to produce adequate food-grains domestically, which can be supplemented by imports in times of need, there is also the requirement to have an efficient distribution network on the other. The Public Distribution System (PDS) in the country facilitates transfer of the food-grains produced in the country to the poor and needy in various geographical regions. In the light of the growing food subsidy and food stocks many doubts have been raised about the cost-effectiveness of the PDS. We need to restructure the Public Distribution System to eliminate hunger and make food available in a cost-effective manner to the poor wherever they may be.

5.11 SUGGESTED READINGS AND REFERENCES

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Rajeev, P.V., 1999, *Planning For Social Reforms*, Deep and Deep Publications, New Delhi.

Tata Economic Consultancy Services, 1998, *Study to Identify Diversion of PDS Commodities from Fair Price Shops*, New Delhi.

5.12 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1)

The five elements of the model that facilitates achievement of food security are:
 - Increase in the domestic production of food-grains.
 - A limited presence in international trade in food-grains.
 - Ensuring regional food security within the country.
 - Stabilisation of prices of food grains by maintaining a buffer stock.
 - Providing subsidized food-grains to the poor through the PDS.

Check Your Progress II

- 1) i) 21.9
- ii) 11.5
- iii) limited; unrestricted.

Check Your Progress III

- 1)
 - Fixation of procurement prices by the Government based on the recommendations of the CACP.
 - Procurement, storage and distribution operations, which are carried out primarily by the FCI.
 - Fixation of issue prices of food-grains by the Government.
 - Distribution of food-grains to the public through the PDS outlets.
- 2) i) The FCI can maintain a minimum level of buffer stock and then undertake *open market operations within a prescribed price band.*
- ii) 1939
- iii) 25 kgs; Rs. 2/-; Rs.3/-

Check Your Progress IV

- 1) i) 2.5%, 6%.
- ii) 36%, 31%, 23%.

Abbrevations Used in this Block

Food Security—TPDS

APL	-	Above Poverty Line
BDO	-	Block Development Officer
BPL	-	Below Poverty Line
CACP	-	Commission for Agricultural Costs and Prices
CAPART	-	Council for Advancement of People's Action and Rural Technology
CLCC	-	Central Level Coordination Committee
CSS	-	Centrally Sponsored Scheme
DLCC	-	District Level Coordination Committee
DPAP	-	Drought Prone Areas Programme
DRDA	-	District Rural Development Agency
DSMS	-	District Supply and Marketing Society
DWCRA	-	Development of Women and Children in Rural Areas
EAS	-	Employment Assurance Scheme
FCI	-	Food Corporation of India
GKY	-	Ganga Kalyan Yojana
IAY	-	Indira Awaas Yojana
IRDP	-	Integrated Rural Development Programme
ISB Sector-	-	Industrial Service and Business Sector
JGSY	-	Jawahar Gram Samridhi Yojana
JRY	-	Jawahar Rozgar Yojana
KVIC/KVIB	-	Khadi & Village Industries Commission/ Khadi & Village Industries Board
MFAL	-	Marginal Farmers and Agriculture Labourers
MSR	-	Minimum Skill Requirement
MWS	-	Million Wells Scheme
NABARD	-	National Bank of Agriculture and Rural Development
NFBS	-	National Family Benefit Scheme
NGO	-	Non-Governmental Organization
NIRD	-	National Institute of Rural Development
NOAPS	-	National Old Age Pension Scheme
NRDC	-	National Research and Development Corporation
NREP	-	National Rural Employment Programme
NSAP	-	National Social Assistance Programme
PDS	-	Public Distribution System
PAC	-	Project Approval Committee
RLEGP	-	Rural Landless Employment Guarantee Programme

SFDA	-	Small Farmers Development Agency
SGRY	-	Sampoorna Grameen Rozgar Yojana
SGSY	-	Swarnjayanti Gram Swarozgar Yojana
SHGs	-	Self Help Groups
SIRD	-	State Institute of Rural Development
SITRA	-	Supply of Improved Toolkits to Rural Artisans
SLBC	-	State Level Bankers Committee
SLCC	-	State Level Coordination Committee
TPDS	-	Targeted Public Distribution System
TRYSEM	-	Training of Rural Youth for Self-Employment
ZP	-	Zilla Parishad



Programmes for Self & Wage Employment and Social Security — Current Strategy

UNIT 2 SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY)-2

Structure

- 2.0 Objectives
- 2.1 Introduction
- 2.2 Credit-cum-Subsidy
 - 2.2.1 Norms of Lending
 - 2.2.2 Sanction of Loans by the Banks
 - 2.2.3 Creation of Assets
 - 2.2.4 Provision for Multiple Doses of Credit
 - 2.2.5 Provision of Subsidy in SGSY
 - 2.2.6 Repayment of Loans
- 2.3 Allocation and Release of Funds
 - 2.3.1 Criteria for Selection/Allocation
 - 2.3.2 Procedure for the Release of Funds
- 2.4 Implementation of SGSY
 - 2.4.1 Central Level
 - 2.4.2 State Level
 - 2.4.3 District Level
 - 2.4.4 Block Level
 - 2.4.5 Role of the Panchayati Raj Institutions
 - 2.4.6 Role of NGOs and other Institutions
 - 2.4.7 Monitoring and Evaluation
- 2.5 Special Projects under SGSY
- 2.6 Let Us Sum Up
- 2.7 Key Words
- 2.8 Suggested Readings and References
- 2.9 Check Your Progress - Possible Answers

2.0 OBJECTIVES

We have already discussed a part of SGSY programme in the previous unit. In this unit, we shall now discuss the remaining details of the programme.

After studying this unit, you should be able to:

- describe all the important features of SGSY;
- outline the availability of funding and the procedure for releasing funds;
- describe the implementation process of SGSY; and
- explain the role of Panchayats and other agencies in the implementation of SGSY.

2.1 INTRODUCTION

The basic purpose of Swarnjayanti Gram Swarozgar Yojana (SGSY) is to help the poor with proper support and encouragement so that they can cross the poverty line within a fixed period of time. Building upon the potential of the rural poor, SGSY aims at establishing a large number of micro-enterprises in the rural areas. Keeping in view the size of guidelines on the SGSY programme and the limitation of space in a unit, it was thought desirable to divide SGSY into two parts. In the first part (i.e. Unit 1 of this Block) you

must have come across the different aspects of SGSY including its main features, procedure for selecting and identifying beneficiaries, formation of Self-Help Groups, selection of key activities, training, etc. In the second part (i.e. in this unit), we shall now discuss the remaining details of the programme, which include credit-cum-subsidy, allocation and release of funds, implementation and special projects under SGSY .

2.2 CREDIT-CUM-SUBSIDY

In different sense, SGSY is a credit-cum-subsidy programme. Credit is the key element under SGSY and subsidy is only a small and enabling component. The major part of the investment consists of bank credit from financial institutions like commercial banks, cooperative banks and regional rural banks. The various aspects of the credit-cum-subsidy available under the programme for the Swarozgaris are outlined as follows.

2.2.1 Norms of Lending

SGSY has no investment limits other than the unit cost (investment requirement). The size of loan for a project depends on the nature of the project. It would be equal to the total project cost including the amount of subsidy as permitted to the Swarozgaris. As far as interest rates on loans are concerned, these are to be notified by the Reserve Bank of India and NABARD from time to time.

2.2.2 Sanction of Loans by the Banks

The bank concerned is expected to sanction the loan to the Swarozgaris or Self-Help Groups within fifteen days from the date the applications are received in the bank. Once the bank sanctions loans, it will send the list of the selected grantees to the Gram Panchayat, the BDO and the line department concerned. The panchayat is expected to place this list before the next meeting of the Gram Sabha to ensure that the loans are sanctioned strictly as per the norms laid down. The Bank Manager is expected to ensure that the terms of loans and repayment schedules are parts of the project profiles. The line department concerned will have to ensure as to whether the Swarozgaris have the necessary skills. As soon as loans are sanctioned, the bank is expected to distribute the loans and subsidies to the Swarozgaris who have completed the basic orientation programme or the skill-training programme.

2.2.3 Creation of Assets

One of the interesting features of this scheme is that Swarozgaris are given full freedom to purchase assets of their choice after they receive the loan. There are, however, some conditions attached to it. These include:

- Assets purchased should be of good quality;
- Assets should be procured within a month after the receipt of the loan and subsidy;
- The BDO and the Bank Officer concerned should be informed about the purchases; and
- DRDA and the Bank should ensure, through the normal monitoring and verification processes, that quality assets have been purchased.

It is necessary to remember that if the bank is not informed about the procurement of assets and the BDO comes to the conclusion that non-procurement has been due to the negligence of the Swarozgaris, the loan can be cancelled and the money has to be recovered. The Swarozgaris or all the group members of SHGs concerned are liable for civil or criminal proceedings that may arise from such an event. Before such steps are taken, however, Swarozgaris are given reasonable opportunity to explain their position.

2.2.4 Provision for Multiple Doses of Credit

As you have already seen SGSY is a credit-cum-subsidy programme, in which the subsidy is only an enabling component while the credit is the key component. Therefore, there may be more than one dose of credit needed to improve the earning capacity of the Swarozgaris. Multiple doses of credit would mean assisting a Swarozgari over a period of time with a second and subsequent dose(s) enabling him/her or them to access a higher amount of credit. The Swarozgaris are allowed to stabilize and improve their credit absorption capacity and increase their credit intake over the years either for the same activity or a new activity. It is therefore important to remember that the main purpose of multiple credits is to facilitate a gradual improvement in the income earning capacity of the Swarozgaris.

2.2.5 Provision of Subsidy in SGSY

The provision for subsidy in SGSY is as follows:

- It is available uniformly at 30 per cent of the project cost. This is subject to a maximum of Rs. 7,500/-;
- In the case of Scheduled Castes and Scheduled Tribes, the subsidy component is 50 per cent of the project cost, subject to a maximum of Rs. 10,000/-;
- For Self-Help Groups (groups of Swarozgaris), the subsidy is available at 50 per cent of the project cost. It is, however, subject to a maximum limit of Rs. 1.25 lakhs; and,
- For irrigation projects, there is no limit to the subsidy provided.

The subsidy available under SGSY is *back-ended*. It means that the banks would provide the full project cost including subsidy to the Swarozgaris as a loan. The benefits of the subsidy will also be available to those who would like to avail themselves of the working capital in the form of cash-credit. One of the important things to understand is as to how the banks operate the subsidy amount. This operation is outlined as follows:

- The subsidy admissible to the Swarozgaris is kept in a Subsidy Reserve Fund Account.
- The subsidy amount is kept in the bank Swarozgari-wise and **not** as a term deposit in the name of Swarozgaris.
- The banks do not apply any interest on the Subsidy Reserve Fund Account.
- In order to facilitate charging of interest on the loan, the subsidy amount is separated from the amount received as a lone.
- In the case of working capital advances also, the subsidy is kept in the Reserve Fund Account without any interest being offered. Any amount standing to the credit of the account is withdrawn and credited to cash-credit account of SGSY Swarozgaris after a period of five years.

2.2.6 Repayment of Loans

The repayment schedule of the loan is expected to be drawn up in such a way that the subsidy kept under Subsidiary Reserve Fund would be sufficient for adjustments towards the last few instalments. The availability of subsidy benefits to the Swarozgaris depends on their proper utilization of the loan, prompt repayments and proper maintenance of the asset created in the process.

The banks also issue loan passbooks to the Swarozgaris. These passbooks contain the following details:

- The date of the sanction of the loan;
- Amount of the loan sanctioned;
- Subsidy to be adjusted in the final instalment repayment;
- Rate of interest;
- Amount due under each instalment; and
- Due dates of instalments.

All the loans given under SGSY are medium-term loans and repayments are subject to the following conditions prescribed in the repayment procedure:

- The minimum repayment period is five years,
- The instalment amount is to be fixed as per the unit cost approved by NABARD/ DLCC,
- Instalments need not be paid during the development period (initial stages) of the asset (project),
- Repayment instalments should not be more than 50 per cent of the incremental net income expected from the project, and
- The number of instalments is fixed in accordance with the principal amount, interest liability and the repayment period.

You have to remember that the Swarozgaris would not be entitled for any benefit of subsidy if the loan is not fully repaid before a certain fixed period known as the 'lock-in period'. The loan repayment period under SGSY is 5, 7 or 9 years. The lock-in period corresponding to these repayment periods is 3, 4 and 5 years respectively. If, however, the loan is fully repaid before the lock-in period, pro-rata is to be given to the Swarozgaris.

Check Your Progress I

Note: i) Write your answer in the space provided.

ii) Check your answer with the possible answer provided at the end of the unit.

1) What are the conditions attached to the purchase of assets by Swarozgaris?

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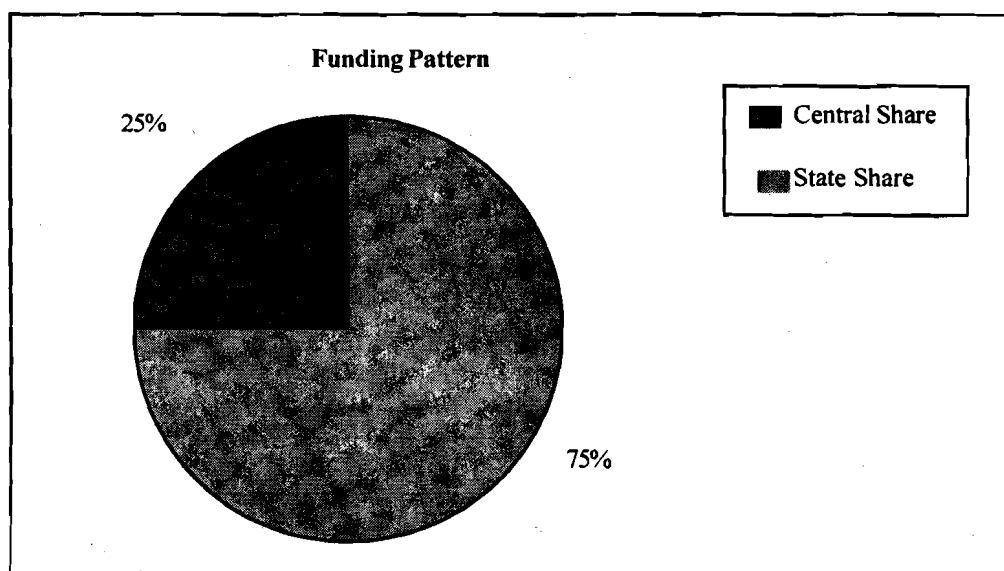
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2.3 ALLOCATION AND RELEASE OF FUNDS

As you have seen SGSY is a *centrally* sponsored scheme. The funding for the programme is shared by the central and the state governments in the ratio of 75:25.



2.3.1 Criteria for Selection/Allocation

The central allocation of funds that is earmarked for the states is distributed on the basis of the incidence of poverty in the states. The amount of funds that should go to the districts is indicated by the states and approved by the Government of India. The central government releases the funds directly to the DRDAs, while the devolution of funds to the Blocks is decided by the Governing Body of the DRDA on the basis of the level of poverty and other local factors. During the course of the year other factors like the utilization of SGSY funds and special requirements are taken into consideration for adjustments.

As far as the expenses for running the administration of DRDA are concerned, there is a separate centrally sponsored scheme called "DRDA Administration", from which these expenses are met.

2.3.2 Procedure for the Release of Funds

The Central Government usually releases the funds of SGSY in two instalments except in the case of cold snow bound districts with limited working period such as Lahaul, Spiti, Leh and Kargil, where the entire share can be released in one instalment. These releases should be immediately followed by the releases of the states.

First Instalment

The first instalment for a particular year is released without any formal request, if the second instalment of the previous year had been released without any condition. If it was not released at all or was released with some condition, then a formal request for the release of the first instalment for a particular year is required from DRDAs after the conditions have been fulfilled. The process of releasing the first instalment should ordinarily be completed by the end of the second month of the financial year.

Second Instalment

The second instalment is released by the Central Government on the request of DRDAs in a prescribed proforma. For this, the following conditions should be fulfilled before the request is made:

- i) The State Government should indicate the budget provision for the current year. The Central release will not exceed it proportionately;
- ii) The State Government should have released its contribution during the previous year;

- iii) The opening balance of the DRDAs should not exceed 15 per cent of the allocation of the year in which funds are being released;
- iv) At least 60 per cent of the available funds including carry forward funds should have been utilized;
- v) Audit reports and utilization certificates for the previous year should be furnished;
- vi) The related annual plan should have been approved by the Governing body of DRDA;
- vii) Any other terms and conditions imposed at the time of the last release should have been met; and
- viii) The States should ideally get the second instalment released latest by the end of December. The release of the second instalment depends on when utilization is reported. Depending on the receipt of the complete proposal for the second instalment, the quantum is to be governed as follows:

Proposals received:

-By the end of December	-	50% of the allocated fund
-By the end of January	-	40% of the allocated fund
-By the end of February	-	30% of the allocated fund
-By March	-	20% of the allocated fund

Check Your Progress II

Note: i) Write your answers in the space provided.

ii) Check your answers with the possible answers provided at the end of the unit.

- 1) What is the central share in the funding of SGSY? In how many instalments are funds released?

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2.4 IMPLEMENTATION OF SGSY

SGSY involves different agencies for the successful implementation of its programmes. It is implemented by District Rural Development Agencies (DRDAs) through Panchayat Samitis and with the active involvement of other Panchayati Raj Institutions, the line departments, banks and NGOs. Close coordination among the agencies responsible for the implementation of SGSY programmes is necessary to achieve the desired goals of the programmes. The programme need to be treated as a joint programme and all the agencies are expected to be conscious of their respective roles. In order to ensure proper coordination, various committees and institutions are involved at different levels.

2.4.1 Central Level

The Ministry of Rural Development, Government of India, has the overall responsibility for policy formulation, monitoring and evaluation of the programmes and also for the release of the Central share of funds. A Central Level Coordination Committee (CLCC) is constituted to oversee the programmes at the national level. This Committee is expected to meet once in six months under the Chairmanship of the Secretary, Ministry of Rural Development with the Joint Secretary (IRD), Department of Rural Development as its Member Secretary. Other members of this committee are:

- Deputy Governor, Reserve Bank of India;
- Secretary, Dept. of Agriculture & Cooperation;
- Secretary, Dept. of Expenditure;
- Special Secretary, Banking Division, Ministry of Finance;
- Secretary, Dept. of Women & Child Development;
- Secretary, Dept. of Small Scale & Agro-related Industries;
- Secretary, Dept. of Science & Technology;
- Secretary, Ministry of Welfare;
- Managing Director, NABARD;
- Advisor (Rural Development), Planning Commission;
- Additional Secretary & FA, Ministry of Rural Development;
- State Secretaries of Rural Development;
- Chairmen-cum-Managing Directors of all commercial sector banks;
- Director General, CAPART;
- Director General, NIRD;
- Chairman, Indian Banks Association; and
- 4-5 NGO representatives nominated by the Ministry of Rural Development.

The functions of CLCC are:

- i) To review and ensure effective implementation of the programmes;
- ii) To review linkages of support services for SGSY;
- iii) To review the progress of these programmes in physical, financial and qualitative terms including credit assistance;
- iv) To consider concurrent evaluation reports;
- v) To provide a forum for a continuous dialogue with the State Governments and Bankers; and
- vi) To review the credit arrangements and recommend changes and improvements as and when necessary.

2.4.2 State Level

At the State level, the Department of Rural Development or any other Department, which deals with Rural Development, is responsible for planning, implementation, monitoring and evaluation of the programmes. The State Level SGSY Committee is constituted to oversee the functioning and performance of the programmes. The Chief Secretary/Development Commissioner chairs this Committee and Secretary, in charge of Rural Development is the Member Secretary. Other members of this committee are:

- Secretary, Dept. of Institutional Finance;
- Secretary, Dept. of Planning;
- Secretary, in-charge of Women's Development;
- Heads of Line Departments concerned as and when required;
- Secretary in-charge of welfare of Scheduled Castes/Scheduled Tribes;
- Representative of NABARD (local head of the regional office);
- Representative of RBI;
- Representatives of the implementing banks at State Headquarters;
- A representative of the Government of India (not below the rank of Deputy Secretary);
- Director, SIRD;
- Convener, SLBC.

The functions of the State level committee are:

- i) To provide leadership and guidance in the planning, implementation and monitoring of the programmes;
- ii) To review the district wise progress under SGSY and suggest remedial actions;
- iii) To monitor and evaluate the implementation of the programmes with reference to the objectives of the programmes;
- iv) To review the involvement of the reputed NGOs in the SGSY and provide advisories if necessary;
- v) To provide a forum for a meaningful dialogue between the policy makers at the State level and the implementers at the field level as well as the bankers concerned; and
- vi) To discuss any other issues relating to SGSY.

2.4.3 District Level

A district level SGSY Committee is constituted under the Chairmanship of District Collector/Chief Executive Officer. This Committee meets every month to review the progress of programmes under SGSY and suggest corrective action wherever necessary. The Lead Bank Officer is the Convener of this Committee.

Other members of this committee are:

- DDM of NABARD;
- LDO of RBI;
- District level Coordinators of the implementing banks;
- Concerned Heads of district level line departments;
- General Manager, DIC;
- District KVIB officer;
- Project Director, DRDA;
- 2-3 NGO representatives; and
- Lead Bank Officer.

The functions of the District SGSY Committee include:

- i) Review of the SGSY plan;
- ii) Monitoring and review of the overall progress of programmes in physical and financial terms;

- iii) Sorting out inter-agency differences and to prepare items for consideration of the State Level Committee;
- iv) Assessing training needs of Swarozgaris and also to review the arrangements for training including the identification of appropriate institutions; and
- v) Monitoring the recovery position bank-wise and block-wise so as to initiate corrective measures where necessary.

This Committee meets every month to review the progress of SGSY programmes and suggest corrective measures wherever necessary.

2.4.4 Block Level

Each Block has a SGSY Committee under the Chairmanship of the Project Director, DRDA. The Block Development Officer (BDO) is the Convener of this Committee. The Lead Bank Officer, DDM, NABARD and the Lead District Officer, RBI, are expected to attend the meetings as special invitees. Other members of this committee are:

- Project Officer (Self-employment);
- Branch Managers of all the implementing bank branches in the Block;
- Block level/Sub-Division level officers of the line departments concerned; and,
- One NGO representative.

The functions of Block Level SGSY Committees are:

- i) Selection of key activities at the beginning of the programme;
- ii) Selection of the villages and the number of Swarozgaris to be covered each year;
- iii) Distribution of work among the bank branches;
- iv) Monitoring of the performance of different agencies;
- v) Resolution of coordination issues pertaining to infrastructure, credit, technology and marketing;
- vi) Review of incomes being earned by Swarozgaris;
- vii) Review of the recovery performance, fixing dates for recovery camps, etc.;
- viii) Conduct of sample checks for verification of assets;
- ix) Drawing up of the monthly report (the monthly report may be drawn by the BDO based on the information furnished by the banks); and
- x) Review of the progress of Swarozgaris in crossing the poverty line.

This Committee meets between the 5th and the 10th of every month. It discusses the selection of activities, selects villages, decides number of Swarozgaris, and attends to infrastructure related issues. It also reviews the progress of Swarozgaris in crossing the poverty line. The proceedings and decisions of the meetings are compiled by the BDO and sent to Panchayat Samitis for information and necessary action. A copy of it is also sent to the Project Director, DRDA and another one to the Lead Bank Officer.

2.4.5 Role of the Panchayati Raj Institutions

In SGSY, the Panchayati Raj Institutions are to play a crucial role. The Gram Sabha approves the BPL list of families. It also identifies the potential Swarozgaris for taking up key activities. This is done by a three-member committee including the Sarpanch. The list of Swarozgaris who are sanctioned the loan by the bank is placed before the Gram Sabha.

The Gram Panchayat takes steps to provide funds available under JGSY and other programmes for the necessary key activities under SGSY. It also participates in monitoring the performance of Swarozgaris and ensures the recovery of loans regularly.

The Panchayat Samiti (Block level) approves the key activities that are identified for the blocks before the list is sent to the district level technical group through the BDO. It also reviews the monthly reports sent by the Block SGSY Committee, particularly those on the loan recovery performance.

The Zilla Parishad examines the performance of SGSY in its general meetings.

2.4.6 Role of NGOs and other Institutions

You cannot under estimate the importance of NGOs in such schemes. Under SGSY, NGOs have an important role to play. They are involved in the formation of and for providing basic training to Self-Help Groups. They can help the Swarozgaris by providing technology support and the means of quality control for their products. They can also monitor the progress of the Swarozgaris. Besides, if any other technical resources in the form of technical institutions are available in the district, their experiences and technical knowledge is utilized.

Similarly, the banks have a very important role in SGSY. They are involved in planning and preparation of projects, selection of Swarozgaris, selection of key activities, pre-credit activities and post-credit monitoring and recovery of sanctioned loans. Line departments also have important roles to play. In fact, SGSY needs close collaboration between the implementation agencies and the line departments. The latter are responsible for the planning and creation of infrastructure to make the key activities successful. They also have to ensure that all the facilities including technical guidance and the relevant training are provided to *swarozgaris*. Besides, they are expected to monitor their progress.

2.4.7 Monitoring and Evaluation

Monitoring

The performance of the implementation of SGSY is expected to be monitored continuously at all the levels to ensure that prescribed procedures and specifications are followed. The agencies involved in monitoring are DRDA, BDO, Panchayats and Bank branches. At the Block and the District levels, this is to be done through reports and physical verification of assets. At the Central level, the programme is monitored on the basis of monthly progress reports. At the end of the financial year (i.e. at the end of March every year) the Annual Progress Report brings together the details pertaining to all the aspects of the implementation of and the progress made by the programme. In particular it focuses on:

- The physical and financial progress made during the year;
- The linkages provided and used for various activities; and
- General comments on the implementation of the programme including suggestions, if any.

The Projects given to the Swarozgaris are followed up by the DRDA/Block officials and the bankers to see that the Swarozgaris are properly managing their assets and are able to generate the expected income. All efforts are made to remove the difficulties that the Swarozgaris may face from time to time. All the Swarozgaris are given a Vikas Patrika, i.e. a development manual. A copy of this Patrika is kept at the Block office also. Both the copies are continuously updated with reference to the health of the Projects.

In order to develop a consistent system of monitoring the implementation of SGSY at the block/DRDA level through field visits and physical verification of assets as well as the progress of swarozgaris towards income generation, the following schedule of inspections (of the families concerned by various officers) is provided in the guidelines:

i) District Magistrate or Chairman DRDA	10 per month
ii) Project Director, DRDA	20 per month
iii) Project Officer & Project Economist	40 per month
iv) SDMs	20 per month
v) BDOs	20 per month
vi) ADOs	20 per month

The District Collector/Chairman DRDA is expected to prescribe a suitable number of field visits for the officers of the line departments and obtain their inspection reports, which serve as the main input in preparing the consolidated report by the Monitoring Wing at DRDA. These reports are discussed at the meetings of the Governing Bodies of DRDA for taking corrective action. Copies of the reports are also sent to states along with summaries of comments and the follow up action taken.

Evaluation

The States and Union Territories are expected to conduct periodic evaluation studies on the implementation of the programme and on issues thrown up by the concurrent evaluation. Evaluation studies can also be assigned to reputed institutions and organizations. The Centre or States/UTs may commission such studies as and when needed. Remedial action is expected to be taken by the States/UTs on the basis of observations and recommendations made in these evaluation studies. Further, copies of the evaluation studies commissioned by the states are to be provided to the Central Government.

2.5 SPECIAL PROJECTS UNDER SGSY

Special projects are taken up under SGSY to take up new initiatives or possible alternative strategies to achieve the desired goals of the programmes. For taking up such projects 15 percent of SGSY funds are set apart by the Ministry of Rural Development, and other departments and semi-government organisations such as, the Khadi and Village Industries Commission, Handicrafts, Commodity Boards, etc. or international organisations are involved in these initiatives under special projects.

The objective of each special project is to ensure a time bound programme for lifting a specific number of BPL families above the poverty line through self-employment programmes.

A two-tier committee approves the projects:

- A Project Screening Committee chaired by the Joint Secretary, Department of Rural Development scrutinizes the project proposals submitted under the special projects scheme. This Committee is also responsible for periodical review and monitoring of the projects sanctioned under the scheme.
- A Project Approval Committee (PAC) chaired by the Secretary, Ministry of Rural Development gives approval to the special projects under SGSY. Joint Secretary (IRD) is the Member-Secretary of this committee.

The proposals for special projects under SGSY include the following details:

- Likely beneficiaries/ families of beneficiaries and year-wise details of long-term and short-term benefits expected to accrue to the Swarozgaris;

- ii) An analysis of the activities proposed to be undertaken and the possibility of replicating them elsewhere;
- iii) The approach proposed to be adopted for achieving the objectives and the activities identified in relation to the available resources; and
- iv) Details of integration with other on-going rural development programmes in the area and the arrangement for dovetailing funds from non-SGSY resources.

The duration of the implementation of projects is not normally expected to exceed three years. Funds are released according to the relevant approval for each programme. The implementing agency submits the reports and the returns to the Central Government as per the prescribed procedures.

Check Your Progress III

Note: i) Write your answers in the space provided.

ii) Check your answers with the possible answers provided at the end of the unit.

- 1) What is the role of the Ministry of Rural Development in the implementation of SGSY?

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- 2) In what way do NGOs help in the effective implementation of SGSY?

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- 3) Why are special projects taken up under SGSY and what is their main objective?

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2.6 LET US SUM UP

This unit gives you the remaining details of SGSY (following those given in Unit 1). It deals with the provision of providing credit and government subsidy to the swarozgaris whether individuals or groups (Self-Help Groups). The major part of the investment

consists of bank credit from financial institutions like commercial banks, cooperative banks and regional rural banks. The institutional set up for the implementation and monitoring of the programme is also explained in this unit. SGSY involves different agencies for the successful implementation of the programme. These include central and state governments, DRDAs, Panchayati Raj Institutions and NGOs. We have discussed in detail their roles in the implementation of SGSY. In addition, this unit describes the special projects component, which is an alternative strategy to lift a specific number of BPL families above the poverty line within a limited period of time. SGSY is a programme aiming at eradicating rural poverty. It, therefore, assumes great importance in the overall strategy for the eradication of rural poverty in India.

2.7 KEY WORDS

- Evaluation** : It is a process for determining relevance, efficiency and impact of the key activities in the light of their objectives.
- Monitoring** : It is a continuous or periodic review and surveillance or overseeing effected by the management at various levels during the process of implementation.
- Project** : A project is a planned undertaking which is a set of interrelated and coordinated activities designed to achieve specific objectives within a given time-frame and budget.
- SIRD** : It stands for State Institute of Rural Development. There is a network of such institutions across the states in India for conducting research and imparting training at the respective state levels to development functionaries and others on various aspects of rural development.

2.8 SUGGESTED READINGS AND REFERENCES

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2.9 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress I

- 1) The conditions attached to the purchase of assets by the Swarozgaris include the following:
 - a) It is necessary that the assets should be procured within a month after the receipt of the loan and subsidy;
 - b) The assets purchased by the swarozgaris should be of good quality;
 - c) It is necessary that the BDO and the Bank Officer are informed in time; and
 - d) DRDA and the Bank are expected to ensure that quality assets are purchased.

Check Your Progress II

- 1) The central and the state governments share funding for the programme in the ratio of 75:25. Normally, the Central Government releases the funds for SGSY in two instalments, except in the case of cold snow bound districts with limited working period such as Lahul, Spiti, Leh and Kargil. For these areas the entire share is released in one instalment. These releases are expected to be followed immediately by the corresponding releases from the states.

Check Your Progress III

- 1) There are a number of agencies involved in the implementation of SGSY. The Ministry of Rural Development, Government of India, has the overall responsibility for policy formulation, monitoring and evaluation of the programme and for the releasing the Central share of funds.
- 2) NGOs play an important role in the implementation of SGSY. They are very helpful in the formation of SHGs. They also provide basic training to Self-Help Groups for effective functioning. They help the Swarozgaris by providing technology support and the means of quality control for their products. They are also instrumental in monitoring the progress of the swarozgaris.
- 3) Special projects are taken up under SGSY to facilitate new initiatives or to explore possible alternative strategies to achieve the desired goal of the programme. The main objective of the special projects is to ensure a time bound programme for lifting a specific number of BPL families above the poverty line through self-employment programmes.

UNIT 3 SAMPOORNA GRAMEEN ROZGAR YOJANA (SGRY)

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Background
- 3.3 Sampoorna Grameen Rozgar Yojana (SGRY)
 - 3.3.1 The Objectives of the SGRY
 - 3.3.2 What does the SGRY Provide?
 - 3.3.3 Beneficiaries under the SGRY
- 3.4 Works to be taken up Under the SGRY
 - 3.4.1 Works to be taken up under SGRY by District and Intermediate Panchayats
 - 3.4.2 Works to be taken up at the Village Panchayat Level
- 3.5 Allocation of Resources
 - 3.5.1 Allocation of Funds/Food-grains from the Center to the State/Union Territories and the Districts
 - 3.5.2 Distribution of Funds among Zilla Parishads/DRDAs and Panchayat Samitis
 - 3.5.3 Distribution of Resources among the Gram Panchayats by the DRDAs/ZPs
 - 3.5.4 Earmarking and Utilization of Resources
- 3.6 Release of the Central Assistance
 - 3.6.1 Release of the Central Assistance from the Department of Rural Development to the DRDAs/ZPs
 - 3.6.2 Release of the First and the Second Instalments of Food-grains
 - 3.6.3 Release of the State Share to DRDAs/ZPs
 - 3.6.4 Release of Funds to the Panchayat Samitis and to the Village Panchayats
- 3.7 Planning of the SGRY
 - 3.7.1 Preparation of the Annual Action Plan by Zilla Parishad/DRDA, Panchayat Samiti and the Village Panchayat
 - 3.7.2 Approval of the Annual Action Plan by the Gram Sabha in the Case of Village Panchayats and the General Bodies in the Case of ZPs/DRDAs and the Panchayat Samitis
- 3.8 Implementation of the SGRY
 - 3.8.1 Implementing Authority
 - 3.8.2 Executing Agencies
- 3.9 Supervision and Evaluation
- 3.10 Convergence with other Programmes
- 3.11 Let Us Sum Up
- 3.12 Suggested Readings and References
- 3.13 Check Your Progress – Possible Answers

3.0 OBJECTIVES

After working through this unit you should be able to:

- describe the importance of the Sampoorna Grameen Rozgar Yojana;
- list its main features;
- identify the types of works/activities that may be undertaken for wage employment and infrastructural development;
- explain the working of the SGRY; and

- describe the vital role of the Panchayats in the preparation, implementation and supervision of the SGRY programme.

3.1 INTRODUCTION

All the economic activities in villages are closely related to seasons. You might have experienced this phenomenon in your own village. During certain seasons, there is enough demand for labour. At certain other times, there is little demand for labour. As a result, the rural poor and landless labourers do not get regular paid-work throughout the year. Most of the time they remain unemployed or under-employed. Increase in our population makes the situation still worse.

Wage and self-employment could be the most effective strategy for the alleviation of poverty, reduction of inequalities as well as the improvement of nutritional levels. This, in turn, would be instrumental in maintaining a relatively high rate of economic growth.

The new scheme called Sampoorna Grameen Rozgar Yojana (SGRY) is the result of the merger of the two earlier schemes namely, the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY).

Additional wage-employment, infrastructural development and food security are the key concerns of the SGRY. Accordingly, the SGRY aims at providing a demand driven infrastructure at the village level to facilitate faster growth in the rural areas and to increase opportunities of employment through access to the market oriented economy. This would lead to progressive increase in the employment opportunities and equally help in the faster growth of the rural economy. The SGRY is in operation since the 25th September 2001. In this unit, we will discuss various aspects of Sampoorna Grameen Rozgar Yojana.

3.2 BACKGROUND

During the first four years of the Seventh Five Year Plan period, there were two wage-employment programmes in existence namely, the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). In April 1989 these programmes were merged into a single programme called the Jawahar Rozgar Yojana (JRY). The strategy for the implementation of JRY was modified in 1993-94. This was done to ensure better implementation of the Yojana during the Eighth Five Year Plan especially to achieve the target of providing 90-100 days of employment per person in the backward districts where there is a concentration of unemployed and underemployed persons. The implementation of JRY was carried out through three streams. The first stream consists of general works and two sub-schemes namely, the Indira Awaas Yojana (IAY) and the Million Wells Scheme (MWS). The second stream, which was called intensified JRY, was being implemented in 120 specifically identified backward districts and the third stream consisted of special and innovative projects.

On 1st January 1996, both the sub-schemes of JRY, i.e. *IAY and MWS* were made independent programmes and JRY became *General Jawahar Rozgar Yojana and Innovative JRY*.

After evaluating the outcome of JRY, it was felt that there was a need to develop village infrastructure based on local needs. It was felt that the Village Panchayats could better judge these local needs because they are closest to the ground realities. Accordingly, the Government decided to streamline and restructure Jawahar Rozgar Yojana with its new focus on the development of rural infrastructure and it was renamed as Jawahar Gram Samridhi Yojana w.e.f. 1st April 1999.

You are perhaps aware that the Employment Assurance Scheme (EAS) was the only additional wage-employment scheme for rural areas. Similarly, the above Jawahar Gram Samridhi Yojana (JGSY) was a rural infrastructure development scheme. But, to give more attention to the additional wage-employment, infrastructural development and food security in the rural areas, the Ministry of Rural Development reviewed these schemes. Based on the outcome of the review it was decided to merge EAS with JGSY and to launch a new scheme called the Sampoorna Grameen Rozgar Yojana (SGRY) in September 2001.

The SGRY is a Centrally Sponsored Scheme (CSS) and the cost is shared by the Center and the States in the ratio of 75:25 in the case of cash component. The Center, however, provides 100% of the funds required in the Union Territories under this scheme. More pertinently, food grains are provided to the State and Union Territories free of cost.

3.3 SAMPOORNA GRAMEEN ROZGAR YOJANA (SGRY)

Alleviation of poverty, reduction of inequalities, improvement of nutritional levels and more significantly the maintenance of a high economic growth rate are not possible without the efficient use of the existing available human resources. Hence, providing wage-employment to all the rural poor by involving them in the manual and unskilled work is the primary objective of the SGRY.

Agricultural wage earners, non-agricultural unskilled wage earners, marginal farmers, women, members of SCs/STs, parents of the child labourer and handicapped children, adult children of handicapped parents, etc. shall get preference under this scheme. The SGRY also provides special safeguards for the weaker sections and women.

The Central Government will provide food grains and cash component to the States and Union Territories as per the set criteria in order to generate adequate additional wage-employment. The SGRY programme is being implemented through the Panchayati Raj Institutions (PRIs).

3.3.1 The Objectives of the SGRY

The SGRY has two fold objectives:

- a) The primary objective is to provide additional and supplementary wage-employment in all rural areas and thereby provide food security and improve nutritional levels; and
- b) To create durable community, social and economic assets and effect infrastructural development in rural areas in the long run.

3.3.2 What does the SGRY Provide?

The wages under the SGRY programme are paid partly as food-grains and partly in cash. But, at least 25% of the wages has to be paid in cash. Under the SGRY, both the skilled and the unskilled labour are paid minimum wages fixed by the State authorities. Moreover, both men and women workers are paid equal wages.

Food grains are given as part of wages under the SGRY to the rural poor at the rate of 5 kg. per man-days. If, however, a State Government wishes to give more than 5 kg of food grains per man-days it may do so within the existing state allocation, subject to a minimum of 25% of the wages to be paid in cash.

Under this programme, the distribution of food grains to the workers is made either through PDS/Gram Panchayat or any other agency appointed by the State Government. Distribution of food grains is made to the workers, most preferably, at the work site.

3.3.3 Beneficiaries under the SGRY

All the rural poor, particularly those who are in need of wage-employment and also desire to do manual and unskilled work in and around their village or habitat, are entitled for the benefit under the SGRY. The SGRY, however, provides special safeguards for the weaker sections and women. Accordingly, specific allocations are made for them on the following pattern (see item 3.5.4 also):

- a) 22.5% of the annual allocation (inclusive of food-grains) of the District Panchayat and of the Intermediate Panchayats is earmarked for individual/group beneficiary schemes of SC/ST families living Below the Poverty Line (BPL).
- b) 50% of the allocation (inclusive of food-grains) of the Village Panchayat share is earmarked for the creation of need based village infrastructure in SC/ST habitations/wards.
- c) 30% of employment opportunities are reserved for women.

3.4 WORKS TO BE TAKEN UP UNDER THE SGRY

The SGRY is implemented at two levels. At the first level activities are implemented by the District and Intermediate Panchayat and the second one by the village panchayat. We shall now discuss works to be taken up at each level.

3.4.1 Works to be taken up under SGRY by District and Intermediate Panchayats

In formulating the Annual Action Plan and while taking up works, District Panchayat/DRDA and Intermediate Panchayats are expected to give priority to the following types of works:

- i) Soil and moisture conservation;
- ii) Minor irrigation;
- iii) Rejuvenation of drinking water sources;
- iv) Augmentation of ground water and traditional water harvesting structures;
- v) Desilting of village tanks/ponds;
- vi) Construction of rural link roads, farm roads linking agricultural fields;
- vii) Drainage works; and
- viii) Aforestation.

In addition, works that result in the creation of durable socio-economic assets such as schools, kitchen sheds for schools, dispensaries, community centres, panchayat ghars, hats (markets), etc. are also to be taken up during the first phase of the SGRY. On the contrary, the following works shall not be taken up under the SGRY programme:

- a) building for religious purposes such as temples, mosques, gurudwaras, churches, etc.;
- b) building monuments, memorials, statutes, idols, arch gates, welcome gates, etc.;
- c) building bridges;
- d) building for higher secondary schools;
- e) building for cottages; and
- f) black topping of roads.

3.4.2 Works to be taken up at the Village Panchayat Level

Emphasis is on the creation of durable productive community assets. Therefore, priority is to be given to the following works:

- i) Infrastructural support for the SGSY.
- ii) Infrastructure required for supporting agricultural activities in the Village Panchayats.
- iii) Community infrastructure for education, health as well as internal and link roads.
- iv) Desilting and renovation of traditional village tanks/ponds.

At the village panchayat level, emphasis is not only on the purely material oriented works but also on the labour intensive works. It has to be kept in mind that the works taken up are sustainable and cost effective.

Check Your Progress I

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.

1) How can wage-employment be the most effective strategy for the alleviation of poverty?

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2) Name those works, which cannot be taken up under the SGRY.

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3.5 ALLOCATION OF RESOURCES

As already said the SGRY is a Centrally Sponsored Scheme and, thus, the cost of the whole programme is shared by the Center and the States in the ratio of 75:25 of the cash component, but the Centre provides 100% funds for the programmes in the Union Territories. In the case of food grains, both the States and Union Territories are treated equally. The Centre provides food grains free of cost to both the State as well as the Union Territories.

**3.5.1 Allocation of Funds/Food-grains from the Centre to the States/
Union Territories and the Districts**

Allocation of resources (funds and food grains) from the Centre to the States/Union Territories is made on the basis of the proportion of the rural population in a State to the total rural poor in a country. On the other hand, the allocation of resources to the Districts is made on the basis of its relative backwardness.

**3.5.2 Distribution of Funds among Zilla Parishads/DRDAs/
Panchayat Samitis**

i) Zilla Parishads/ DRDAs

At the district level, 20% of the resources are reserved by the Zilla Parishads/DRDAs for utilization in the areas suffering from endemic labour exodus or areas of distress.

ii) Panchayat Samitis

At the intermediate level 30% of the resources are allocated among the Panchayat Samitis. In allocating these resources, however, the proportion of the SC/ST population and that of the rural population of the respective Panchayat Samitis is taken into consideration. Detailed methods of calculation are provided in the guidelines.

**3.5.3 Distribution of Resources among the Gram Panchayats by the
DARDs/ZPs.**

Out of the total resources allocated under the SGRY, 50% is earmarked for the distribution among village panchayats for generation of supplementary wage employment and creation of demand driven community village infrastructure, which includes durable assets to enable the rural poor to increase opportunities for sustained employment.

3.5.4 Earmarking and Utilization of Resources

The main highlights of earmarking and utilization of resources at district, intermediate and village panchayat levels are as follows:

- 22.5% of the annual allocation of the District Panchayat and of the intermediate panchayats must be spent on individual beneficiary group schemes for SCs/STs below the poverty line.
- In a year, up to 2% of the respective share of funds can be spent by District and Intermediate Panchayats on contingency for strengthening the process of monitoring and coordination.
- Up to Rs. 100,000 can be utilized by the District Panchayats from their annual share of funds for training/capacity building of the officials and/or the non-officials of PRIs involved in the implementation of SGRY.
- A minimum of 50% of the village panchayat share of allocations (inclusive of food-grains) under the SGRY has to be earmarked for the creation of need based village infrastructure in SC/ST habitations/wards.

3.6 RELEASE OF THE CENTRAL ASSISTANCE

Under the SGRY, Central Assistance is released directly to the DRDAs/ZPs, and the State Governments also release their corresponding shares to the DRDAs/ZPs. The funds to the Panchayat Samitis and the Village Panchayats are disbursed by the DRDAs/ZPs.

3.6.1 Release of Central Assistance from the Department of Rural Development to the DRDAs/ZPs.

Every year, the Central Assistance is released directly to the DRDAs/ZPs in two instalments:

1) Installment of the cash component

All those districts, which received the second installment in the preceding financial year without any condition, automatically receive the first installment in the current year. But, the other Districts have to submit the proposal for the 1st installment with necessary documents asked for the same.

2) Installment of the cash component

The second installment of the Central Assistance is released on the request from the DRDAs/ZPs provided the following conditions are fulfilled by the concerned:

- a) 60% of the total available funds should have been utilized at the time of submitting the proposal for the second installment.
- b) 75% of the food grains earmarked during the first installment have been lifted and 60% of the lifted food grains have been utilized.
- c) The State Government has made adequate provision in its budget to match the central financial assistance.
- d) The State Government should have released all its contribution up to the date of application.
- e) Submission of Audit reports for the SGRY for the last year.
- f) Submission of the utilization certificates from DRDAs/Zilla Parishads based on reports received from Panchayat Samitis and Gram Panchayat.
- g) Submission of non-diversion and non-embezzlement certificates.
- h) Submission of the certificate regarding the preparation of the Annual Action Plan.
- i) Submission of the certificate by the DRDA/Zilla Parishad certifying that funds have been disbursed to the Panchayat Samitis and Village Panchayats.
- j) All pending progress and monitoring reports should have been sent.
- k) Submission of the details of expenditure incurred in respect of SC/ST sector.
- l) Submission of a certificate certifying that no work started more than two years ago has remained unfinished.

3.6.2 Release of the First and the Second Instalments of Food-grains

The district, which obtained the second instalment of funds and food-grains in the preceding financial year without any condition, shall receive the first instalment of food-grains under the SGRY in the current year automatically. Others will have to submit the proposal as in the case of cash component. The release of food-grains is further subjected to the following conditions:

- The release order for food-grains is valid for a period of two financial years.
- Districts are allowed to carry forward the unutilized portion of food-grains released in the previous year to the next financial year.
- Food-grains will be released only to those districts that qualify for the first instalment of the cash component.
- The first instalment of food-grains will be equal to 75% of the total allocation of the district.

- The second instalment is released after 50% of the food-grains allocated as the first instalment has been lifted and 60% of the lifted food-grains (including carry-over balance) has been utilized.
- The food-grains against a release order will have to be lifted only after the entire quantity authorized in the earlier orders has been lifted.

3.6.3 Release of the State Share to DRDAs/ZPs

The release of funds to the DRDAs/ZPs by the State Governments is made within a fortnight after the release of the cash component of the Central Assistance.

3.6.4 Release of Funds to the Panchayat Samitis and the Village Panchayats

The DRDAs/ZPs will have to release the funds and food grains to the Panchayat Samitis and Village Panchayats within 15 days of the receipt of the funds by it from the Central/State Governments as the case may be. Distribution of the central share should not wait for the matching state share to reach the Panchayat Samitis. Diversion of resources either from one District to the other or from one Panchayat Samiti to the other is normally not allowed.

Check Your Progress II

- Note:** i) Write your answers in the space provided.
- ii) Check your answers with the possible answers provided at the end of the unit.
- 1) How are resource allocations made from the Center to the States/UTs and then to Districts under the SGRY?
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- 2) In how many installments are funds released to DRDAs/ZPs? What is the procedure followed for the release of the 1st Installment?
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3.7 PLANNING OF THE SGRY

The whole SGRY programme is based on the formulation and implementation of an Annual Action Plan. Accordingly, no work is taken up unless it forms part of the Annual Action Plan.

The works included in the Annual Action Plan are essentially based on the needs of the individuals and the community concerned. In both the cases, individual employment as well as the community infrastructural development, works are carefully prioritized.

Taking into account the availability of resources and the priorities of works, it is advisable and essential that emphasis is given to those works that could be completed normally within one year and in extraordinary cases within two years. Hence, no work that cannot be completed in one year or at the most within two financial years should be taken up.

3.7.1 Preparation of an Annual Action Plan by the Zilla Parishad/DRDA, the Panchayat Samiti and the Village Panchayats

Before the beginning of each financial year, every Zilla Parishad/DRDA, Panchayat Samiti and village Panchayat prepares an Annual Action Plan. While preparing the Annual Action Plan, first priority is given to the completion of the incomplete works, if any, including those of the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY), instead of taking up any new works.

3.7.2 Approval of the Annual Action Plan by the Gram Sabha in the Case of the Village Panchayats and by the General Bodies in the Case of ZPs/DRDAs and the Panchayat Samitis

The Annual Action Plan prepared by the Village Panchayat is fully discussed and also finally approved in the meetings of the Gram Sabha. Similarly, the plans prepared by the ZPs/DRDAs and the Panchayat Samitis are thoroughly discussed in their respective General Bodies, which also approve them finally.

The formalities of approving the Annual Action Plan are to be completed by the end of February of the preceding financial year. The approved Annual Action Plan is then intimated to the Panchayat Samitis and Zilla Parishad/District Rural Development Agency.

3.8 IMPLEMENTATION OF THE SGRY

You know that panchayats are being actively involved in the implementation of various development programmes. Accordingly, the SGRY programme is being implemented through the Panchayati Raj Institutions (PRIs).

3.8.1 Implementing Authority

The Zilla Parishad/District Rural Development Agency is the implementing authority for its share of resources released to the ZPs/DRDA. Similarly, the Panchayat Samiti is the implementing authority for its share of resources released by the Zilla Parishad/DRDA.

Accordingly, the ZPs/DRDAs and the Panchayat Samitis are accountable for the approval of the Annual Action Plan for their respective share of resources as well as for entrusting works to the executing agencies. Moreover, the ZPs/DRDAs are responsible for the overall supervision and coordination of works and also for furnishing necessary reports to the State and the Central Governments.

3.8.2 Executing Agencies

The Executing Agencies could be a Department or Corporation of the State Government and Panchayati Raj Institutions at the Village, Block and District levels. The well-reputed NGOs, as recognized by the Zilla Parishad/DRDA, could also be the Executing Agencies.

The Head of each Executing Agency is expected to ensure the implementation of the works allotted by the Zilla Parishads/DRDAs and the Panchayat Samitis. All Executing Agencies are responsible to the Zilla Parishad/DRDA/Panchayat Samiti concerned for:

- a) the proper maintenance of accounts of the expenditure incurred;
- b) the measurement of physical work done;
- c) the payment of wages to labour;
- d) the submission of periodical statements of attendance; and
- e) the details of work and accounts of all works.

At the village level, the SGRY is implemented through the Village Panchayats. The Village Panchayats are responsible for planning and implementation of the programme. The technical supervision is the responsibility of the DRDAs/ZPs. The execution of works, however, could be entrusted to the well-established Self-Help Groups (SHGs) under the Swarnajayanti Grameen Swarozgar Yojana (SGSY).

The entire work pertaining to co-ordination, supervision, review and monitoring of the SGRY is the responsibility of the Village Panchayats, which actually execute the works. In fact, the Panchayats have the power to execute works/schemes up to Rs. 1,00,000/- with the approval of the Gram Sabha. No other administrative/technical approval is necessary for this.

3.9 SUPERVISION AND EVALUATION

The supervision of the works implemented under the SGRY is the responsibility of the Vigilance and Monitoring Committees at the State, the District and the Panchayat Samiti levels constituted for monitoring the various programmes of the Ministry of Rural Development. For the effective implementation of the SGRY, the officers at the District, the Sub-division and the Panchayat Samiti closely monitor all aspects of the programme through regular visits to the work sites. The Zilla Parishads/DRDAs prepare a schedule of inspection for each supervisory level functionary from the District to the Panchayat Samiti level and a copy of the same is sent to the State and the Central Governments for information.

It is the duty of the officers dealing with the SGRY at the State headquarters to examine that the programme is implemented satisfactorily and that the execution of works is in accordance with the prescribed rules and procedures. The DRDAs/ZPs are accountable to the State Government for submitting a *Monthly Progress Report* and a detailed *Annual Report*.

The State Government, in return, submits these reports to the Central Government. These reports are expected to be extremely helpful in monitoring the progress of the SGRY programme and also in keeping a close watch on the wage-employment generated and quality of infrastructure created.

Evaluation Studies

Various types of evaluation studies are conducted from time to time by the Central and State Governments. The reputed organizations and institutions may take up these evaluation studies. On the basis of the observations and suggestions made in these

evaluation studies, the States/UTs are expected to take the remedial action to streamline the programme. District Panchayats/DRDAs may also conduct studies from time to time. They, however, have to report the outcome of such studies to the State Governments concerned and the Central Government from time to time.

Check Your Progress III

Note: i) Write your answers in the space provided.

ii) Check your answers with the possible answers provided at the end of the unit.

1) What is an Action Plan and what needs to be taken into consideration in the formulation of an Action Plan at the village level?

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3.10 CONVERGENCE WITH OTHER PROGRAMMES

Funds available from other sources like market committees, cooperatives, NGOs, NRIs and other institutions may also be dovetailed with SGRY funds for similar purposes. The funds available with the PRIs from other sources such as the National Finance Commission, the State Finance Commission, State Departments, other central and centrally sponsored schemes such as SGSY, etc. may also be dovetailed with SGRY activities for the construction of durable community assets/works. The SGRY funds, however, are not allowed to be used as substitutes for departmental plan funds of different departments and agencies.

3.11 LET US SUM UP

This unit provides you important information about the SGRY. Recapitulating the following key aspects of the SGRY could sum up the unit:

- The SGRY has been in operation since 25th September 2001, after two schemes namely EAS and SJSY were merged together.
- The SGRY is a Centrally Sponsored Scheme (CSS) and the cost is shared by the Centre and the States in the ratio of 75:25 in the case of the cash component.
- The Centre provides 100% funds to the Union Territories under the SGRY.
- Food grains are provided to the State and the Union Territories free of cost.
- The SGRY is implemented through the Panchayati Raj Institutions (PRIs).
- Both skilled and unskilled labour are paid the minimum wages fixed by the State authorities. More importantly, both men and women workers receive equal wages under the Yojana.

- The wages are paid partly as food grains and partly in cash. However, at least 25% of the wages is to be paid in cash.
- All the rural poor, especially those who are in need of wage- employment and interested in manual and unskilled work, are entitled for the benefit under this programme.
- The Panchayati Raj Institutions have been assigned the important role of preparing, implementing and effectively supervising the works undertaken under this Yojana.

3.12 SUGGESTED READINGS AND REFERENCES

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3.13 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1) It could be the most effective strategy for the alleviation of poverty through reduction of inequalities as well as by making contributions towards the improvement of nutritional levels. This, in turn, would be instrumental in maintaining a relatively high rate of economic growth.
- 2) These include building for religious purposes such as temples, mosques, gurudwaras, churches, etc.; monuments, memorials, statutes, idols, arch gates, welcome gates, bridges; building for higher secondary schools; building for cottages and black topping of roads.

Check Your Progress II

- 1) Under the SGRY, the allocations of resources imply both funds and food grains. The allocation of these resources from the Centre to the State/Union Territories is made on the basis of the proportion of the rural population in a State to the total rural poor in a country. In turn the allocation of resources to a District is made on the basis of its relative backwardness.

- 2) The funds to DRDAs/ZPs are released in two installments. For both the phases of the SGRY, all those Districts, which receive the second installment in the preceding financial year without any condition, automatically receive the first installment for the current year. As far as the other Districts are concerned, they have to submit the proposal for the 1st installment with necessary documents asked for the purpose.

Food Security—TPDS

Check Your Progress III

- 1) The whole SGRY programme is based on the formulation and implementation of an Annual Action Plan. In fact, no work is taken up unless it forms part of the Annual Action Plan. The works included in the Annual Action Plan are essentially based on the needs of the individuals and the community concerned. In both the cases, individual employment as well as the community infrastructural development, works are carefully prioritized. It is necessary, however, that the availability of resources is kept in mind for either of the cases. It is also advisable that emphasis be given to those works that could be completed within one year or at the most in two years.

UNIT 4 NATIONAL SOCIAL ASSISTANCE PROGRAMME (NSAP)

Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 National Social Assistance Programme
- 4.3 Main Aim of the NSAP
 - 4.3.1 National Old Age Pension Scheme (NOAPS)
 - 4.3.2 National Family Benefit Scheme (NFBS)
- 4.4 Common Aspects of the NSAP
 - 4.4.1 Distribution of the Benefits from the NSAP
 - 4.4.2 Linkages to Other Programmes
 - 4.4.3 Allocation of Funds
 - 4.4.4 Release of Funds
 - 4.4.5 Implementation of the NSAP
 - 4.4.6 Monitoring and Evaluation
- 4.5 Let Us Sum Up
- 4.6 Suggested Readings and References
- 4.7 Check Your Progress – Possible Answers

4.0 OBJECTIVES

After going through the unit you should be able to:

- outline and comment on the importance of the social assistance programme;
- explain the main features of NSAP;
- describe how NSAP can help in providing social assistance for poor households and senior citizens; and
- explain and comment on the role of Panchayats in implementing NSAP.

4.1 INTRODUCTION

The National Social Assistance Programme (NSAP) was introduced with a view to ensuring minimum National Standard of Social Assistance to the poor households that suffer because of the old age and/or the death of the breadwinner. This is a significant step towards the fulfillment of the Directive Principles of our Constitution. These principles are defined in the Constitution under Articles 41 and 42, which recognize the joint responsibility of the Central and the State governments for this purpose. Through these principles the State is directed to promote the welfare of the people. The welfare of the people can be promoted by creating a just social order based on socio-economic and political justice. Introduction of NSAP is an important step in this direction. This programme consists of two schemes dealing with issues related to old age and family benefits. In this unit, we will discuss the importance and the main features of schemes pertaining to these two issues.

4.2 NATIONAL SOCIAL ASSISTANCE PROGRAMME

Ours is a welfare state where the major task of the State is to ensure the well being of every citizen. In spite of our efforts made over the last few decades, poverty remains a

major problem in the country. You must have seen poor people in your village. They are poor because they don't have access to the basic facilities of life. As a result, they are held up in a state of poverty. Many plans and programmes are being implemented for them, yet there is a large number of needy people and families who are left out of such programmes and their numbers are increasing day by day. Important among them, for purposes of assistance, are those who are old and/or belong to poor families without primary breadwinners.

It is to help these poor people that NSAP was introduced on August 15, 1995. It was a Centrally Sponsored Programme to extend 100 per cent Central assistance to the States and Union Territories in order to help them to provide various programme based benefits to the poor. As a result of the recent review of the centrally sponsored schemes conducted by the Planning Commission, in consultation with the Ministry of Rural Development, it was decided to transfer the NSAP to the State Plan beginning the financial year 2002-2003. The objective of this shift is to provide the requisite flexibility to the States/UTs in the choice and implementation of the schemes.

4.3 MAIN AIM OF THE NSAP

As we have seen, the National Social Assistance Programme (NSAP) was introduced with a view to ensuring a minimum National Standard of Social Assistance to poor households suffering from issues pertaining to old age and/or the death of the breadwinners. The main aim of the programme is to extend financial assistance to:

- old persons having little or no regular means of subsistence; and
- households living below the poverty line because of the death of their primary breadwinners.

The programme consists of the following two schemes:

- i) National Old Age Pension Scheme (NOAPS)
- ii) National Family Benefit Scheme (NFBS)

We will now discuss each one of them separately.

Since the procedure for implementation, release of funds and the monitoring and evaluation mechanisms are the same for both the schemes, we will discuss them together after we outline their specific features. Let us discuss the National Old Age Pension Scheme (NOAPS) first.

4.3.1 National Old Age Pension Scheme (NOAPS)

This scheme is meant for old persons who are destitutes. You know that there are people who are old and without any regular source of income. Because of their old age they cannot work and therefore are unable to support themselves. At the same time, they may not have any one else, son/daughter or any relative to take care of them. They are helpless and vulnerable in all respects—physically, financially and socially. In order to sustain themselves, people belonging to this category of the poor require assistance on a continuous basis. The NOAPS has been designed to provide monthly old age pension to such destitutes.

Criteria for old age pension

In order to claim old age pension under this scheme, a person (male/female):

- i) Should be of 65 years of age or above;
- ii) Should be a destitute who is left with little or no regular means of subsistence from his/her own sources of income; and

- iii) Should not have financial support either from family members or from any other sources of income.
- In case any State Government/UT uses some other criteria for determining destitutes, they can also be considered.

How much is given as the Old Age Pension?

Under this scheme, a person gets an amount of Rs. 75/- (Rupees Seventy-Five Only) per month as old age pension. The respective State Governments, however, are free to add to this amount from their own sources.

Mode of the distribution of pension

The benefits under NOAPS should be disbursed in not less than two instalments in a year and if possible, the benefits may be disbursed in more instalments as per the direction of the State Government. *It has to be noted that Village Panchayats should report every case of the death of a pensioner to the authority concerned so that payments are stopped immediately.*

Check Your Progress I

- Note:** i) Write your answer in the space provided.
- ii) Check your answer with the possible answer provided at the end of the unit.
- 1) Why was the National Social Assistance Programme introduced? Name three main criteria to be fulfilled to claim old age pension.
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4.3.2 National Family Benefit Scheme (NFBS)

Now let us turn to the next scheme namely the National Family Benefit Scheme (NFBS). In our country, every effort is made to help the poor people to come out of poverty. At times, however, situations arise when the needy cannot wait for the benefits of the development programmes to reach them; for instance, consider the sudden death of the primary breadwinner in a family and the consequential helplessness of the family.

Such a family needs immediate assistance to come out of destitution. The National Family Benefit Scheme (NFBS) has been introduced by the Government to help such poor households who suffer due to accidental or natural death of their primary earning members. The scheme provides a sort of immediate compensation to the affected family in order to help them to come out of the situation. It is, however, a one-time assistance for the affected families and nothing more than that.

Identification of primary breadwinner in the family

Since the assistance is linked with the death of the primary breadwinner, it is necessary to clarify as to who the primary breadwinner is. As per the guidelines issued by the Government of India, any person in a household is considered the primary breadwinner,

if his or her earnings contribute substantially to the total household income.

Extent of compensation given

The amount of compensation has been fixed at Rs.10, 000 (Ten Thousand) per family in the case of primary breadwinner’s death.

Conditions attached

There are two conditions attached to this facility.

- **First**, the family must be living below the poverty line.
- **Second**, the age of the main breadwinner at the time of his/her death should be more than 18 and less than 65 years.

In order to determine as to whether the particular family or household is below the poverty line, criteria prescribed by the Government of India are applied and the case settled.

Who gets compensation?

The compensation under NFBS is given to the head of the surviving household/family. In order to avoid any disputes regarding the determination of who the head of the family is, a local enquiry is conducted. This local enquiry becomes the basis for deciding the head of the family to whom the family benefit is provided by the Government under this scheme.

Here again the number of families to be covered in a State/UT is determined by the Central Government.

Check Your Progress II

- Note:** i) Write your answer in the space provided.
- ii) Check your answer with the possible answer provided at the end of the unit.
- 1) What is the extent of compensation given under the National Family Benefit Scheme and state two conditions that need to be fulfilled to receive the compensation?

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4.4 COMMON ASPECTS OF THE NSAP

4.4.1 Distribution of the Benefits of the NSAP

The assistance under both the schemes is made preferably through Savings Accounts of the beneficiaries at a Post Office or Commercial Bank. It can also be sent through Postal Money Order, though there is no bar on cash payments. Generally, for NOAPS, cash payment may be permitted if the payment is made in a public meeting such as at a Gram Sabha. This way people would realize the importance of Gram Sabha and the Gram Sabha will be strengthened. Besides, this process will help in making the Panchayat representatives accountable to the village community. It is to be noted that the sanctioning authority has the right to recover payments made on the basis of false or misleading information about eligibility.

4.4.2 Linkages to Other Programmes

The NSAP offers a special opportunity in relating these schemes to other poverty-alleviation programmes and the provision of basic needs. For example, old-age pension can be related to medical care and other benefits for old destitutes. Similarly, poor households covered under the National Family Benefit Scheme can also be assisted through the schemes available under SGSY and JGSY respectively.

4.4.3 Allocation of Funds

As a result of the transfer of NSAP to the State Plan, the Ministry of Finance releases the funds for its operations as Additional Central Assistance (ACA) to the States/UTs. The total ACA provided to the States/UTs for the NSAP is decided by the Planning Commission. And the Ministry of Rural Development and Planning Commission make the state wise allocations of this assistance. The States/UTs are expected to provide a Mandatory Minimum Provision (MMP) for the scheme under their own budgets. The MMP is equal to the States' Budget Provision or actual expenditure for this purpose, whichever was higher for the scheme during the year 2000-2001 and the ACA allocation for the year concerned.

The details of budget allocation and expenditure incurred by the States/UTs during 2000-2001 for providing old age pension and family benefits are compiled by the Ministry of Rural Development to have benchmark figures of MMP.

The States/UTs are expected to report the details regarding the distribution of the total MMP over various schemes adopted by them for the welfare of the BPL families to the Ministry of Rural Development within a month after the states' allocation of ACA for the transferred scheme is conveyed to the States/UTs. The Ministry of Rural Development monitors the expenditure of the ACA and MMP during the year.

4.4.4 Release of Funds

The release of the Additional Central Assistance (ACA) to the States/UTs is made routinely by the Ministry of Finance in equal instalments on a monthly basis till the month of December in every financial year. The release of ACA for the last quarter of the financial year, i.e. for the three months of January, February and March, however, depends on satisfactory progress reports pertaining to the implementation of the scheme and the utilization of funds by the States/UTs. The release of funds for the last quarter is subjected to the following conditions:

- At least 50% of the ACA funds released must have been utilized by the States/UTs by the 31st of December, so that ACA for the remaining three months of the financial year may be released.
- The States/UTs have to furnish utilization certificates for the funds released during the previous financial year to the Ministry of Rural Development.
- The utilization position as on the 31st of December must be reported by the States/UTs by the 15th of January to the Ministry of Rural Development, who after an examination of these reports makes suitable recommendations to the Ministry of Finance regarding the release of ACA for the three months of the last quarter.
- The ACA funds released under the scheme must be passed on to the implementing agencies within a month after the release of funds by the Centre.

4.4.5 Implementation of the NSAP

The States/UTs are allowed to implement the schemes through any State Government Department. They have to designate a Nodal Secretary at the State Level to report the progress of implementation by coordinating with the various departments involved in the

implementation of the scheme. The process of the implementation of NSAP at the district and lower levels is as follows:

District Level

At the district level, the District Collector or any other officer is given the primary responsibility to implement the NSAP. Here, the major responsibility is to:

- give wide publicity to the NSAP and its procedures;
- monitor and compile information about the implementation of the scheme and pass it to the authorities concerned;
- arrange the payment of benefits to the beneficiaries; and
- ensure efficient implementation of the NSAP in accordance with the guidelines.

Panchayat Level

The implementation of NSAP at the gram panchayat level includes the following:

- To procure target figures for NOAPS and NFBS from the State Government concerned;
- To give wide publicity to the schemes and provide information about procedures for getting benefits to the potential beneficiaries;
- To convene the meetings of Gram Sabha for the identification of beneficiaries and later for the distribution of assistance under NSAP;
- To publish the list of selected beneficiaries; and
- To take the help of Voluntary Organizations in publicizing the scheme.

As Panchayats are expected to play an important role for the development of rural areas, the above activities assigned to Panchayats are expected to further strengthen their involvement.

4.4.6 Monitoring and Evaluation

A lot of attention has been paid to effectively monitor and evaluate the performance of the NSAP. The progress of the implementation of the scheme is reported through Quarterly Reports in a given monitoring format by the 15th of the first month of the following quarter. Non-submission of the physical and financial progress reports is construed as *lack of progress* and therefore, may result in the non-release of ACA for the last quarter of the financial year.

Since the allocation of the scheme lapses at the end of the financial year, these instalments cannot be released during the next financial year, even if a state government reports progress subsequent to the cut-off dates mentioned above. The states may review, if necessary, the functioning of the existing committees at the state and district levels to ensure better results and coordination. The nomination of the representatives of the Ministry of Rural Development and the Planning Commission in the State Level Committees may have to be considered in the States/UTs.

In this regard, the respective activities taken up at the State/UT and District levels are outlined below:

State/UT Level

- States/UTs are expected to ensure wide and continuous publicity of the benefits available under the NSAP. This can be ensured through posters, banners, brochures, wall-writings and regional newspapers to make people aware of the provision and procedure for availing themselves of the benefits available under the NSAP.

Programmes for Self & Wage Employment and Social Security — Current Strategy

- In this regard, States/UTs can also use mass media like Television and Radio to give wider coverage to the NSAP.
- For availing themselves of the benefits of the NSAP, States/UTs should come forward to provide application forms in local languages in all the Gram Panchayat offices.
- States/UTs are also expected to intimate the Central Government the total number of beneficiaries identified district wise under each scheme of the NSAP. This helps the Central Government to work out the maximum number of beneficiaries to be covered under all the three schemes of the NSAP.
- As the NSAP involves massive financial transactions, States/UTs should open separate bank accounts for this scheme at the district level. The Central Government would release the funds under the NSAP directly into such accounts for all the districts. This will ensure smooth flow of funds for timely execution of activities.
- States/UTs have also the responsibility to set up committees both at the State and the District levels to monitor the implementation of schemes under the NSAP. The Chief Secretary of the State concerned will be the Chairman of the State Level Committee (SLC). Besides, the Secretaries of the Departments concerned like Health and Welfare, Finance, Rural Development and Municipal Affairs will be included among others as members of the SLC. The SLC will monitor and also evaluate the social assistance programme and give its report to the Government of India.

District Level

State Governments also set up District Level Committees (DLCs), which monitor and evaluate the NSAP in the respective districts. Headed by the District Collector, a DLC includes the following as members:

- a) The concerned Members of Parliament;
- b) One third of the MLAs elected from the district;
- c) Chairperson of the Zilla Parishad and/or that of its Standing Committee;
- d) Heads of the district level Departments concerned;
- e) Representatives from among the Chairpersons of Panchayat Samitis (block/taluk level Panchayat bodies) and Municipalities; and
- f) Representatives of NGOs and independent experts.

Check Your Progress III

- Note:** i) Write your answers in the space provided.
- ii) Check your progress with the possible answers given at the end of the unit.

- 1) How can the NSAP be related to other poverty alleviation programmes?
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2) Who implements the NSAP at the district level? What measures have to be taken to ensure its effective implementation?

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4.5 LET US SUM UP

In this unit, you have learnt about the National Social Assistance Programme. It covers two schemes: the National Old Age Pension Scheme (NOAPS) and the National Family Benefit Scheme (NFBS). You have also learnt that these schemes are meant for persons/ families living below the poverty line. These include:

- Old destitutes, 65 years of age and above, who have no regular means of subsistence;
- Those poor households in which the primary breadwinners, aged between 18 and 65 years, have suffered an accidental or natural death.

Now you are aware of the above schemes. You will perhaps agree that NSAP is an important step to help and reach those poor sections of the society who are either not addressed by other development intervention or do not fulfill their criteria but still desperately need assistance. Let us hope NSAP brings relief and a smile on the faces of old and needy.

4.6 SUGGESTED READINGS AND REFERENCES

Government of India, 2003-2004, *Guidelines Regarding Transferred Schemes* captioned, ‘*National Social Assistance Programme and Annapurna Scheme to the States/UTs*’, Ministry of Rural Development, New Delhi.

Government of India, 2001-2002, *Annual Report*, Ministry of Rural Development, New Delhi.

Government of India, 1995, *NSAP: Guidelines*, Ministry of Rural Development, New Delhi.

Government of India, 1995-96, *Activities and Achievements*, Ministry of Rural Areas and Employment, New Delhi.

National Institute of Rural Development 1995, *Panchayati Raj and Rural Development*, NIRD, Hyderabad.

National Institute of Rural Development, 1995, *Panchayati Raj Institutions in India: An Appraisal*, NIRD, Hyderabad.

4.7 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1) There are a number of programmes implemented from time to time to alleviate rural poverty. A large number of needy people and families, however, are left out

for various reasons. These among others include old destitutes and poor families without a breadwinner. It is to address problems of this segment of rural population that the NSAP was introduced in August 1995.

The main criteria to be fulfilled to receive old age pension include that a person should be: a) 65 years or above, b) a destitute with no regular means of income, and c) not having any financial support from the family or any other source.

Check Your Progress II

- 1) The Government has fixed the amount of compensation at Rs10,000 per family, provided it is a case of the death of the primary breadwinner. There are two criteria to be fulfilled to receive this compensation. These are:
 - The family claiming compensation under the scheme must be living below the poverty line.
 - The age of the main breadwinner for whom compensation is claimed should have been between 18 and 65 years at the time of death.

Check Your Progress III

- 1) The NSAP can be related to other on-going development programmes to ensure the flow of other available benefits to the beneficiaries of the programme. For example, old destitutes under the old age pension scheme can be related to the medical care scheme as much as the other poor families to be covered under the National Family Benefit Scheme can be to the SGSY and the SGRY.
- 2) The District Collector is responsible for implementing the NSAP at the District level. The measures to be taken for the effective implementation among others include following:
 - To give wide publicity to the NSAP at the district level and below;
 - To convene District Level Committee meetings regularly;
 - To keep a monitoring mechanism in place and to ensure that corrective actions are taken based on the feedback received; and
 - To follow the NSAP guidelines in letter and spirit.

UNIT 5 FOOD SECURITY — TPDS

Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Increasing the Domestic Production of Food-grains
- 5.3 International Trade in Food-grains
- 5.4 Ensuring Regional Food Security
- 5.5 Stabilising Food-grain Prices
- 5.6 Targeted Public Distribution System (TPDS)
- 5.7 Food Subsidy
- 5.8 Diversion from the PDS
- 5.9 Restructuring of the PDS
- 5.10 Let Us Sum Up
- 5.11 Suggested Readings and References
- 5.12 Check Your Progress – Possible Answers

5.0 OBJECTIVES

After studying the unit you should be able to:

- describe the various elements that are essential to ensure food security in the country; and
- state the role of the Public Distribution System (PDS) in ensuring food security.

5.1 INTRODUCTION

During the first two decades after independence, India had to import large quanta of food grains to meet the shortfall in domestic production. Then came the period of the green revolution and the country emerged virtually self-sufficient in the production of food grains. Being a large country of continental dimensions, India cannot afford to depend on large-scale import of food grains to meet domestic requirements. The country, therefore, has to plan for *a system of food security*. The model of food security outlined here consists of the following essential elements:

- 1) Increase in the domestic production of food grains.
- 2) A limited presence in the international trade in food grains.
- 3) Ensuring regional food security within the country.
- 4) Stabilization of the prices of food grains by maintaining a buffer stock.
- 5) Providing subsidized food grains to the poor through the PDS.

In this unit we deal with the important theme of Food Security, which is a vital element in the process of poverty eradication.

5.2 INCREASING THE DOMESTIC PRODUCTION OF FOOD-GRAINS

You are perhaps aware of the fact that the Domestic production of food grains plays an important role in providing food security. We can better understand this if we have a

look at the post-independence scenario. Table 5.1 shows the historical trend in the production of food grains in India since independence. Total production of food-grains in the country increased from 50.82 million tonnes in 1950-51 to 196.81 million tonnes in 2000-01. Today, the country is virtually self-sufficient in the production of food-grains. Despite the fact that the country experienced rapid growth of population at the rate of about 2 per cent per annum, we could maintain the production rate of food-grains at a level above the rate of population growth and thus ensured increase in per capita production of food-grains.

Table 5.1: Production of Food Grains in India

(Million Tonnes)					
Year	Rice	Wheat	Coarse Cereals	Pulses	Total Food-grains
1950-51	20.58	6.46	15.38	8.41	50.82
1960-61	34.58	11.00	23.74	12.70	82.02
1970-71	42.22	23.83	30.55	11.82	108.42
1980-81	53.63	36.31	29.02	10.63	129.59
1990-91	74.29	55.14	32.70	14.26	176.39
2000-01	84.98	69.68	31.08	11.07	196.81

Source: Ministry of Agriculture, *Agricultural Statistics at a Glance*, 2003.

You will observe some interesting trends in the production of food-grains from the above table. While total food-grain production increased almost four fold between 1950-51 and 2000-01, the production of wheat increased 10 fold during this period. Production of rice increased four fold during this 50-year period while that of coarse cereals doubled during the same period. Increase in the production of pulses, however, has been less impressive.

Let us now turn to per capita net availability of food-grains. Table 5.2 shows the data on per capita net availability of food-grains in India during the period, 1950-2001. The table shows that per capita net availability of rice increased by 20 per cent during the period while in the case of wheat it has doubled. There was, however, a consistent decline in the net per capita availability of coarse cereals and pulses during the period.

Increasing the production of food-grains in the country continues to be a major element of our agricultural strategy. In the past surplus production was realized primarily in Punjab, Haryana and Western UP. In future, we cannot depend entirely on this region for surplus production. Already, there is a tendency among farmers in this region to diversify towards crops other than food-grains. Moreover, further increases in the productivity of food-grains in this region will be difficult to realize.

Table 5.2: Per Capita Net Availability of Food-grain in India

(kgs./year)					
Year	Rice	Wheat	Coarse Cereals	Pulses	Total Food-grains
1951	58.0	24.0	40.0	22.1	144.1
1961	73.4	28.9	43.6	25.2	171.1
1971	70.3	37.8	44.3	18.7	171.1
1981	72.2	47.3	32.8	13.7	166.0
1991	80.9	60.0	29.2	15.2	186.2
2001	69.5	49.6	20.5	10.9	151.9

Source: Ministry of Agriculture, *Agricultural Statistics at a Glance*, 2003.

The main vehicle through which the Government encourages farmers to increase agricultural production is through its food procurement operations at the Minimum Support Prices (MSP) announced from time to time. The Commission for Agricultural Costs and Prices (CACP) recommends prices for various agricultural commodities. In its recommendations the CACP takes into account not only a comprehensive overview of the entire structure of the economy and details relating to a particular commodity but also a number of other important factors. This is reflected in the list of factors that go into the determination of support prices—cost of production, changes in input-output prices, open market prices, demand and supply, inter-crop price parity, effect on industrial cost structure, general price level, cost of living and the international price situation.

Based on the recommendations made by the CACP the Government announces the minimum support prices. The objectives of the pricing policy are two fold – (i) to assure the producer that the price of his/her produce will not be allowed to fall below a certain minimum level, and (ii) to protect the consumer against an excessive rise in prices.

The region, in the country, which has the maximum potential of increasing the production of food-grains, particularly rice, is the eastern region. The next stage of green revolution in the country has to come about in the eastern region. Extending the green revolution to the eastern region will also result in the expansion of employment and income earning opportunities in this region and will result in substantial fall in the levels of poverty.

Check Your Progress I

- Note:**i) Write your answers in the space provided.
- ii) Check your progress with the possible answers given at the end of the unit.
- 1) List the five elements of the model that facilitates achievement of food security
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5.3 INTERNATIONAL TRADE IN FOOD-GRAINS

We will now discuss India’s potential in the international market for food-grains. Along with the expansion in the production of food-grains, it is necessary that India should establish a limited presence in the international market for food-grains. We cannot enter the international market for food-grains in any substantial way. This is because world trade in food-grains is only a fraction of India’s own production. Table 5.3 gives the percentage share of various countries in the total world production of paddy and wheat. In the case of paddy, India’s share in world output is 22.1 per cent and in the case of wheat it is 12.0 per cent. In both cases, India emerges as a major producer in the world.

International trade in rice is only about 10 per cent of India’s own domestic production. So, if India decides to enter the world food market with exports or imports of rice

equivalent to about 10 per cent of its domestic production, it would create major upheavals in the international market and India will not be able to realize substantial gains from such trade. Any news of India’s decision to export will bring down prices and vice versa in the international food-grains market. Thus, we can at best maintain a limited presence in the world food-grains market as a part of our objective in relation to the operation of buffer stocks and the maintenance of stability in food-grain prices.

Table 5.3: Percentage Share in the Total World Production
(1998-2000)

PADDY		WHEAT	
Country	% share	Country	% share
Bangladesh	5.6	Argentina	2.5
Brazil	1.7	Australia	3.8
China	33.1	Canada	4.4
India	22.1	China	18.4
Indonesia	8.5	France	6.5
Japan	1.9	India	12.0
Myanmar	3.2	Iran	1.6
Pakistan	1.2	Italy	1.3
Philippines	1.8	Pakistan	3.3
Thailand	3.9	Russia	5.4
USA	1.5	Turkey	3.1
Vietnam	5.2	UK	2.7
		USA	11.0

Source: Ministry of Agriculture, *Agricultural Statistics at a Glance*, 2003.

5.4 ENSURING REGIONAL FOOD SECURITY

In India, we also need to maintain food security at the regional level. An essential element of this strategy should be the removal of all restrictions on the movement of food-grains from one part of the country to the other. While the Food Corporation of India (FCI) has been a major instrument for facilitating the movement of food- grains from one region to the other, the role of private trade in this regard also needs to be strengthened.

At this stage, it is important to remember that limited international trade and unrestricted domestic trade together would help in bringing desirable features like transparency and efficiency in allocations into the Indian food-grains market. This can also help in reducing governmental intervention in the domestic market to the minimum, i.e. only to the extent it is necessary to serve a perceived social goal such as building a minimum buffer stock to meet any exceptional and severe situation of shortage in the domestic market.

An important factor in maintaining regional food security is the extent of costs involved. It is well known, for instance, that the northwestern region is a major surplus producing area and the state most chronically in deficit is Kerala. Such regional concentrations make transport costs and bottlenecks very crucial in the operation of food-grains trade in the country.

It has been observed that the benefits of operating the PDS have been concentrated within a few states like Kerala that have a strong infrastructure for the PDS. With respect to Kerala, it has been observed that this state, which accounts for about 3 per cent of the country’s population, enjoyed a share of about 12 per cent of food-grains distributed through the PDS. In this connection, it has to be pointed out that the major beneficiaries of the PDS are not only the major food deficit states but also the major food surplus states. While the PDS helps achieve the objective of food security in food deficit states, it also creates a ready demand for the supplies generated in surplus producing states. In this context, it can be noted that Bihar is one of the states that benefits least from the operation of the PDS, as this state benefits neither from the procurement operations nor from the distribution operations to any reasonable extent.

The MSP Scheme served the country well in the past four decades. In the recent years, however, it has started encountering certain problems. This is mainly because the scenario of agricultural production has undergone significant changes over the past few years. Surpluses of several agricultural commodities have started appearing in several states and this trend is likely to continue in the coming years as well. Former deficit regions like Bihar, Assam and Eastern UP have started generating surpluses of certain cereals, and logically the FCI should procure from these areas also. As of now, however, the procurement operations of the FCI are largely confined to Punjab, Haryana, Western Uttar Pradesh and Andhra Pradesh.

One way of dealing with this issue is to promote the scheme of decentralised procurement, so that the State Governments themselves carry out their own procurement operations with the financial support of the Central Government. Most of the states, however, have not shown any eagerness to participate in this programme and decentralized procurement is today confined to the states of West Bengal, Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Uttaranchal, Himachal Pradesh and Tamil Nadu. To encourage the states to accept the system of decentralized procurement, some of the FCI godowns may be handed over to the states. The storage capacity in these regions may also have to be enhanced through construction of godowns under the plan schemes operated by the Food Corporation of India and the Central/ State Warehousing Corporations. There is also a need to reduce FCI manpower in a phased manner in Punjab and Haryana and redeploy the same in the Central and the Eastern parts of the country to ensure better protection for farmers in the region.

There are, however, limitations to extending the coverage of the system of decentralized procurement. The operation of food procurement and maintenance of a buffer stock is best undertaken by a centralized agency. This is necessary to ensure prompt transfer of food grains from regions of excess production to the deficit regions. Moreover, the cost of operating a buffer stock will be less if it is centralized rather than if each state tries to maintain its own buffer stock.

Check Your Progress II

- Note:** i) Write your answers in the space provided.
- ii) Check your progress with the possible answers given at the end of the unit.
- 1) Fill up the blanks in the following sentences:
- i) India’s share in world output of paddy is per cent.
- ii) India’s share in world output of wheat is per cent.
- iii) international trade and an domestic trade would help bring desirable features into the Indian food-grain market.

5.5 STABILISING FOOD-GRAIN PRICES

We have examined in some detail the first three elements of maintaining food security in India. Now we shall turn to the fourth element namely, the stabilization of food prices. The stabilization of prices for food-grains in India is sought to be achieved by maintaining a buffer stock. Crucial elements involved in the operation of a buffer stock in India are the following:

- i) Fixation of procurement prices by the Government based on the recommendations of the CACP.
- ii) Procurement, storage and distribution operations, which are carried out primarily by FCI.
- iii) Fixation of issue prices of food-grains by the Government.
- iv) Distribution of food-grains to the public through the PDS outlets.

While the provision of food subsidy is an important element of the food security system in India, an equally important role is played by food procurement and buffer stock operations. Since agricultural production is subject to fluctuations due to climatic factors, it is necessary to maintain an adequate level of buffer stocks to bring about stability in food grain prices in the country.

The FCI can maintain a minimum level of buffer stocks and then undertake open market operations within a prescribed price band. It can conduct open market operations by releasing stocks in the open market when shortages are prevalent and prices are high. The FCI can also purchase food-grains from the open market when there is excess supply and prices are depressed. Its objective, however, should not be to procure all that is offered by the farmers, but only to maintain an optimum level of buffer stocks. Recognising the fact that a high level of buffer stocks can itself be a factor contributing to inflation, it is reasonable for the FCI to limit its role in the future to more manageable and optimum levels.

The FCI could also play a role in the international market for food-grains by resorting to imports when stock levels are low and exporting food grains when there is a surplus stock. The private sector and the farmers must also be allowed a role in the export and import of food-grains.

5.6 TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

You know that rationing was first introduced in India in 1939 in Bombay by the British Government as a measure to ensure equitable distribution of food-grains to the urban consumers in the face of rising prices due to increased demand from the armed forces. In 1943, the First Food-grain Policy Committee set up by the Government recommended continuation of rationing, maintenance of reserve stocks and extension of rationing to rural areas also. The recommendations were, no doubt, based on the experience of the fall of Burma, which was a major supplier of rice, and the Great Bengal Famine in the preceding year. Rationing in India, however, continued largely as an urban-oriented programme. Immediately after independence, rationing was abolished by the Government only to be reintroduced in 1950 as shortages led to higher food-grain prices.

From the first phase of rationing of food-grains in short supply, the system evolved into the present day Public Distribution System (PDS) in the mid 1960s as the Government envisaged an elaborate PDS as a necessary part of its strategy to boost agricultural production in selected areas through infrastructural investment, technological inputs and price incentives to farmers through government intervention in the food-grain markets.

This second phase, characterized by near self-sufficiency in food-grains production, holding of huge buffer stocks of food-grains by the government and rapid expansion of the network of distribution outlets deep into the rural areas of the country has continued till the present day. During the past four decades, the Public Distribution System has measured up very well in reducing the year-to-year and inter-regional variations in the availability of food-grains. It has also been largely successful in realizing its other objectives of reducing inter-regional and inter-seasonal variations in prices of food grains, even in the face of severe drought situations due to failure of the monsoon during some years during this period.

The Public Distribution System, however, has failed in translating the macro-level self-sufficiency in food-grains achieved by the country into micro-level household food security for the poor in the country. In a system that allows access to all, the rich and the poor alike, the quantum supplied by the PDS to each household forms only a small portion of the family's total requirement. Increases in the Minimum Support Price over the years, considered necessary by the Government to keep up agricultural production, has led to corresponding increases in consumer prices in the PDS, adversely affecting the economic access of the poor to the PDS food-grains. The holding of huge buffer stocks through a highly centralized Food Corporation of India has led to enormous costs of storage and transportation, which have to be borne by the Government.

As mentioned earlier, the importance of an effective Public Distribution System that ensures availability of food at affordable prices at the household level for the poor can hardly be over emphasised. The PDS as it stood earlier, however, was widely criticised for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the States with the highest concentration of the rural poor and the lack of transparent and accountable arrangements for delivery. Realising this, the Government streamlined the PDS by issuing special cards to families Below Poverty Line (BPL) and selling food-grains under the PDS to them at specially subsidized prices with effect from June 1997.

Under this new scheme, viz., the Targeted Public Distribution System (TPDS), each poor family was originally entitled to 10 kgs of food-grains per month at specially subsidized prices and this was likely to benefit about 6 crore (i.e. 60 million) poor families. The identification of the poor is done by the States as per the state-wise poverty estimates of the Planning Commission. These estimates regarding the proportion and the number of the poor in each state are based on the methodology developed by the 'Expert Group' chaired by late Prof. Lakadwala. The policy thrust is to include only the really poor and vulnerable sections of the society, such as the landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tapers, weavers, blacksmiths, carpenters, etc., in the rural areas and slum dwellers and persons earning their livelihood on a daily basis in the informal sector like porters, rickshaw pullers and hand cart pullers, fruit and flower sellers on the pavements, etc. in the urban areas.

Keeping in view the consensus on increasing the allocation of food-grains to BPL category and to better target the food subsidy, the Government of India increased the allocation to BPL families from 10 kgs. to 20 kgs. of food-grains per family per month on April 1, 2000. The allocation for the Above Poverty Line (APL) population was retained at the earlier level.

The number of BPL families was increased in the official records with effect from December 1, 2000, by shifting the base from the earlier population projection of 1995 to the population projections of the Registrar General as on March 1, 2000. This change has resulted in raising the number of BPL families to 652.03 lakhs as against 596.23 lakhs originally estimated when the TPDS was introduced in June 1997. The increased level of allocation of food-grains for BPL category is about 147 lakh tonnes per annum.

In order to reduce the excess stocks lying with the Food Corporation of India, the Government initiated the following measures under the TPDS with effect from July 12, 2001:

- The BPL allocation of food grains was increased from 20 kgs. to 25 kgs. per family per month with effect from July 2001 and the issue price for BPL families was fixed at Rs. 4.15 per kg. of wheat and Rs. 5.65 per kg. of rice.
- The Government decided to allocate food-grains to APL families at a discounted rate. For the APL families, the issue price of wheat was reduced to Rs. 610 per quintal from the earlier Rs. 830 per quintal, and the issue price of rice was reduced to Rs. 830 per quintal from the earlier Rs. 1130 per quintal.

Further, under the Antyodaya Anna Yojana, 25 kgs. of food-grains are being provided to the poorest of the poor families at a highly subsidized rate of Rs. 2 per kg. of wheat and Rs. 3 per kg. of rice. In a decision taken on March 3, 2002, the Government increased the issue quantity of food-grains to 35 kgs per month for all the APL, the BPL and the Antyodaya households. It needs to be mentioned that the Public Distribution System (Control) Order 2001 was also promulgated. It seeks to plug the loopholes in the PDS and make it more efficient and effective.

It would not be prudent on the part of the Government to depend entirely on the Public Distribution System (PDS) outlets to make food-grains available to the poor. Further expansion of the PDS network can be achieved only at a tremendous cost in the form of food subsidy and increasing unit costs in the operation of the system. It is high time the Government took measures to strengthen private trade in food-grains all over the country. Unfortunately, we find ourselves in an atmosphere of mistrust when comes to the involvement of private traders in the management of food-grains in India. The predatory behaviour of traders in conditions of scarcity has earned them this distrust. Private traders, however, can be an efficient means of providing food to all those who have the purchasing power, as today food-grains are available abundantly and the risk of unsocial trade practices has reduced considerably.

Check Your Progress III

- Note:** i) Write your answers in the space provided.
ii) Check your progress with the possible answers given at the end of the unit.
- 1) What are the crucial elements involved in the operation of buffer stocks in India?
.....
.....
.....
.....
- 2) Fill up the blanks in the following sentences.
- i) The FCI can maintain a minimum level of buffer stocks and then undertake,,
- ii) Rationing was first introduced in India in
- iii) Under *Antyodaya Anna Yojana* kgs of food-grains are provided to the poorest of the poor families at a highly subsidized rate of Rs. per kg. of wheat and Rs. per kg of rice.

5.7 FOOD SUBSIDY

All is not well with the operation of the PDS in India. The annual food subsidy involved in maintaining the system is huge (see Table IV). For the year 2004-05 an amount of Rs. 25800 crore is proposed to be spent on food subsidy according to the budget estimates. This volume of food subsidy accounts for 5.40 per cent of the total budgeted expenditure of the Central Government. A close look at Table IV would show that the level of food subsidy in India as a proportion of the total government expenditure has gone up from a level of about 2.5 per cent or less during the beginning of the 1990s to more than 5 per cent today.

Table 5.4: Food Subsidy of the Central Government

Year	Amount (Rs. in crores)	% of (Total Government Expenditure)
1990-91	2450	2.33
1991-92	2850	2.56
1992-93	2785	2.27
1993-94	5537	3.90
1994-95	4509	2.80
1995-96	4960	2.78
1996-97	6066	3.19
1997-98	7500	3.34
1998-99	8700	3.30
1999-00	9200	3.09
2000-01	12010	3.69
2001-02	17494	4.83
2002-03	24176	5.84
2003-04	25200	5.31
2004-05	25800	5.40

Source: Ministry of Finance, *Budget Documents*.

5.8 DIVERSION FROM THE PDS

A study was conducted by the Tata Economic Consultancy Services to ascertain the extent of diversion of commodities (from the distribution system) supplied under the PDS. At the national level, it is assessed that there is 36% diversion of wheat, 31% diversion of rice and 23% diversion of sugar. These are most likely the estimates of diversion based on the sample survey conducted. It was also found that diversion is more in the Northern, Eastern and North Eastern regions. Diversion is comparatively less in the Southern and Western regions. Several State Governments, as brought out in the report, have disputed the huge extent of leakages. A view has also been expressed that the sample size used in the study was small and therefore was not truly representative.

It is significant to note that diversion estimated in the case of sugar is less than that in the case of rice and wheat. In this connection, it has to be noted that sugar is a commodity that is bought from the PDS outlets even by the well-to-do sections. Greater diversion in the case of rice and wheat (not generally purchased by the well-to-do sections from the PDS outlets) is perhaps an indication that a large amount of the quota meant to be distributed among the well to do is actually diverted to the open market. This again strengthens the argument for excluding the population above the poverty line from the PDS.

5.9 RESTRUCTURING OF THE PDS

The Tenth Five Year Plan Working Group on the Public Distribution System and Food Security made the following recommendations for restructuring the Public Distribution System:

- 1) The coverage of TPDS and food subsidy should be restricted to the population below the poverty line. For the people above the poverty line who have the purchasing power to buy food the requirement is only to ensure availability of food-grains at a stable price in the market. There is no need to extend the coverage of food subsidy to this population. Stability in food-grain prices should be ensured through the maintenance of a buffer stock and open market operations of the FCI.
- 2) Items other than rice and wheat need to be excluded from the purview of TPDS. The main objective of providing food subsidy to the poor is to ensure food security. Rice and wheat are the two commodities, which are eagerly sought after as basic necessities by the poor in India. Provision of food subsidies should be restricted to these two commodities.
- 3) Items such as sugar should be kept outside the purview of the PDS. Sugar should be decontrolled and the system of levy on sugar should be discontinued.
- 4) There are difficulties in supplying coarse cereals through the PDS and bringing them under the cover of food subsidy. The average shelf life of coarse grains is limited making them unsuitable for long-term storage and distribution under the PDS. Inclusion of coarse cereals under the PDS cannot be taken up as a national level program since there is no standard variety of coarse grains. But initiatives from the side of the State Governments are possible for catering to the needs of specific localities.
- 5) All further attempts to include more and more commodities under the coverage of food subsidy should be resisted.
- 6) At the same time the FPS should be permitted to sell all commodities (other than rice and wheat) at full market prices through the PDS outlets so as to ensure their economic viability.
- 7) With the liberalization of the external sector, the operation of the buffer stocks can be supplemented by timely exports and imports. In effect, this means that the buffer stocks required will be smaller in size.
- 8) Ration cards should not be used by the administration as an identification card for various purposes. This role should be assigned to multi-purpose identity cards in the future. Many people get ration cards issued only to establish their identity for administrative purposes.
- 9) There are several plan schemes in operation, which are in the nature of welfare or income transfer schemes where the distribution of food-grains is involved. Such schemes, all serving the same purpose, could be merged and some sort of convergence among them could be evolved.

Check Your Progress IV

- Note:** i) Write your answers in the space provided.
ii) Check your progress with the possible answers given at the end of the unit.
- 1) Fill up the blanks in the following sentences.

- i)

The level of food subsidy in India as a proportion of the total government expenditure has gone up from a level of about per cent or less during the beginning of the 1990s to more than per cent at present.
- ii)

The Tata Economic Consultancy Services study estimated that there is per cent diversion of wheat,..... per cent diversion of rice and per cent diversion of sugar from the PDS.

5.10 LET US SUM UP

Being a large country of continental dimensions, India cannot afford to depend on large-scale import of food-grains to meet domestic requirements. While on the one hand, there is a need to produce adequate food-grains domestically, which can be supplemented by imports in times of need, there is also the requirement to have an efficient distribution network on the other. The Public Distribution System (PDS) in the country facilitates transfer of the food-grains produced in the country to the poor and needy in various geographical regions. In the light of the growing food subsidy and food stocks many doubts have been raised about the cost-effectiveness of the PDS. We need to restructure the Public Distribution System to eliminate hunger and make food available in a cost-effective manner to the poor wherever they may be.

5.11 SUGGESTED READINGS AND REFERENCES

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5.12 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

- 1)

The five elements of the model that facilitates achievement of food security are:
 - Increase in the domestic production of food-grains.
 - A limited presence in international trade in food-grains.
 - Ensuring regional food security within the country.
 - Stabilisation of prices of food grains by maintaining a buffer stock.
 - Providing subsidized food-grains to the poor through the PDS.

Check Your Progress II

- 1) i) 21.9
- ii) 11.5
- iii) limited; unrestricted.

Check Your Progress III

- 1)
 - Fixation of procurement prices by the Government based on the recommendations of the CACP.
 - Procurement, storage and distribution operations, which are carried out primarily by the FCI.
 - Fixation of issue prices of food-grains by the Government.
 - Distribution of food-grains to the public through the PDS outlets.
- 2) i) The FCI can maintain a minimum level of buffer stock and then undertake *open market operations within a prescribed price band.*
- ii) 1939
- iii) 25 kgs; Rs. 2/-; Rs.3/-

Check Your Progress IV

- 1) i) 2.5%, 6%.
- ii) 36%, 31%, 23%.

Abbrevations Used in this Block

Food Security—TPDS

APL	-	Above Poverty Line
BDO	-	Block Development Officer
BPL	-	Below Poverty Line
CACP	-	Commission for Agricultural Costs and Prices
CAPART	-	Council for Advancement of People's Action and Rural Technology
CLCC	-	Central Level Coordination Committee
CSS	-	Centrally Sponsored Scheme
DLCC	-	District Level Coordination Committee
DPAP	-	Drought Prone Areas Programme
DRDA	-	District Rural Development Agency
DSMS	-	District Supply and Marketing Society
DWCRA	-	Development of Women and Children in Rural Areas
EAS	-	Employment Assurance Scheme
FCI	-	Food Corporation of India
GKY	-	Ganga Kalyan Yojana
IAY	-	Indira Awaas Yojana
IRDP	-	Integrated Rural Development Programme
ISB Sector-	-	Industrial Service and Business Sector
JGSY	-	Jawahar Gram Samridhi Yojana
JRY	-	Jawahar Rozgar Yojana
KVIC/KVIB	-	Khadi & Village Industries Commission/ Khadi & Village Industries Board
MFAL	-	Marginal Farmers and Agriculture Labourers
MSR	-	Minimum Skill Requirement
MWS	-	Million Wells Scheme
NABARD	-	National Bank of Agriculture and Rural Development
NFBS	-	National Family Benefit Scheme
NGO	-	Non-Governmental Organization
NIRD	-	National Institute of Rural Development
NOAPS	-	National Old Age Pension Scheme
NRDC	-	National Research and Development Corporation
NREP	-	National Rural Employment Programme
NSAP	-	National Social Assistance Programme
PDS	-	Public Distribution System
PAC	-	Project Approval Committee
RLEGP	-	Rural Landless Employment Guarantee Programme

SFDA	-	Small Farmers Development Agency
SGRY	-	Sampoorna Grameen Rozgar Yojana
SGSY	-	Swarnjayanti Gram Swarozgar Yojana
SHGs	-	Self Help Groups
SIRD	-	State Institute of Rural Development
SITRA	-	Supply of Improved Toolkits to Rural Artisans
SLBC	-	State Level Bankers Committee
SLCC	-	State Level Coordination Committee
TPDS	-	Targeted Public Distribution System
TRYSEM	-	Training of Rural Youth for Self-Employment
ZP	-	Zilla Parishad



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