



A STUDY ON ASSET CREATION AND POVERTY ALLEVIATION THROUGH SGSY IN TAMIL NADU

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Abstract

Poverty as an outcome of unemployment has been prevailing in the Indian economy since independence. To empower the vulnerable society in the country Government of India had launched various development programmes and schemes for both women's and men's welfare in addition to development. SGSY is a single holistic programme for self-employment after merging all development programmes. In this paper the researcher would like to find whether the scheme had effect in terms of livelihood of members in general and in particular about employment and socio-demographic and economic impact. The empowerment of rural poor leads to benefit not only to individual person, but also to the families, community and the country as a whole. The study concludes that Swarna Jayanti Gram Swarozgar Yojana has emerged as a flourishing scheme among the self help group members and they are benefited both in terms of monetary as well as non-monetary.

Keywords: *SGSY, Poverty Alleviation, Asset Creation, Livelihood.*

1. Introduction

To empower the vulnerable society in the country Government of India had launched various development programmes and schemes for both women's and men's welfare in addition to development. In many of these programmes, welfare measures are mingled with economic activities. These are aimed at enhancing women's economic productivity and helping them in the alleviation of poverty.

Poverty as an outcome of unemployment has been prevailing in the Indian economy since independence. It was estimated that 26.1% of the people were under the poverty line in 1999-2000 but it declined to 21.8% in 2004-2005 (National Sample Survey, 2007). Poverty alleviation has been the basic goal since the beginning of the plan era. Schemes for direct attack on poverty were introduced to complement the main stream of development effort.

2. Poverty Alleviation Programmes

Beginning with the launch of Integrated Rural Development Programme (IRDP) in the year 1980, a number of poverty alleviation programmes have been formulated and implemented; many of these have been restructured and formulated fresh from time to time. Among these poverty alleviation programmes the more important have been: Training of Rural Youth for Self-Employment (TRYSEM 1975), National Rural Employment Programme (NREP 1980), Rural Landless Employment Guarantee Programme (RLEGP 1983), Development of Women and Children in Rural Areas (DWCRA), Million Wells Scheme (MWS), Nehru Rozgar Yojana (NRY), Employment Assurance Scheme (EAS), etc. Most of these programmes have been redesigned and restructured into a single and holistic programme called Swarnajayanti Gram Swarozgar Yojana that was implemented throughout India with effect from 01.04.1999 to improve their efficacy/impact on the poor.

3. Swarnajayanti Gram Swarozgar Yojana

During the 1980s, with a view to generating sustainable employment and income in rural areas, India implemented an innovative and integrated development approach through a self-employment programme called Integrated Rural Development Programme (IRDP). Over the years, India has witnessed a number of such programmes. Consequent on the recommendations of a high powered committee of Planning Commission, Government of India, the IRDP and its allied programmes were re-structured and redesigned into a single and holistic programme called Swarna Jayanti Gram Swarozgar Yojana (SGSY) that was implemented throughout India with effect from 01.04.1999.

SGSY is a mechanism through which physical and financial resources are mobilised in rural areas and public resources are transferred to identified groups of poor who are willing to constitute a small informal group from the same socioeconomic status to evade chronic case of socio-economic crisis and vulnerability of one kind or the other. Being a holistic programme of self-employment, SGSY tries to bring in all the components needed for successful implementation of micro-enterprises like organization of poor into self-help groups, provision of timely and adequate credit, training, technology and marketing.

5. Purpose Of Sgsy Scheme

The objective of SGSY is to bring the assisted poor families (Swarozgaris) above the poverty line by ensuring an appreciable level of income sustainable over a period of time. This objective is proposed to be achieved by inter alia organizing the rural poor into SHGs through the process of social mobilization, training, capacity building and provision of income-generating assets. This process aims at building the poor's self-confidence through community action, collective decision-making, prioritization of their needs and resources so as to improve their collective bargaining power and empower them socially and economically. The modus operandi of SGSY works through the integration of various agencies like District Rural



Development Agencies (DRDAs), banks, line departments, Panchayati Raj Institutions (PRIs), non-governmental organizations (NGOs) and other semi-government organizations.¹

6. Funding Of Sgsy

The centre and state funds provide a combination of loans and subsidy for swarozgaris wherein the centre contributes three-quarters of the funds while state governments contribute one-quarter. For the special category states, including the North-eastern states and Jammu and Kashmir, funding is shared by the centre and states in the ratio 90:10. District Rural Development Agencies (DRDAs) receive funds directly from the centre and incur all expenses on training, infrastructure, and subsidy for economic activities to a maximum of ten percent of the total allocation. Of the total assistance, 50 percent is reserved for Scheduled Castes (SC) and Scheduled Tribes (ST), 40 percent for women and three percent for disabled persons. SCs, STs and disabled persons are entitled to a subsidy of 50 percent of project costs or 7,500 per swarozgaris and 30 percent for the other beneficiaries up to a maximum of 10,000 per swarozgaris. The subsidy is disbursed along with the loan but is placed as a separate term deposit in the name of the swarozgaris and is available subject to the proper utilization and repayment of the loan.²

7. Sgsy Scheme In Tamil Nadu

SGSY³ is being implemented since April 1999 as a major anti-poverty scheme for the rural poor, by organizing them into Self Help Groups (SHGs), providing them with skill development training and helping them to get credit linkage with financial institutions and providing infrastructure and marketing support for the products produced by them. Government of India and the State government are sharing the costs in the ratio of 75:25. The SGSY fund is used to provide subsidy for the Revolving fund and Economic assistance to Self Help Groups. Part of the Scheme component is also utilized for formation of groups and conduct of training for their basic orientation and skill up gradation. Up to 20% of the total allocation can also be spent on putting up of Infrastructure required for promotion of activities of SHGs. The SHGs, after the first grading, are provided with a revolving fund of Rs.50,000 for first linkages (bank loan of Rs.50,000 and Rs.10,000 as subsidy) Rs.1.00 lakh for second linkages and Rs.1.5 lakh for third and subsequent linkages. After the second grading, the successful groups are provided with economic assistance, the maximum eligible subsidy being 50% of the project cost with a ceiling of Rs.1.25 lakh.

To implement the scheme in a more purposeful manner the following initiatives taken by the government of Tamil Nadu

1. A major portion of the Scheme component will be utilised for the disbursement of the subsidy component of Revolving fund to the eligible SHGs formed under Mahalir Thittam.
2. To encourage the marketing of products produced by SHGs, Calendar of Exhibitions of SHG products for the Districts have been prepared and arrange the exhibitions will be accordingly conducted as per the schedule charted out in the Calendar.
3. The implementation of SGSY scheme was so far monitored by Director of Rural Development and Panchayat Raj, whereas, the Mahalir Thittam and Vazhundhu Kattuvom Project that also focus on the empowerment of women, are monitored by the Managing Director of Tamil Nadu Corporation for Development of Women. In order to ensure that there is a convergence of activities taken up under SGSY scheme, Mahalir Thittam and the Vazhundhu Kattuvom Project, the monitoring of SGSY scheme has now been ordered to be transferred to the Managing Director, Tamil Nadu Corporation for Development of Women.

8. Review of Literature

1. **Sanjay Kumar Lenka and Amaresh Samantaraya** (2010), in their case study on "Government-Sponsored Development Programs for Rural India with reference to SGSY". A total of 120 Tribe beneficiaries were covered in this study in Orissa. It showed that sample households have marginally gained in 2006-07 as compared to 2000-01 in terms of better employment opportunity, improvement in dietary intake, while benefits in terms of real income and expenditure were very modest. He pointed out some key personal constraints are illiteracy and lack of awareness about SGSY, while marketing and storage bottlenecks, lack of assured irrigation and non-availability of quality inputs constitute the local/regional constraints. Major institutional constraints included lengthy official procedures, lack of follow-up action, delays in release of funds by the formal agencies and lack of coordination among various agencies involved. He concluded that there is a need for redesigning and enlarging the scope of the SGSY in terms of promoting active involvement of beneficiaries, removing institutional bottlenecks, better information dissemination, and provision of basic infrastructure for transportation, storage and marketing of the finished products.

¹ K.K. Tripathay and Dr. Sudhir K. Jain (2008), "Micro finance and self employment activities towards income generating and poverty alleviation in rural areas under SGSY: An Empirical Investigation in Haryana and Orissa"

² Satyarupa Shekar (2010), "Swarna Jayanti Gram Swarozgar Yojana"



2. **Satyarupa Shekar** (2010) examined the performance of SGSY's in the past decade and whether it is an improvement over previous self employment programmes. It was found that the progress of SGSY seems to be slow in functioning and he suggested that more efforts required to create productive base for the rural poor. It revealed that during 1999-2009, 34 lakh self help groups were formed only 21 lakh passed Grade I and 10 lakh passed Grade II. The study found that SGSY scheme has provided assistance to over 1 crore swarozgaris of which 77 lakh or 64.2% self help group swarozgaris (both SGSY and previous schemes). SGSY had received total of Rs. 14500 crore from both central and state allocations during 1999-2009. Andhra Pradesh is the leading state in the swarozgaris assisted over followed by Uttar Pradesh, Maharashtra, Bihar, Tamil Nadu, and Assam. He concluded that more funds are required for training and skill development and further he concluded that poor implementation of SHG-Linkage programme renders the rural poor unable to access financial services and could contribute to the poor fund utilization that plagues SGSY.
3. **Feroze S.M and Chauhan A.K** (2010), they evaluated the performance of self help groups formed SGSY. Self help groups formed at fetahabad district were formed under SGSY scheme of DRDA were selected for the study and they covered 100 members in the study. Performance of self help groups were evaluated on the basis of saving performance, loaning performance, repayment performance, income and employment generation activities. They applied multistage Principal Component Analysis for finding out the results. They concluded that micro finance has evolved as an accepted institutional framework to provide financial services to the poor in the developing countries self help groups are considered as the vehicle for advancement of micro-credit to them.

9. Statement of Problem

SGSY is a single holistic programme for self-employment after merging all development programmes. Hence, the researcher would like to find whether the scheme had effect in terms of livelihood of members in general and in particular about employment and socio-demographic and economic impact.

10. Significance of The Study

Swarnajayanthi Gram Swarozgar Yojana was implemented in the year 1999 throughout India; after completion of ten years in succession it is the right time to assess the programme. Some of the studies revealed that self help groups under SGSY are the boon for poverty alleviation and the scheme was nurture some economic activities which useful in the increasing the standard of living of the poor. Hence, this attracted the attention of researcher to study the various aspects of the SGSY scheme in Tamil Nadu and three districts in particular. It will helpful to the committee members and government to formulate suitable laws and guidelines to overcome the difficulties of running the scheme.

11. Objectives of The Study

1. To analyze the socio-demographic profile of the beneficiaries of the SGSY Scheme.
2. To analyze the asset creation of respondents before and after joining Self Help Groups.
3. To examine the impact of economic factors on poverty alleviation on the respondents under SGSY.

12. Methodology

12.1 Primary Data

12.2 Sampling Technique And Sample Size

In each district one block were selected and these blocks were selected through purposive sampling to ensure that these blocks would adequately represent the district and state. From each of the selected blocks 5 gram panchayats were chosen using convenience sampling. The selection of villages/gram panchayats was done carefully so that these would properly represent the implementation of SGSY programme in the blocks. In each village, 10 self help group were chosen from a gram panchayat. Nine members and leader within the self help groups were finally chosen for interview schedule. The following table shows the total sample size for the study.

Table No -1

State	District	Block	Sample Size
Tamil Nadu	Thiruvannamalai	Arni	500
	Vellore	Thimiri	500
	Villupuram	Vanur	500
Total			1500



13. Statistical Techniques

The data collected were subjected to statistical analyses using the following sophisticated statistical tools

1. Frequency of distribution
2. Analysis of Variance (ANOVA)
3. Chi Square
4. Regression

14. Limitations of The Study

- The collection of data is only from 1500 beneficiary respondents, which is small considering the total population of beneficiaries.
- The present study is restricted to Vellore, Thiruvannamalai, Villupuram districts of the Tamil Nadu where the SGSY scheme is implemented.
- Further it is restricted to one block in each district out of many blocks which may not represent the whole beneficiaries of the district.

15. Findings of The Study

16. Socio-Demographic Profile of The Respondents

- Ñ Among the sample respondents under study, 37% of the respondents were studied up to primary level followed by illiterate were 36%, secondary level studied respondents are 18.7% and only 1.2% were Graduates.
- Ñ Majority of the respondents were comes under the age group 26-45 and only 10 % were in above 46 age group.
- Ñ Hindu constitutes the majority in the selected sample with 89.5%, where as Muslims from 8% and Christians are 2.5%.
- Ñ Among the respondents, BC forms the majority with 49.6%, MBC are 25%, SC/ST 20% and OC 5.2%.
- Ñ Married women enter into self help group are in large percentage.
- Ñ Anova results shows that education, age, caste and marital status has no influence on livelihood meaning whatever may be the education, age or caste or marital status of a member livelihood will be more or less same. Hence it can be said that religion had influence on livelihood among member and it seems to be different.
- Ñ Chi-square results show that Caste has significant relationship between livelihood changes and caste. All caste groups of SHG are highly benefited through the self help group. It seems to be that all caste groups got changes on livelihood positively.

17. Family Related Profile of The Respondents

- Out of 1500 beneficiaries, 81.6% are from nuclear family and 17% from joint families and 1% were extended.
- The number of sample respondents belonging to a family having 4-6 members were 72.2%, below 3 members are 23% and 4% are above 7 members in the family.
- Out of 1500 respondents 65% family earning members are constitutes 2-3, below 1 earning member in the family are 30% rest were above 4 earning members in the family.
- Anova results shows that family size and earning members in the family has influence on livelihood changes it seems to be significant difference and type of family has no influence on members livelihood and it seems to same as such.
- Chi-square results show that there is significant relationship between livelihood changes and type of family. Types of family are found to be related and it can be said that there is some relationship between the livelihood changes and type of family.
- Chi-square results show that there is significant relationship between livelihood changes and family size. Family sizes are found to be related and it can be said that there is some relationship between the livelihood changes and family size.

18. Asset Creation of Respondents Before and After Joining Self Help Groups

- Before joining self help group majority of the respondents falls under below 30000 it accounts for 1184(78.9%). 290 respondents were belongs to 30001- 60000 group followed by 24 and 2 respondents from 60001-90000 and above 90000 respectively. The study found that after joining self help group there is change in the asset value of the respondents.



- After joining self help groups, 765 respondents were comes under below 30000 asset group followed by 605 respondents to 30001-60000 and 126 respondents were from 60001-90000 and next 4 of them fall under above 90000 asset value.
- Anova results shows that before joining self help group has no influence on livelihood and it remains no change and after joining self help groups had influence on livelihood among members and it seems to be different.
- The supreme reaching of the scheme is that except sanitation facility, employment generation, level of literacy all other characteristics such as quality of nutrition, mode of dressing, usage of electricity, creation of assets, access to market facilities, skill development, access to banking services, usage of technology, household expenditures, decision making for family planning, participation of training programme, participation in village development programme were showed remarkable changes in the livelihoods of respondents.

19. Impact of Economic Factors On Poverty Alleviation of The Respondents In Sgsy

- The respondents engaged in agriculture related activities dominates the sample groups accounts for 30%, followed by self employed are 28%, 10% are livestock and 25% are home makers.
- Average daily income of the respondents the majority were in the income group Rs.26-50 followed by 32.3% were in Rs.51-100 income group, below 25 income group are 19% and 12% are above 100.
- 49.6% of the member's family income are between Rs.101-200 which is almost of the sample respondents, 29.9% are between Rs.201-300, 11% are below 100, 9% are above Rs.301 family income.
- Majority of the respondents house value are more than Rs.1 lakh, followed by Rs.25001-50000, and below Rs. 25000 were accounts for 6.5%.
- Out of 1500 respondents, Group corpus was high in the range between Rs.50001-1 lakh, where as 27% of the members group corpus was range between Rs. 25001-50000, 21% of the members group corpus was below Rs.25000 and 11.5% were group corpus are above 1 Lakh.
- Anova results shows that occupation, average daily income, average daily income of family members, term savings and group corpus has influence on livelihood and it remains to be different and market value has no influence on livelihood meaning whatever may be the value of the house it remains more or less same.
- Chi-square results shows that occupation, average daily income, average daily income of family members, term saving and group corpus showed that significant in the variables.
- Regression results shows that Occupation Livestock, Occupation Self Employment, Average Daily Income Family below 100, Average Daily Income Family Above 401, Daily Expenditure Above 151, Term Saving below 25, Term Saving 26 to 50, Term Saving 51 to 75, Total value of Assets 300001 to 60000 and Total value of Assets 600001 to 90000 are statistically significance.

20. Conclusion

In the period of data collection researcher found that some women self help groups members expressed that they are ready to start micro enterprises; this aptitude shows that they gained self-confidence, decision making status, problem solving ability and skill development through SGSY scheme. Even though the scheme the has not covered fully deprived people and also who are all already become a member of the scheme area also still not received any benefit of the scheme, Particularly VH/PH they have to roofed. Most of the beneficiaries were encouraged to go for buying a buffalo or cow because they don't have knowledge in any micro activities but they are familiar in agricultural related activities hence they go for buying cattle but there is exceptional women entrepreneurs we found in the data collection. Self help group members are further eager to find training opportunities and other related coaching may help the respondents to start some micro level business so the government has to take some necessary steps to allot some funds for these activities. This scheme has become a boon for their respondents of the lower income strata who have to supplement their family income out of economic necessities. After a decade of functioning there is a imperative need for redesigning and expand the scope of the government-run programs in terms of promoting active involvement of respondents, removing institutional blockage, better information broadcasting, and provision of basic infrastructure for transportation, storage and marketing of the finished products. The empowerment of rural poor leads to benefit not only to individual person, but also to the families, community and the country as a whole. The study concludes that Swarna Jayanti Gram Swarozgar Yojana has emerged has flourishing scheme among the self help group members and they are benefited both in terms of monetary as well as non-monetary.

21. Recommendations

- To promote awareness about Swarna Jayanthi Gram Swarozgar Yojana, wide publicity should be given through local media, especially newspapers, radio and television.
- Reservation for SC/ST and minorities should be increased and quoted in the guide lines of the SGSY.
- Financial assistance provided to self help groups should be increased.



- It is also suggested that necessary instructions may be given to the authorities and the bank officials to avoid the delay in sanctioning the loan.
- To provide suggestions to the beneficiaries to choose viable ventures in terms of location and prospects, thereby leading to a positive outcome in the long run.
- Marketing information resource centre may be set at the district and block level to get frequent information on the marketing of their products.

22. Bibliography

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