

# Mid-term Evaluation of the composition and working of Swarnajayanti Gram Swarozgar Yojana in 24 Parganas South District (West Bengal)



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## Foreword

“It would be nice if the poor were to get even half of the money that is spent in studying them”.  
-Bill Vaughn

“While (India’s growth) performance reflects the strengths of the economy in many areas, it is also true that large parts of the population are still to experience a decisive improvement in their standard of living”. (11<sup>th</sup> Five-Year Plan)

Despite efforts made over the past few decades, rural poverty in India continues to be significant. While the anti-poverty programmes have been strengthened in successive years and while, in percentage terms, poverty levels have reduced from 56.44% of India’s population in 1973-74 to 32.27% in 1993-94, the number of rural poor has more or less remained static and is estimated to be about 244 million persons. 61<sup>st</sup> round of the National Sample Survey (NSS) estimates that the All-India poverty in 2004-05 was 28.7 per cent in rural areas, 25.9 per cent in urban areas, and 27.9 per cent overall.

To begin with IRDP was the only self-employment programme. Beginning with Training for Rural Youth for Self-Employment (TRYSEM), a number of allied programmes have been added over the years in India. The multiplicity of programmes, being viewed as separate programmes in themselves, resulted in a lack of proper social intermediation, absence of desired linkages among these programmes inter se and the implementation being more concerned with achieving individual programme targets rather than focusing on the substantive issue of sustainable income generation. To rectify the situation, Government have decided to restructure the self-employment programme. A new programme known as ‘Swarnajayanti Gram Swarajgar Yojna’ (SGSY) has been launched from April 1999. This is a holistic programme covering all aspects of self employment such as organization of the poor into self-help groups, training, credit, technology, infrastructure and marketing. SGSY is funded by the Centre and the states in the ratio 75:25.

The Integrated Rural Development Programme (IRDP) is a grim reminder of how mechanically trying to meet the targets can completely undermine the very integrity of a veritable social revolution, that a counter-revolution can be set into motion. Arguably India’s worst-ever development programme, the IRDP aimed at providing income generating assets to the rural poor through the provision of cheap bank credit. The abiding legacy of the programme for India’s poor has been that millions have become bank defaulters for no fault of their own. Today, they find it impossible to rejoin the formal credit sector.

We are to examine the achievements/failures of the SGSY programme in that perspective. The study of SGSY in a district of West Bengal has made a sincere attempt to examine the rationale and feasibility of programme guidelines concerning important functions, concepts such as key activities, activity clusters, networking, lack-in- period, loan repayment schedule etc. It has also carried out a process appraisal of the programme implementation. The study brings forth a few important observations regarding the utilization of SGSY funds. Some of the suggestions deserve due consideration. It is hoped that these findings will be of immense use for improving the effectiveness of the SGSY by redesigning the guideline and implementation process wherever necessary.

However, the experience of such coordination in IRDP scheme has not been too happy. So, to what extent will this coordination be improved in the case of SGSY scheme? Though the progress was slow in the initial period because of transition and need for reorientation of the functionaries, the work of the group formation has now gathered momentum in the district of 24 Parganas South. The programme is being implemented through PRIs and supported by banks and the government. Non-government agencies have also been pressed into service to assist the PRIs in forming and nurturing of SHGs and their eventual linkage with banks through a grading mechanism. This is, therefore, a programme where collaborative effort is needed amongst the major players, namely, panchayats, banks,

line departments and non-government organization, DRDC, 24 Parganas Zilla Parishad desire that a mid-term evaluation of the progress of the programme especially the performance of self-help groups has to be undertaken by an academic expert who is outside the organizational system implementing the programme.

As a whole the programme seems to be well conceived but the way the beneficiaries had participated in the programme for its success has been a big question. Side by side the involvement of the state government functionaries had not been satisfactory. Like other development programmes too, this programme too had suffered from lack of initiative, innovativeness and understanding of the programme had been the main initial problem.

The entire data collection process comprised primary data collected from the beneficiaries through the administration of pre-coded interview schedule, focus group discussion with the beneficiaries, local NGO/CBO, SHG etc. and interview with key personnel like panchayat functionaries, government officials etc. Secondary data were collected from the gram panchayat, block, zillaparishad, DRDC etc.

At the outset I would be failing my duty if I don't express my deep gratitude to the members of the Planning Commission, Government of India for entrusting me with the project and also funding to undertake the research project in the said district with the help of my research institution, 'Loka Kalyan Parishad' Kolkata. In this respects my highest regard to Mr.V.K.Bhatia, Adviser, RD (SER), also being 'Nodal Officer' for monitoring the financial and physical progress of the study. Mr. Bhatia helped me throughout the project in our academic pursuit. I am also indebted to Mr. D.K.Mustafi, Deputy Secretary to the GOI for his active cooperation in the various phases of the study.

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To conclude, I must say that panchayati raj will become relevant to the lives of our people if it can contribute significantly to the economic life of the masses in our country. Such meaningfulness can be assured only if economic policymaking in the country is transparent on the spatial aspects of economic life. The question is not simply one of DPCs not having powers, but also of their total ignorance as to what power they should exercise. Distributing a few chickens or seedlings among the beneficiaries is not economic policy. Whether they are distributed by the panchayats or the state government is really immaterial.

Calcutta, the 20<sup>th</sup> June, 2007

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## Abbreviations

NSSO	- National Sample Survey Organisation
IRD P	- Integrated Rural Development Programme
TRYSEM	- Training of Rural Youth for Self-employment
DWCRA	- Development of Women and Children in Rural Areas
GKY	- Ganga Kalyan Yojana
SITRA	- Supply of improved tool kits to rural artisans
SGSY	- Swarnajayanti Gram Swarozgar Yojana
SHG	- Self-help Group
DRDC	- District Rural Development Cell
PRI	- Panchayati Raj Institutions
NGO	- Non-Government Organisation
SLBC	- State Level Bankers' Committee
BPL	- Below Poverty Line
GP	- Gram Panchayat
PRDD	- Panchayat and Rural Development Department
FGD	- Focus Group Discussions
IIT	- Indian Institute of Technology
NABARD	- National Bank for Agriculture and Rural Development
MF	- Micro-finance
KVK	- Krishi Vigyan Kendra
TSRD	- Tegore Society for Rural Development
SB	- Savings Bank
BDO	- Block Development Officer
PS	- Panchayat Samity
GSMT	- Gram Panchayat Level SHG Management Team
BSMT	- Block Level SHG Management Team
MORD	- Ministry of Rural Development
RBI	- Reserve Bank of India
RF	- Revolving Fund
RMS	- Rangabelia Mahila Samity
SER	- Socio - Economic Research
GOI	- Government of India
LKP	- Loka Kalyan Parishad



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4. Shri Bholanath Das - Project Director, DRDC, 24 Parganas South
5. Shri Pranab Kr Chakraborty - Statistical Investigator, DRDC, 24 Parganas South
6. Block Development Officer - Patharpratima Block
7. Block Development Officer - Gosaba Block
8. President, Panchayat Samity- Canning II Block
9. Pradhan - Rangabelia GP
10. Pradhan- Achitanagar GP
11. Nodal Officers- Gosaba, Canning II, Joynagar II, Patharpratima, Budge Budge I, Falta Blocks
12. Pradhan- Baishata GP
13. BLDO-Block Livestock Development Officer
14. Regional Manager, United Bank of India
15. Lead District Manager- United Bank of India
16. District Co-ordinator- State Bank of India
17. District Co-ordinator- Bank of India
18. Branch Managers - State Bank of India
  - United Bank of India
  - Sagar Gramin Bank
  - Allahbad Bank
  - Bank of India
  - Central Bank of India
  - Syndicate Bank
  - UCO Bank
19. Officer - on- Special Deputy - Bangiya Gramin Vikas Bank
20. Society for Action and Reflection- Patharpratima Block
21. Sunderban Rural Development and Training Centre - Patharpratima Block
22. Shri Ramkrishna Ashram, Nimpith - Joynagar II Block
23. Tagore Society for Rural Development - Gosaba Block
24. COSMOS - Budge Budge I Block
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## Summary of Findings and Concluding Observations

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### 1

- 1.01 SGSY was launched in 24 Paraganas South district with effect from the 1st April, 1999 but it really took off from 2001-2002 as the earlier period was transitional from IRDP to SGSY. Formation of SHGs started in right earnest from 2001-02 facilitated by NGOs approved by the DRDC. Year-wise progress did not reflect any steady increase but wide fluctuations from year to year. By the third year of actual implementation through SHG (2002-03), many groups had become dysfunctional. There are inter-block variations in formation of groups under SGSY.
- 1.02 It is indicative to find that the coverage of BPL families under SGSY has not been uniform across blocks. In the district, only about 42% of BPL families have so far been mobilized into SHGs under SGSY. The coverage varies between 8% in Mandirbazar Block and 49% in Patharpratima and Namkhana Blocks. In several blocks, the coverage is less than 20%, of BPL households even after seven years of implementation.
- 1.03 As on September, 2006, 78%, of SHGs had passed the first grading test and become eligible for revolving fund. Only 13% of total groups formed could pass the second grading test but only 2.5% of them are engaged in economic activity. Process documentation indicates that it takes three to four years for SHGs to commence economic activity.
- 1.04 Infrastructural investments made from SGSY fund have found to be unproductive and of little benefit to swarozgaris. These are neither planned nor sanctioned after techno-economic feasibility study. There are sectoral and regional imbalances in infrastructural investments. Many of these investments should have been made from plan funds.
- 1.05 Target-orientated approach and hurried formation of SHGs with financial inducements have proved to be disastrous in the initial phase of implementation. The basic concept of SGSY is more misunderstood than understood by the implementing agencies. The poor have demonstrated their potential but the delivery system failed to fulfill the objective.
- 1.06 Banks are generally found to be insensitive to the needs of the poor families. The per group access to credit is very low. With the present level of credit gap, there can only be marginal increase in income. Economic conditions are still not conducive to growth of micro-enterprises. As such, the poor families are engaged in myriad types of livelihood options open to them with traditional wisdom and low level of marketable skills.
- 1.07 Field studies reveal many areas of strength of SHGs formed under SGSY
- a) coverage of backward classes
  - b) strong savings motivation
  - c) small increase in income
  - d) higher rates of recovery than that of individual loans
  - e) improvement in empowerment aspects
  - f) increase in self-confidence
  - g) increase in participation in development.

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- 1.08 Field studies reveal many areas of weakness too. These are:
- a) Formation of SHGs is target driven.
  - b) Inadequate capacity of facilitators and inadequate social mobilization before formation of SHGs
  - c) Inadequate skill in grading SHGs under SGSY.
  - d) Poor documentation of records and accounts.
  - e) No baseline available for developing indicators to monitor stages of development.
  - f) Women lack space in forum deciding management of natural resources.
  - g) Inadequate capacities and low level of skills.
  - h) No buyer-seller linkage, regularity of order, price and other forward linkages.
  - i) Bankers' insensitivities to credit needs of swarozgaris under SGSY.
  - j) Little change in asset structure.
  - k) Low level of awareness about government programmes and services.
  - l) Diversity in approach towards SHG formation and lack of a common vision.
- 1.09 Analysis of loans issued to members by SHGs reveals that it ranges between Rs. 500/- and Rs. 2,000/- (25%) and between Rs. 2,000/- and Rs. 3,500 (24%) respectively. It is seen that 18%, of the members did not have access to loan.
- 1.10 Interestingly, it has been observed during field studies that success has come in some areas where the following favourable factors are existing :
- a) Because of hard struggle for living in Sunderbans, the poor families are keen to access opportunities to cope up with livelihood options available to them.
  - b) The Sundarbans are rich in natural resources which have provided life support to the poor.
  - c) Sensitive support mechanism has been provided by some credible NGOs who have professional competence to facilitate social mobilisation and organization of the community.
  - d) A supportive development administration and a responsive panchayat can create a suitable environment for the people to develop themselves.
- 1.11 Field studies reveal that 75% of the members of SHGs have not received basic orientation programme though they may have attended awareness programmes for limited hours. 90% of the members studied do not know what SGSY is all about. There are drop-outs (10%) who have left the group because of their inability to make mandatory savings or for reasons of migration. There is more than one member from the same family either in a group under SGSY or in another group though the incidence is small (7.1% -- 8.6%). Field studies reveal that except minutes book, all other basic records are not updated in 81% of groups studied and dependence on NGO is excessive. Field studies further reveal that 90% of members of SHGs do not have access to extension services from line departments. Yet, a majority of respondents (54.3%) feel empowered and 64% of them have expressed willingness to participate in development initiatives.
- 1.12 FGD with SHGs formed under SGSY, in spite of their weaknesses from formation stage, have come out with mixed outcome:
- a) 88.6% of the groups are benefited by their ability to save.

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- b) Not more than 30% of groups studied are satisfied with their increase in income.  
c) Only 20% of the groups studied feel confident of self-reliance.
- 1.13 Most of the groups formed under SGSY have expressed their needs in the following order to become a self-managed organization of the poor.
- a) Social mobilization (78.57%)
  - b) Marketing assistance (78.57%)
  - c) Adequate financial assistance (77.14%)
  - d) Skill development (77.14%)
- 1.14 Field studies reveal that the primary objective of SGSY to bring the assisted poor families above the poverty line could not be achieved because of absence of social mobilization, gross inadequacies in external facilitation, inadequate access to credit, absence of extension service, linkages, co-ordination and convergence.
- 1.15 Analysis of BPL households under SGSY studied indicates that :
- a) Screening of poor households has not been properly done. While some extremely poor families have been excluded, some borderline cases have been included.
  - b) Interestingly, 60.5% of households studied could save between Rs. 1,000/- and Rs. 2000/- after joining the group.
  - c) Analysis by sources of household debt indicates that institutional sources are not still accessible to the poor-5% of the reporting households borrowing from a bank and 4.2% from a village co-operative. 71.5% of the respondents have borrowed from SHG indicating that SHG has helped financial inclusion.
- 1.16 Analysis of physical quality of life of responding households indicates that with access to safe drinking water, preventive health care, primary education and with reasonable wages, they are moving upwards in the human development index.
- 1.17 54% of reporting households have experienced increase of monthly income between Rs. 500/- and Rs. 1,000/- after joining the SHG. 88.5%, of the reporting households have reported that they do not get reasonable price in the market. 99% of the respondents have reported that they do not have infrastructure facility to start micro-enterprise. Only 26% of the families are able to produce according to the needs of the market.
- 1.18 Analysis of households studied by their participation in social initiatives indicates that :
- a) 48% of their family members have attended meetings of gram Sansad (read gram sabha)
  - b) Yet, 66%, of them are prepared to protest atrocities against women.
- This is indicative that given opportunities, the members of SHGs can join social initiatives as their social capital gets enriched.
- 1.19 Analysis of gender empowerment aspects indicates that joining SHG under SGSY has a positive impact on empowerment of the poor. Though SGSY has not enabled the participating households to increase their income substantially from economic activities, the women in SHGs are on a path to social and gender empowerment.
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## Observations and Random Reflections

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Our national programmes for the poor suffer from a fatal weakness- the belief, despite repeated failures, that once a programme is designed and funds allotted, the government can sit back or move to the next programme. It is as if the government is an exception to the 'learning by doing model' in development economics. It is not that the model is wrong but that it applies only to those willing and eager to learn through them.

We have reason to believe that any programme with potential to improve the conditions of the poorest among the rural poor and provide stable mechanisms for local level planning and natural resource management by gram panchayats could be the next victim of our policy makers' attitude towards rural areas and the rural poor.

The modules, frameworks and procedures laid down in any govt. programme need to be adjusted in the field where the local conditions vary widely. An obstacle in the way is the misconception of the government that monitoring and evaluation should cover the final outcomes and there should be filters allowing only good news to trickle in. Awareness needs to be created by the media as well as by serious researchers that merely bashing politicians, administrators and field personnel can bring about little improvement in the programmes for the poor. The government should be ruthlessly open and frank in bringing out the realities in the field with all its achievements/failures.

Realistic norms should be discovered in the field indicating when a panchayat is ready to shoulder the responsibility. Those still to reach the norm could be assisted by NGOs whenever they are operational in the vicinity. In fact, if a young and committed officer with an activist background is put in a key position at the block level many panchayats will be able to progress much faster than we may think. This is also true of panchayats where there is good local leadership with a tradition of mutual help and support.

There are some issues which have to be sorted out regarding the SHG movement and MFIs. Some of these are: Are the SHGs really self-help groups or are they formed just for receiving lots of subsidies from the government or donors? What will happen if the subsidies are removed? What types of terms and conditions are needed for better functioning of SHGs? Financial inclusion for farmers can not be sustained by the banking system alone as there is a need for other measures like public investment in irrigation, research and extension, infrastructure in rural areas, a good marketing system for better price etc. Banks should provide credit plus services to the farmers and the rural non-farm sector. The agriculture officers must provide farm advisory services that will help in making a picture of an integrated activity with appropriate backward and forward linkages. Rural banking has to be restructured so that credit can be supplemented with farm and non-farm advisory services. Depoliticisation of the financial system is needed for maintaining the viability of formal financial institutions.

One of the constraints in providing hassle-free and adequate credit to SHGs is that banks do not follow consistent norms in grading SHGs and procedural requirements are cumbersome and vary to a large extent. Although NABARD has put up an 'indicative model' of grading norms they are mainly illustrative rather than definitive. Under the SGSY, availing credit from banks continues to be a problem. The result was that credit during 2003-04, Rs.1,192 crore, fell much below the target of Rs. 2,129 crore. Perhaps one of the most critical gaps is the lack of marketing support and infrastructure, including the provision of marketing outlets, design support and quality control for products already being manufactured by various SHGs.

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Although SHGs are increasingly being used as delivery channels for the distribution of a variety of products in rural areas, the lack of an outward supply chain is hampering the development and sustainability of micro enterprise. The development of clusters in this regard, as is being attempted by SGSY, currently needs to happen on a much larger scale and the possibility of creating product brands can also be explored. However, it is through mainstreaming, or bringing more SHGs into the formal banking system that the services on offer to rural customers can hope to become increasingly professionalized. Moreover, there is a need for more research on which sections of the population SHGs are serving, the use to which credit is put, interest rate spreads, the class of assets created and who they are owned by, factors inhibiting or promoting those patterns, etc, to employ SHG networks to deliver development needs rather than simply to distribute credit.

The Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched with the objective to provide sustainable income to the rural poor by establishing micro-enterprises through the formation of self-help groups. Although no physical targets have been set under the SGSY, the figures tell their own story. The number of beneficiaries under the scheme in 2002-03 was less than half of that in the previous year and the per family investment, a crucial measure of the extent of support, has also shown a weak and fluctuating trend. Credit mobilization, already on the decline, was just one-fifth of the reduced target in 2002-2003. With this record, it is not surprising that the funds allocated under the scheme have remained grossly underutilized; in many states it was less than 50 percent. The Sampoorna Gramin Rozgar Yojana (SGRY) scheme was launched in 2001, to provide additional wage based employment in rural areas, along with support of food grains as part of the wages. Here, too, the story is not very dissimilar. The amount of money utilized was much below allocation, at around 70 percent as was the overtake of food-grains; in fact, some states did not lift any grain under the scheme at all.

The un-satisfying performance of SGSY has resulted in the Planning Commission slashing allocation for the programme under the Tenth Plan by over 50 percent from that proposed by the Ministry of Rural Development. A Parliamentary Committee looking into the performance of the scheme has expressed concern over their extremely poor implementation. According to the Committee Report, the main problem is that the schemes "continue to be delivered bureaucratically instead of being planned and implemented by the PRIs". In the case of SGSY, the Committee said, over four years after its launch, the programme had failed in its mission to tackle rural poverty in the country. The scenario on other such programmes follows more or less the same discouraging pattern. It is reckoned that programmes on wasteland development can play a major role in solving the employment problem. Various schemes under the wasteland development projects aim to bring more land under agriculture, thus increasing net sown area. Surveys of the watershed programmes have shown a significant increase in net sown area and income in several states. However, although one of the main objectives of the programmes is employment generation, no study has so far been conducted to assess the impact of the schemes in this area, and no specific data have been gathered on jobs generated through these programmes.

This, in some ways, epitomizes the attitude towards such development programmes. Allocation of funds; implementation of the programmes and follow-up, monitoring are still regarded as compartmentalised activities, not integrated into a seamless exercise intended to generate employment and reduce rural poverty. A more nuanced micro-approach, geared towards local situations and requirements is needed, with greater focus on implementation at the grass-roots level and powers devolved to the local bodies.

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Gram Panchayats should be accountable to only gram sabha in the context and the process of making panchayats accountable should be the business of the gram sabha. While democratic institutions provide opportunities for achieving democratic ideals, it is democratic practice through which these can be realized. While both democratic institutions and democratic practices are important for good governance, the latter is not guaranteed by the former (Dreze & Sen 2002). In the context of Panchayati raj institutions, strengthening people's participation in the gram sabha is a critical prerequisite for making panchayats & the system accountable to the people. As Jean Dreze & Amartya Sen say "The practice of local democracy is also a form of wider political education. In the context of village politics, people are learning to organize, to question established pattern of authority, to demand their rights, to resist corruption, and so on. This learning process enhances their preparedness not only for local democracy alone, but for political participation in general "(Dreze & Sen 2002)".

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### 2

- 2.01 Despite efforts made over the past few decades, rural poverty in India continues to be significant. Anti-poverty programs have been vigorously continued in successive years and in percentage terms, poverty levels have reduced from 36% of India's population in 1993-94 to 27.5% in 2004-05. This estimate is based on consumption distribution using a 30 day recall and is culled out from the National Sample Survey Organization's (NSSO) large sample survey for household consumption expenditure during July, 2004 – June, 2005. In 1999 – 2000, the number of rural poor has remained static and is estimated to be 244 million persons. The effect of such a large percentage of poor on the country's development is not difficult to appreciate. It is in this context that the need for self-employment programs can hardly be over emphasized.
- 2.02 To begin with, IRDP aimed at providing income generating assets to the rural poor through bank loan and subsidy. Initiated in 1978 as a pilot project , the program was rapidly expanded to all rural blocks by 1980.Beginning with Training of Rural Youth for Self-employment (TRYSEM),a number of allied programs were added over the years such as Development of Women and Children in Rural Areas (DWCRA), supply of Improved Tool Kits to Rural Artisans (SITRA) and Ganga Kalyan Yojana (GKY).The multiplicity of programs , being viewed as separate programs in themselves , resulted in a lack of proper social intermediation , absence of backward and forward linkages and a rush for achieving program targets rather than focusing on the sustainable income generation.
- 2.03 To rectify the situation, Government decided to restructure the self – employment programs and launched Swarnjayanti Gram Swarozgar Yajona (SGSY) from April, 1999. This is intended to be a holistic program covering all aspects of self-employment such as organization of the poor into Self-Help Groups (SHG), training, credit, technology and infrastructure. The objective of SGSY is to bring assisted poor families (Swarozgaris) above the poverty line by ensuring appreciable increase in incomes over a period of time. The objective is to be achieved by inter alia organizing the rural poor into SHGs through a process of social mobilization, their training and capacity building and provision of income generating assets through a mix of bank credit and government subsidy.
- 2.04 SGSY aims at establishment of a large number of micro enterprises in the rural areas, building upon the potential of the poor. It is rooted in the belief that the rural poor in India have the competencies and given right support can become successful producers of goods and services.
- 2.05 In establishing the micro enterprises, the emphasis under SGSY is on planning activity clusters by identification of key activities (not more than 10 in each block) based on availability of local resources, occupational skills and markets. SGSY adopts a project approach for each key activity. The existing infrastructure for the cluster of activities is to be reviewed and critical gaps in investment are to be made.
- 2.06 The Gram Sabha is intended to authentic the list of families below the poverty line and identification of families suitable for each key activity is to be made through a participatory process.
- 2.07 Credit will be the critical component in SGSY, subsidy being a minor and enabling element. Accordingly, SGSY envisages a large role for banks and their involvement in selection of Swarozgaris, planning and preparation of projects, identification of

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- activity clusters, infrastructure planning as well as capacity building and choice of activity of the SHGs.
- 2.08 SGSY intends to lay emphasis on skill development through well-designed training courses and will ensure upgrading of technology intervention including value addition to local resources.
- 2.09 SGSY will be implemented by the DRDA through the Panchayat Samitis. The process of planning, implementation and monitoring would integrate the banks, the PRIs, NGOs as well as technical institutions in the district.
- 2.10 An analysis of the design features of SGSY indicates that the model of micro finance through SHG-Bank linkage program, as successfully implemented from the time of DWCRA by DRDAS in Andhra Pradesh, deeply influenced the SHG based model of self-employment as conceived in the SGSY.
- 2.11 In the self-group approach under SGSY, certain very good features of SHG Bank linkage program had built into such as :
- a) SGSY focuses on organization of poor at grassroots level through a process of social mobilization for poverty eradication. Social mobilization enables the poor to build their own organizations (SHGs) in which they participate fully and directly and take decisions on all issues concerning poverty eradication.
  - b) SGSY's approach to organize the poor stems from the conviction that there is a tremendous potential within the poor to help themselves and that the potential can be harnessed by organizing them.
  - c) Social mobilization is not a spontaneous process and DRDAs are expected to initiate and sustain the process of social mobilization.
  - d) The process of group formation could be divided into phases like group formation, group stabilization, micro finance and micro enterprise development. Social mobilization and community organization is a process oriented approach and not a target oriented approach.
- 2.12 While group based model of micro finance seems to be the organizational framework of SGSY, it has in its design attempted to dovetail this approach with the earlier approach of loan-cum-subsidy of IRDP. SGSY has presumed that given support of credit, technology, market and infrastructure, the SHGs can graduate to a stage of micro-enterprise development. It has been borne out in studies earlier done by scholars including those done by the Planning Commission that this presumption has not been proved to be effective in case of IRDP. Even DWCRA which had a group based approach to strengthen the economic base of poor women through collective action and convergence of basic services could not be sustained. The short point is that while framing the design of SGSY, lessons learnt that credit may be critical in many cases but it does not suffice for the family to come out of poverty unless there are improvements in delivery systems and introduction of mechanisms that raise efficiency and productivity, have been lost sight of. Unless there are investments which open up potential sectors (both on farm as well as off farm) which the SHG members can exploit with credit and other institutional support, micro enterprises can not be sustained in the long run.
- 2.13 Poverty is officially looked from the income or consumption perspective meaning thereby that insufficiency of income denies access of the poor to social and economic opportunities. This misses the broad prospective which looks upon poverty as the outcome of multiple deprivations. In absence of skills and abilities,
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the poor are not capable to manage livelihoods which they are traditionally attached to. Livelihood strengthening and scoping seems to be the major concern of the poor and needs to be addressed to.

- 2.14 Lack of access to social opportunities like primary education, basic health care, shelter, sanitation, drinking water etc. makes deprivation intense and powerful. Vulnerability to external shocks reinforces poor people's sense of ill being and weakens their bargaining position. If SHG is envisioned as the organization of the poor at the grass roots level, it should be in the center of pro-poor development agenda and SHG based convergence of programs and services can create an enabling environment for them to come out of poverty trap.

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## Objectives and Methodology of the Study

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### 3

- 3.01 Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched with effect from the 1<sup>st</sup> April 1999 in the country with the objective of assisting the poor families (Swarozgaris) to come out of poverty by ensuring appreciable sustained level of income over a period of time. This objective is to be achieved inter alia by organizing the rural poor into Self-Help Groups (SHGs) through the process of social mobilization, training and capacity building and provision of income-generating assets.
- 3.02 Now that it is high time to conduct a mid-term evaluation of the composition and working of SGSY. The Planning Commission has accepted the proposal of Dr. Durgadas Roy, Emeritus Professor of Economics to do the work with the following objectives:
- To examine whether the key activities selected under the program conform to guidelines issued by SGSY.
  - To examine the current status of individual Swarozgaris assisted under SGSY.
  - To examine the current status of self-help groups assisted under SGSY
  - To study the impact of assistance under SGSY on income, employment and livelihood of poor households.
- 3.03 24 Parganas South district has three district geographical features namely: (a) Areas lying in the fringe of Greater Kolkata Metropolis; (b) Predominantly agricultural area; and (c) The coastal estuarine areas of the Sundarbans.
- 3.04 Study Design
- For the purpose of the study, the following stratified multi-stage sampling design was adopted:
- At the first stage, six blocks were selected – two from each of the above regions – based on poverty indicators like number of BPL households, number of marginal workers and % of female illiteracy.
  - At the second stage, 12 Gram Panchayats were selected – two from each block so selected – one with the largest and the other with the least number of SHGs formed – based purely on the number of BPL households;
  - At the third stage, 140 SHGs were selected with proportionate representation of groups from different stages of development.
  - At the fourth stage, 266 swarozgaris were randomly selected from the lists given by SHGs in selected GPs.
  - Focus group discussions (FGD) were held with banks, line departments, panchayats, self-help groups, training institutions, block officials who are major stakeholders of SGSY.
- 3.05 Empirical Observations
- In the district, only 42% of BPL households have so far been mobilized into SHGs. The coverage varies between 8% in Mandirbazar Block and 50% in Patharpratima Block.
  - Social mobilization which enables the poor to build their own organization was not done by NGOs (except a few) approved by DRDC most of whom were involved in the work for monetary incentive rather than organizing the

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community. There are, however, a few NGOs who had excellent track record, did provide sensitive support to the community where SGSY succeeded.

- c) Subsidy was a strong motivating factor initially to form the group followed by access to bank loan.
- d) 64% of the SHGs were found to be regularly saving @ Rs.30 pm and they have been able to build their own corpus of Rs.10, 000 – Rs20, 000.
- e) Neighbourhood was the enabling factor to mobilize the poor into SHG.
- f) 75% of the SHGs have been able to lend more than Rs10, 000 from their group corpus.
- g) Most of the SHGs are not able to access social and economic opportunities from the Gram Panchayat.
- h) Most of the SHGs are not functionally linked with line departments of the state government.
- i) Sanction of credit facilities are unusually delayed and often found to be inadequate.
- j) Poultry, fishery, handicrafts, agriculture and livestock rearing are traditional livelihood activities in which the members of groups are engaged.
- k) As a result, many of the SHGs formed under SGSY are found to be weak. A few have become dysfunctional.

3.06 Interestingly, it has been observed that SGSY has become a success story in Patharpratima Block. Factor analysis for success of SHGs under SGSY indicates that:

- a) Because of hard struggle for living in Sundarbans, the poor families are keen to access opportunities to cope up with livelihood options available to them.
- b) The Sundarbans are rich in natural resources, which can easily be harnessed by the poor.
- c) Sensitive support mechanism is existent in some credible NGOs who have professional competence to facilitate social mobilization and organization of the community.
- d) A supportive development administration and a responsive panchayat can create a suitable environment for the people to develop themselves.

3.07 Based on the empirical observations, an interim report was submitted to the Planning Commission.

3.08 Second Phase of Field Studies

The second phase of field studies was designed to compare the status of weak SHGs and strong SHGs formed under SGSY and in existence for more than three years and to find out why some are doing well while others are languishing. In the second phase, 201 SHGs were selected from the selected blocks based on performance. In the two phases together, 341 SHGs and 266 individual Swarozgaris randomly selected were covered in the study.

3.09 In course of field studies, several issues which have been raised in other studies, will also be addressed. These issues relate to:

- a) Group formation under SGSY
- b) Availability and utilization of cash credit by SHGs and their members
- c) Utilization of project loan by SHGs and their members.

- 
- d) Financial management including book keeping and accounts.
  - e) Gaps in physical infrastructure, training infrastructure, credit infrastructure and marketing infrastructure.
  - f) Choice of economic activities and scope of activity clusters.
  - g) Implementation and co-ordination mechanism.
  - h) Quality assessment of SHGs formed under SGSY.

### 3.10 Limitation

Through the study ought to have commenced from May 2006, it was only in November, 2006 that the study could get started as information was not easily available from field offices without instructions of the Panchayat and Rural Development Department. The second phase of field studies was delayed because of delayed receipt of funds. There is no system of data generation and preparation of database of SHGs formed under SGSY (except the prescribed reporting system). As a result, collection of primary data had been the only alternative.

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### 4

- 4.01 Through a large number of studies had been undertaken on issues relating to SHG-Bank linkage program, yet there are limited studies relating to operation of SGSY in the country more particularly in West Bengal.
- 4.02 Rural Development Center of IIT, Kharagpur conducted a study of income generating activities of Grade – I SHGs formed under SGSY in 4 blocks of Paschim Medinipur District (2005)
- 4.03 A similar study was conducted by NABCON (consultancy organization of NABARD) of 483 groups from three districts namely Hooghly, Burdwan and Purba Medinipur (2005).
- 4.04 A study of SHGs and MF including SGSY was conducted by SIPRD, Kalyani in 2001 when SGSY had just taken off.
- 4.05 A similar study was conducted to capture the status of SHG / MF sector by Loka Kalyan Parishad in 2006 under the auspices of CARE, West Bengal.
- 4.06 The major findings of the study conducted by SIPRD, Kalyani in 2001 are:
- a) Credit linkage of SHGs with banks was much less than expected and the groups were dependent more on internal lending. The major source of credit was found to be the group (53%) followed by bank (6%) and trader (4%). The rest have borrowed from friends and relatives.
  - b) There was a strong motivation to save amongst the poor women, which they valued as financial security against vulnerabilities in life.
  - c) A large number of members (35%) did not have access to credit even from the group.
  - d) The quantum of credit available was too inadequate to set up any economic enterprise.
  - e) Agriculture and livestock husbandry were dominant livelihood activities (53%) followed by household industry (26%) and petty trade (11%).
  - f) Micro credit was mostly used as working capital for production purpose (86%)
  - g) The rate of recovery of bank loans was found to be higher in case of SHGs than in case of individuals.
  - h) An assessment of the quality of groups indicated gross inadequacies in training and capacity development of groups.
  - i) There was extremely low level of awareness amongst group members about government programs and public services to which they are entitled.
  - j) The survey found that access to credit had a very positive impact on the quality of life of the poor members.
  - k) Joining a group had tremendously increased self-confidence of the poor.
- 4.07 The major findings of the study conducted by Loka Kalyan Parishad (2006) are:
- a) SHG based MF emerged as a widely spread awakening of the poor particularly women in the new millennium (2000) in West Bengal and SGSY had the largest role in it;
  - b) Growth analysis reveals an exponential growth of SHGs in West Bengal between 2000 (34,668 SHGs) and 2006 (3,80,550 SHGs). This has brought

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about a new situation in West Bengal where women are struggling to express their collective voice in social, economic and political fronts of public life.

- c) Through there is phenomenal quantitative growth, quality assessment of selected SHGs reveals weakness in many respects such as participation of members, inadequate access to credit, weak financial management, inadequate capacities and skills, inadequate opportunities of livelihood development, inadequate linkages with institutions, agencies and markets, declining rates of recovery etc.
- d) One of the critical aspects of SHG-Bank linkage program is credit linkage with banks – not even 50% of SHGs are credit-linked with banks – per SHG credit disbursed is also much less than that of Southern States. This space is gradually being filled with the growth of micro-finance institutions (MFIs);
- e) The institutional linkage of SHGs with PRIs is increasing because of favourable policy environment.
- f) Reaching the poor through social communication is still a great challenge.
- g) SHG based organizations are coming up but they are still in their infancy. The need for networking is still remaining unmet.
- h) The assessment of SHGs indicates that joining SHG is a positive step towards empowerment of women.

4.08 The major findings of study undertaken by IIT, Kharagpur (2005) in Paschim Medinipur of Grade I SHGs under SGSY are:

- a) The activities performed by groups had been dairying, pisciculture, agriculture, piggery and traditional activities in household industry like food processing, copper ornaments, agarbati making, sal leaf plate making etc.
- b) Utilization of revolving fund was mostly done by individual members for income generation as household activities.
- c) 50% of the members engaged in economic activities could not generate any additional demand.
- d) There was delay in receipt of revolving fund and the concept of back ending of subsidy was not clearly understood by groups.
- e) Most of the members of SHGs did not receive training and those who had received did not use their skills.
- f) 85% of the respondents could provide seed money for livelihood from their own sources.

4.09 The major findings of the study conducted by NABARD of SHGs formed under SGSY in three districts of West Bengal (2005) are:

- a) While the group members have benefited in diverse ways like self-confidence and increase in social awareness, the formation of groups has been largely target driven rather than being process-oriented.
- b) The process of group functioning should be more democratic and rotation of leadership should be encouraged.
- c) Agenda for meetings are stereotyped and SHGs are not adequately trained to keep accounts
- d) There seems to be a diversity of approach in formation of SHGs under SGSY.
- e) It has been found that tailoring and bidi making stand out as important purpose for taking loan. Next in importance are goatery and poultry. Loans are used in

diversified non-farm activities like food processing, soft toy making, bag making etc. but marketing seems to be the critical bottleneck in the chain of activities.

- f) An analysis of loans issued to members finds that it ranges from Rs.500/- to Rs.2000/- (25%) and Rs.2000/- to Rs.3500/- (24%) respectively. It is seen that 18% of the members did not take any loan.
- g) Some possible and viable enterprises identified by NABARD are also found to be centered around livelihood options like dairy, poultry, horticulture and household crafts.

4.10 The studies reviewed particularly those conducted in West Bengal bring out some areas of strength and several areas of weakness (see table below).

Table 4.01 – Areas of strength and weakness of SHGs formed under SGSY in West Bengal

Area of strength	Area of weakness
i) Coverage of backward and disadvantaged sections of society	i) Formation is target driven
ii) Strong savings motivation	ii) Code of conduct of SHG members yet to be developed and acted upon
iii) Small increase in income	iii) Inadequate capacity of facilitators.
iv) Higher rates of recovery of bank loan	iv) Inadequate skill in grading SHGs under SGSY
v) Improvement in empowerment aspects	v) Poor documentation of records and accounts
vi) Increase in self-confidence	vi) No baseline available for developing indicators
vii) Increase in social capital	vii) Women lack space in forum deciding management of natural resources
viii) Increase in participation in development	viii) Inadequate training and absence of hand holding
	ix) No buyer-seller linkage, regularity of order, price and other linkages.
	x) Bankers insensitive to credit needs of Swarozgaris under SGSY
	xi) Reasons for declining rates of recovery are: <ul style="list-style-type: none"> <li>a) Close of groups (10.92%)</li> </ul>

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	b) Problem with individual members (37.82%) c) Financial loss d) Taking revolving fund as subsidy (13.87%)
	xii) Little change in asset structure
	xiii) Low level of awareness about government programs and services
	xiv) Lack of extension services
	xv) Diversity in approach towards SHG formation and lack of a common vision.

Source: Literature Survey

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## Status of SGSY in West Bengal and in the District of 24 Parganas (South)

### 5

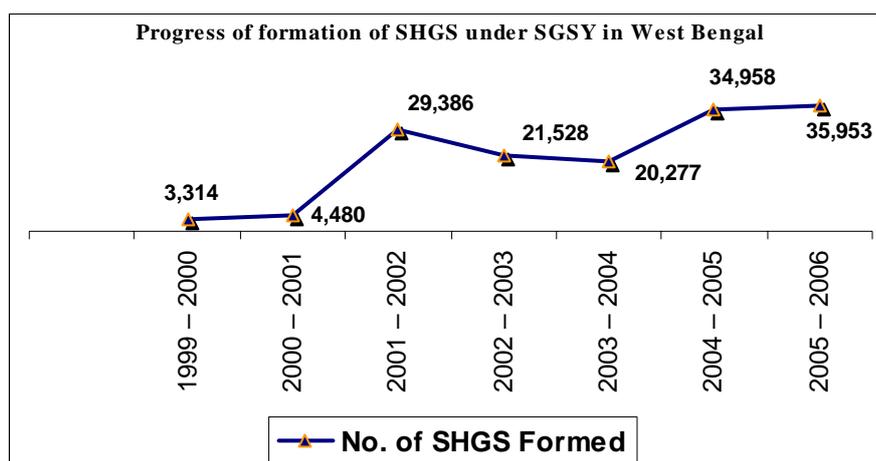
- 5.01 West Bengal is a late starter in formation of SHGs as the initial two years (1999–2000 and 2000–01) had been the transitional phase from IRDP to SGSY. Though financing individual swarozgaris was not precluded, the major emphasis was later given in organizing the poor into self – help groups (SHGs) from 2001 – 2002 (See table below). The program has since gathered momentum. Such transformation is very process – intensive, requiring strong facilitation and therefore, rather slow which explains the delay in gaining momentum in implementation of the program.

Table 5.01: Progress of formation of SHGs under SGSY in West Bengal

Year	No. of SHGs Formed
1999 – 2000	3,314
2000 – 2001	4,480
2001 – 2002	29,386
2002 – 2003	21,528
2003 – 2004	20,277
2004 – 2005	34,958
2005 – 2006	35,953
<b>Total</b>	<b>1,49,896</b>

Source: Annual Administrative Report, 2005 –06

- Panchayat and Rural Development Deptt.



- 5.02 Till March, 2006, 1, 49, 896 numbers of SHGs have been formed in West Bengal of which 1, 16,822 numbers of SHGs were formed exclusively by women (77.94%). The mobilization of women into SHGs under SGSY is a significant change. A district – wise analysis of SHGs formed under SGSY shows that the distribution which had earlier been skewed, had evened out .It is also observed that the rate of

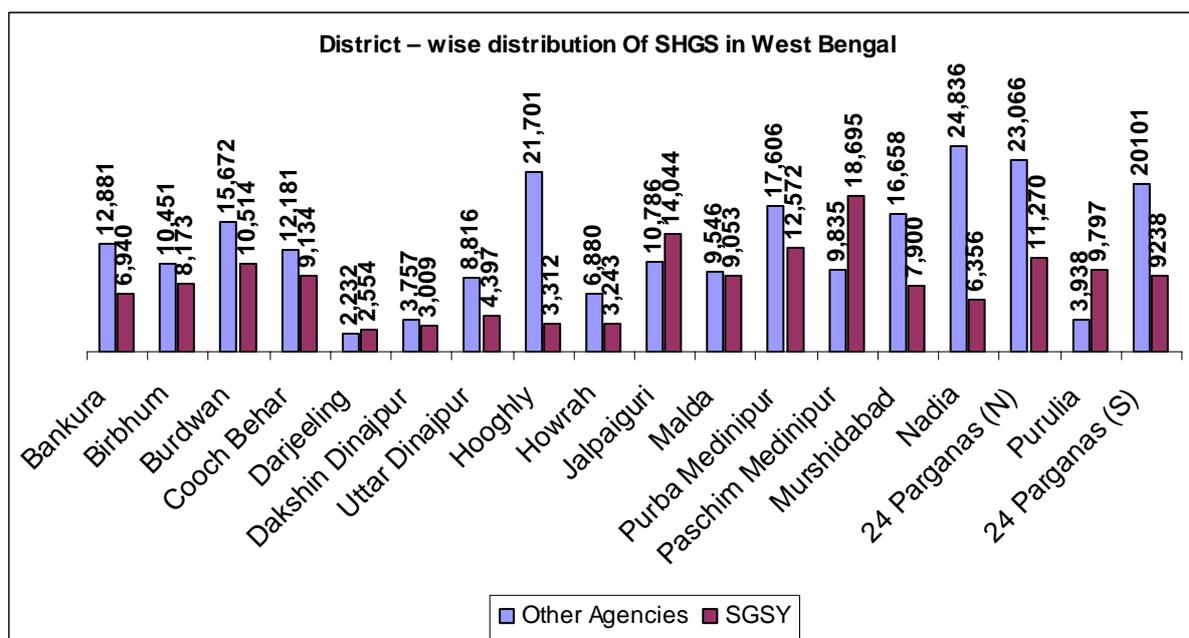
group formation has now become static seemingly because there is a felt need for consolidation and moving away from target to quality enhancement.

- 5.03 Till September 2006, it is observed that SGSY has been largely acting as a catalyst in West Bengal under SHG – Bank linkage program. As against 1,50,201 SHGs formed under SGSY, 2,30,943 SHGs have been formed by other agencies like banks, co – operatives, non – government departments (see table below)

Table 5.02: District – wise distribution Of SHGS in West Bengal (As on December, 2006)

Sl. No.	District	Number of Self Help Groups		
		Other Agencies	SGSY	Total
1.	Bankura	12,881	6,940	19,821
2.	Birbhum	10,451	8,173	18,624
3.	Burdwan	15,672	10,514	26,186
4.	Cooch Behar	12,181	9,134	21,311
5.	Darjeeling	2,232	2,554	4,786
6.	Dakshin Dinajpur	3,757	3,009	6,766
7.	Uttar Dinajpur	8,816	4,397	13,213
8.	Hooghly	21,701	3,312	25,013
9.	Howrah	6,880	3,243	9,623
10.	Jalpaiguri	10,786	14,044	24,830
11.	Malda	9,546	9,053	18,599
12.	Purba Medinipur	17,606	12,572	30,178
13.	Paschim Medinipur	9,835	18,695	28,530
14.	Murshidabad	16,658	7,900	24,468
15.	Nadia	24,836	6,356	31,192
16.	24 Parganas (N)	23,066	11,270	34,336
17.	Purulia	3,938	9,797	13,735
	24 Parganas (S)	20,101	9,238	29,339
	West Bengal	2,30,943	1,50,201	3,80,550

Source: SLBC for West Bengal



Growth analysis of SHGs formed over a six year period including those formed under SGSY indicates on exponential growth in rural areas of West Bengal covering more than half of the rural households. In spite of various inadequacies and weakness, a large number of the poor particularly women are organized into SHGs and if their potential is harnessed, it can be an alternative paradigm of pro – poor development led by women.

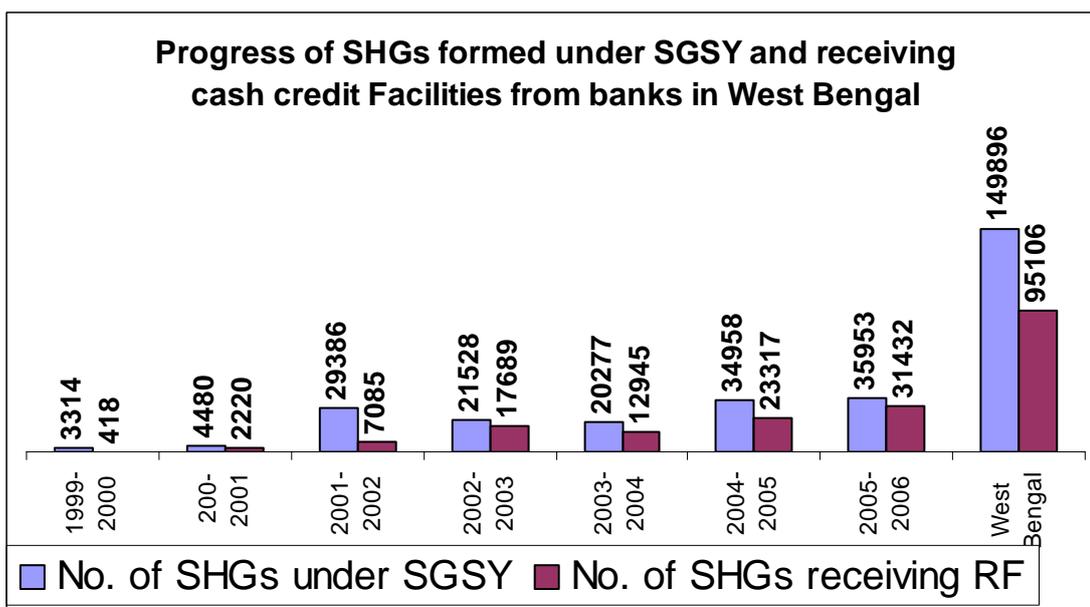
- 5.04 As per program guidelines under SGSY, SHGs formed under SGSY and in existence for more than 6 months as have demonstrated potential of viable group can be provided revolving fund in multiples of group corpus as cash credit from a bank after grading exercise .The revolving fund can be utilized by the group for income generating activities either through group enterprise or for lending to individual members. By March, 2006, 95,105 SHGs formed under SGSY (63.45%) have been able to obtain cash credit facilities from banks (see table below)

Table 5.03: Progress of SHGs formed under SGSY and receiving cash credit facilities from banks in West Bengal

Sl. No.	Year	No. of SHGs under SGSY	No. of SHGs receiving RF	% of total
1	1999-2000	3314	418	13%
2	200-2001	4480	2220	50%
3	2001-2002	29386	7085	24%
4	2002-2003	21528	17689	82%
5	2003-2004	20277	12945	64%
6	2004-2005	34958	23317	67%
7	2005-2006	35953	31432	87%
	West Bengal	149896	95106	63.43%

Source: Annual Administrative Report, 2005-06

- Panchayat and Rural Development Deptt.



- 5.05 Analysis of cash credit facilities used by SHGs under SGSY indicates that the average limit of credit per SHG have is around Rs.20000. It is observed during field studies that the groups take long time to absorb higher dose of credit. Per group credit has almost remained static. With the present level of per group credit, there may be marginal reduction of poverty gap but not many of them are expected to come out of poverty trap.
- 5.06 One of the reasons for low absorption of credit is that most of the groups have used credit from banks for traditional livelihood activities like agriculture, animal husbandry, horticulture, floriculture, fishery, sericulture, food processing and home-based crafts, value-addition and processing activities based on local resources, traditional skills and local market.
- 5.07 As it is difficult to develop micro enterprises with low capital base and low level of marketable skills, only 18% of SHGs have been able to pass second grading test out of which 5% are able to take up economic activities (see table 3.04)

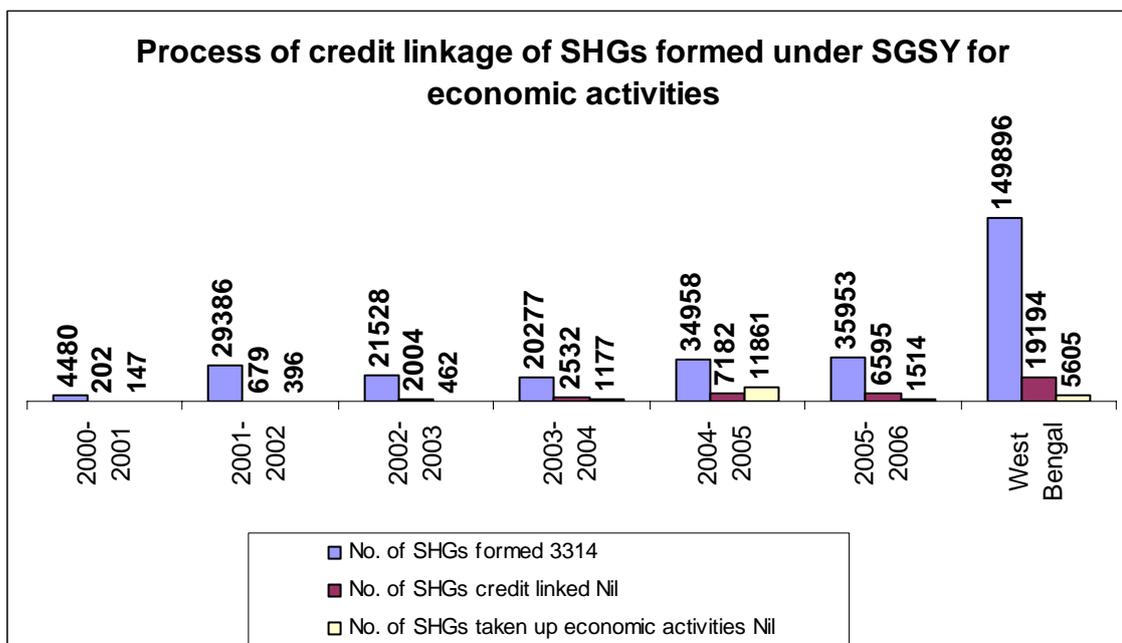
Table 5.04: Process of credit linkage of SHGs formed under SGSY for economic activities

Sl. No.	Year	No. of SHGs formed	No. of SHGs credit linked	No. of SHGs taken up economic activities
1	1999-2000	3314	Nil	Nil
2	2000-2001	4480	202	147
3	2001-2002	29386	679	396
4	2002-2003	21528	2004	462
5	2003-2004	20277	2532	1177
6	2004-2005	34958	7182	11861

7	2005-2006	35953	6595	1514
West Bengal		149896	19194	5605
			(18%)	(5%)

Source: Annual Administrative Report, 2005-2006

- Panchayat and Rural Development Deptt.



Even many of the Grade II groups have been found to be interested to draw more from cash credit facilities, which meet their working capital gap. This may finally enable them to graduate to micro-enterprise development. Evidently, they are engaged in myriad types of livelihood with easy entry and easy exit within local circulation of economy.

- 5.08 Analysis of item-wise expenditure under SGSY indicates that subsidy and revolving fund are major components. Expenditure on infrastructure is increasing from 2004-05 but facilitation and capacity building expenditure continue to remain relatively minor components of expenditure (see table 3.05). It is necessary to recognize that unless capacities of SHGs and their members are built, it is difficult for them to move on to the escalator of growth and development.

Table 5.05: Item-wise expenditure under SGSY in West Bengal (Rs.Crore)

Year	Subsidy	Revolving Fund	Infrastructure Fund	Basic Orientation / Skill training	Facilitation
1999-2000	34.67	1.43	1.47	1.86	Nil
2000-2001	3.81	2.65	6.45	0.15	Nil
2001-2002	10.17	4.53	8.92	3.61	Nil

2002-2003	21.09	18.21	7.6	1.76	2.81
2003-2004	21.17	11.61	9.89	4.79	2.83
2004-2005	22.79	17.10	16.71	11.85	4.21
2005-2006	16.15	26.22	14.22	13.06	3.43

Source: Annual Administrative Report, 2005-06

- Panchayat and Rural Development Deptt.

5.09 South 24 Parganas district is identified to be a backward district, in terms of capability poverty measure in spite of its close proximity to greater Kolkata Metropolitan area. Female illiteracy was 59.73% according to 2001 census and school enrolment rate of female children (6<sup>+</sup>) was 56.4%. Infant mortality rate was 54 in 1000 male children and 66 in 1000 female children. Only 59.4% of one year children received full immunisation coverage.

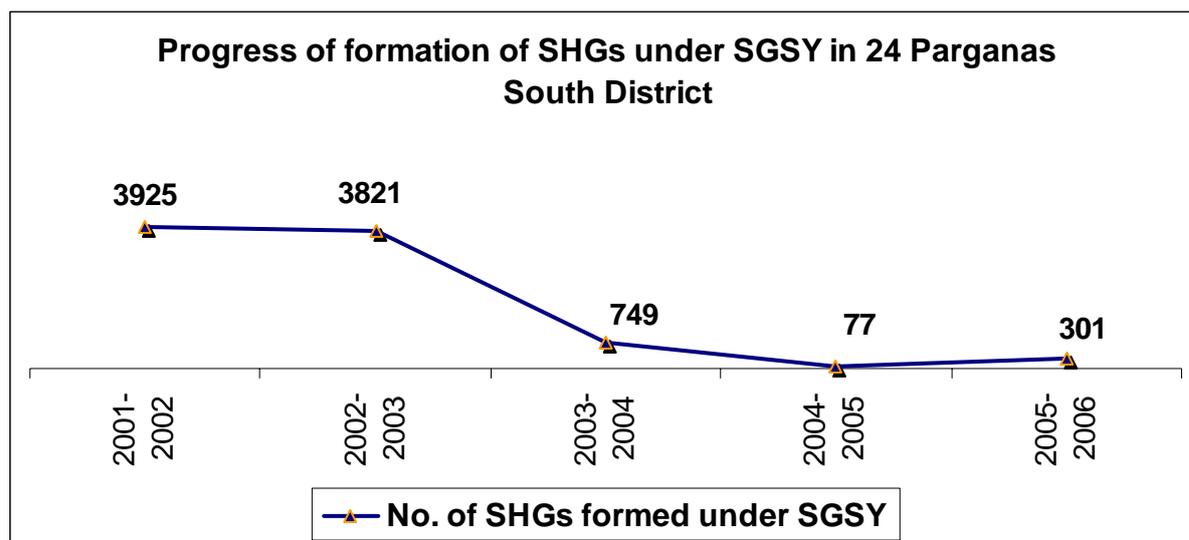
5.10 SGSY was launched in the district with effect from the 1<sup>st</sup> April 1999 but it really took off from 2001-02 as the earlier period was transitional from IRDP to SGSY. During this transitional period, only individual Swarozgaris were selected by the GPs as had been the earlier practice under IRDP. Formation of SHGs started in right earnest from 2001-2002 facilitated by NGOs approved by the DRDC.

5.11 Year wise progress of formation of SHGs under SGSY in the district did not reflect any steady increase but sudden fall from 2003-04 (see table 3.06)

Table 5.06: Year wise progress of formation of SHGs under SGSY in 24 Parganas South district

Sl. No.	Year	No. of SHGs formed under SGSY
1	2001-2002	3925
2	2002-2003	3821
3	2003-2004	749
4	2004-2005	77
5	2005-2006	301

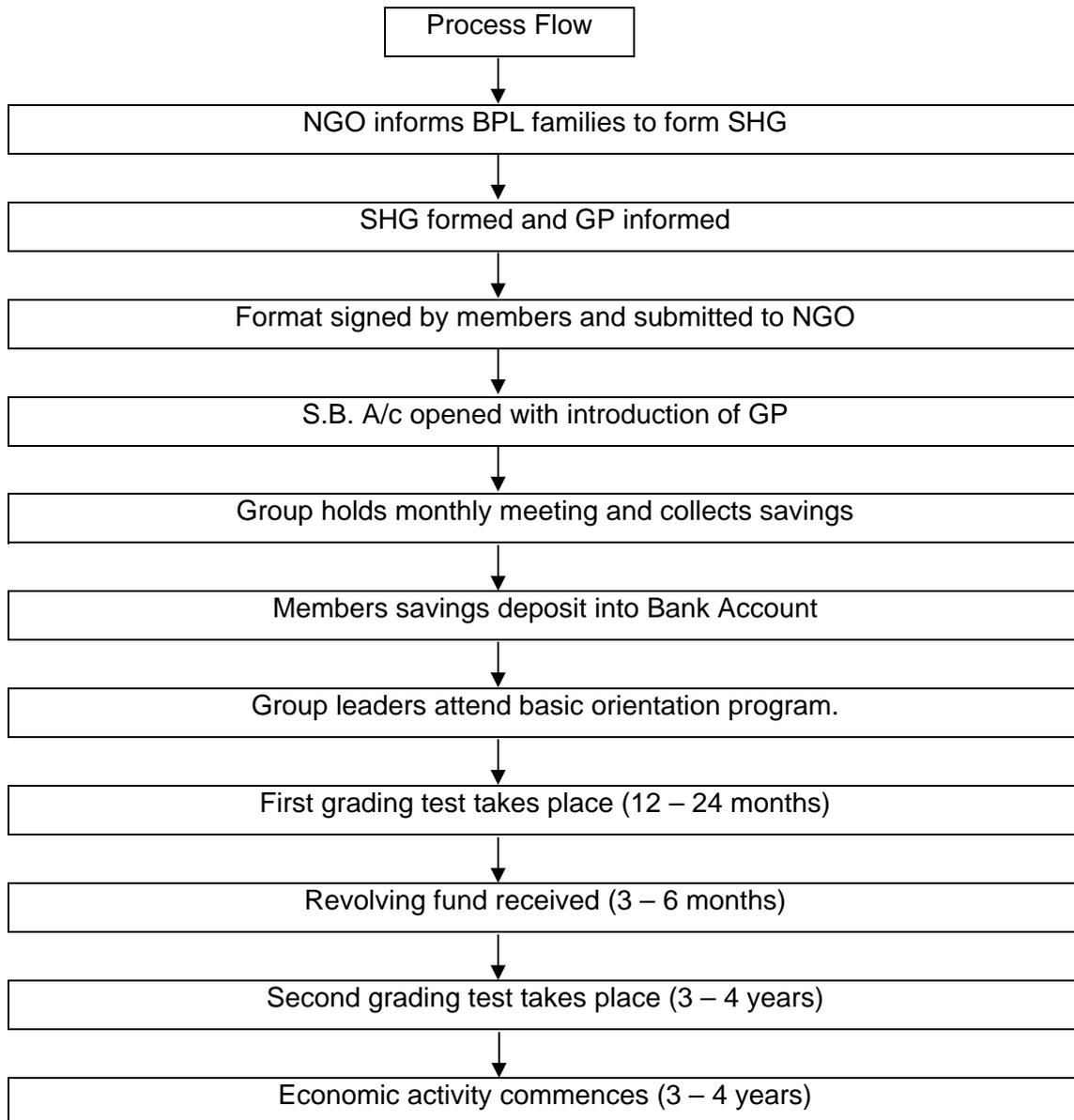
Source: DRDC, 24 Parganas (South)



- 5.12 During this period, many groups formed had become dysfunctional. Suddenly, the growth started falling. The falling trend has now been arrested. Out of 29 Blocks, formation of new groups was discontinued in 14 Blocks during 2004-2005 and 12 Blocks during 2005-2006. There are inter-block variations in formation of groups.
- 5.13 An analysis of secondary data indicates that coverage of BPL households has not been uniform. It is indicative to find that:
- In the district, only about 42% of the BPL households have so far been mobilized into SHGs under SGSY.
  - The coverage varies between 8% in Mandirbazar Block and 49% in Patharpratima and Namkhana Blocks.
  - In several blocks, the coverage is less than 20% of BPL households even after 7 years of SGSY implementation.
- 5.14 Analysis of stages of SHGs formed under SGSY in the district indicates that:
- As on September 2006, out of 9238 SHGs formed, 7185 (77%) groups had passed the first grading test and become eligible for revolving fund in the form of cash credit from the banks.
  - Of the groups formed under SGSY, 5414 groups (59%) are women groups.
  - 1177 SHGs forming 13% of the total groups formed could pass the second credit test but only 234 groups (2.5%) are engaged in economic activities.
  - The average cash credit facility sanctioned to self-help group works out at about Rs. 16000/- as against state average of Rs. 19000/-
  - With such a low per capita credit and low level of skills, members of SHGs are engaged in traditional livelihood activities like agriculture, goatery, piggery, tank fishery, tailoring, embroidery, jute rope making, carpentry, primary food processing indicating insufficient income generation enabling BPL families to cross the poverty line.

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5.15 Process documentation (see flow chart below) indicates that it takes three to four years for SHGs to commence economic activity.



5.16 Investments made under SGSY from infrastructure fund are found to be of no beneficial use to the BPL households and many are lying unused.(See case studies below)

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### **Case studies of infrastructural projects sanctioned by District SGSY Committee**

Bangalaksmi Swarozgari Dal in Baishata GP of Jaynagar II Block received a grant assistance of Rs.1,00,000/- for construction of workshop the purposes of which are not known to members of the SHG. They feel that the structure will be used for training. Construction activity has not yet started-only building materials are seen. Taluk Ranaghata Milan Sangha had been sanctioned project for construction of jute godown and complex and the organization received a grant assistance of Rs. 93,000 in 2002. The construction is left incomplete.

Ramkrishna Ashram, Nimpith was sanctioned grant assistance of Rs.25 lakh in 2005 from infrastructure development fund of DRDC for construction of a food processing plant. Construction of the building was done on 7200sqft. of land of Ramkrishna Ashram., It has been left incomplete. The responsibility of running the unit has been given to Shri Sarada Sabalambi Group. The terms of sanction of sanctioned project are not known. Though the food processing plant may eventually become beneficial to the people, yet it is not clear how this will benefit swarozgaris under SGSY. The structure is now used by the group for running a canteen and small business.

Similarly, Sir Daniel Trust was sanctioned grant assistance of Rs.26.91 lakh for construction of an ice plant in Gosaba Block. The proposal may eventually become beneficial to the fishermen community but construction of the building is incomplete and it is of no use now.

All the infrastructural investments made by the DRDC from SGSY fund as have been observed in field studies are found to be unproductive and of little benefit to the swarozgaris under SGSY. These are not sanctioned strictly in terms of SGSY guidelines. Many of these investments ought to have been made from plan funds.

- 5.17 Interestingly, it has been observed that SGSY has come out as a success story in Patharpratima Block. A majority of SHGs formed (975) under SGSY are sustaining themselves by engagement in livelihood with support from DRDC.
- 5.18 An objective analysis of SHGs formed under SGSY indicates that sustained social mobilization and a sensitive support mechanism is necessary for achievement of SGSY. Target oriented approach and hurried formation of SHGs with financial inducements has proved disastrous. The basic concept of SGSY is more misunderstood than understood by implementing agencies. The poor people are engaged in myriad types of livelihood activities. Economic conditions are still not conducive to growth of micro-enterprise. Banks are still not generally sensitive to the needs of the poor. The poor have the potential but the vision of SGSY to see SHG as a self-managed people's organization is long way to be accomplished.

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## Self-Help Groups Under SGSY in Study Area

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### 6

- 6.01 The objective of SGSY is to be achieved by inter alia organizing the rural poor into Self-Help Groups (SHGs) through a process of social mobilization, their training, capacity building and provision of income generating assets through a mix of bank credit and government subsidy.
- 6.02 To find out how for the objective has been achieved, 140 SHGs were selected in the study area (first phase) based on vintage i.e. those who have completed at least three years after formation on a random sampling basis.
- 6.03 Field studies reveal that:
- a) Community awareness building was highest in Patharpratima Block (75.5%). It was low to very low in other five blocks.
  - b) The predominant mode of group formation was holding meeting with BPL families 75.5% in Patharpratima Block, 68.2% in Falta Block and 61.5% in Canning II Block.
  - c) It is found that involvement of the village community in social mobilization was not largely taken recourse to. It was evident from field studies that social mobilization which is an essential pre-requisite before formation of SHGs under SGSY was conspicuously absent except in Patharpratima Block. Even the panchayats were not involved in social mobilization. The Pradhan of the Gram Panchayat (GP) was only the forwarding authority to higher tiers for approval by DRDC. The task of group formation was given to selected NGOs most of whom did not either have capacity or willingness to organize social mobilization effectively.
- 6.04 Field studies further reveal that the BPL families were motivated to form SHG in the hope of getting subsidy (88.5%) and in the hope of getting bank loan (96.2%). It is evident that in most cases, SHGs were formed hurriedly with incentives of financial assistance rather than through the process of organization building by the poor themselves.
- 6.05 Field survey reveals that neighborhood was the strongest factor for the poor families to be organized into SHG (85% - 100%). Socio-economic homogeneity did not rank very high in priority.
- 6.06 SGSY recognizes that facilitation plays a critical role in group formation and development. Field studies reveal that services provided by the NGOs had been mostly in the areas of conducting meeting (79.3%), opening bank account (95.7%) and keeping accounts (82.1%). Facilitation was generally found to be weak in group management, financial management, choice of economic activity and participation in the process of development.
- 6.07 It is evident that in selection of NGOs, the guidelines of SGSY that facilitators should have past experience in SHG formation, community organization or any other similar work involving participatory approach, communication skill etc. could not largely be adhered to. The specific deliverables were not clearly spelt out and no monitoring mechanism worked to ensure delivery of specific services. As a result, most of the NGOs were interested more in complying with the requirements for getting payment from the DRDC rather than building the SHG as a self-managed organization of the poor. Payment was also not made after monitoring the progress of group formation as prescribed under SGSY.

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- 6.08 SHGs formed under SGSY are mostly comprised of 10-15 members of which 80% are from BPL families. This is in accordance with guidelines issued by SGSY.
- 6.09 Field survey reveals that excepting Canning-II Block where there is no fixed schedule, meetings once every fortnight are common - Patharpratima Block (88.7%), Falta (72.7%), Joynagar II (66.7%) and Gosaba (50%). Records of group meetings studied do not indicate their effectiveness in organizational development. These are mostly ritualistic and subsidy oriented. No code of conduct has yet been developed.
- 6.10 Field survey reveals that saving @ Rs.30 per month is the most common (64.3%), the highest being Canning II (88.5%) followed by Budge Budge II (83.3%) and Gosaba (83.3%). Only in Patharpratima Block, there is no mandate on the monthly rate of savings.
- 6.11 Field survey reveals that in Canning II Block, amount of group corpus is significantly within Rs.3000. In Budge Budge II, the loan amount is mostly within Rs.10, 000. In Falta Block, the loan amount is predominantly within the range of Rs.10, 000 and Rs.20,000. In Gosaba Block, the largest number of groups have loan amounts exceeding Rs.20,000/-. The survey indicates that most of the SHGs formed are mostly in micro finance stage and have not been able to scale up their activities.
- 6.12 Response analysis on regularity of savings reveals that most of the groups are regularly depositing their savings into bank account. This is indicative of the strong motivation of the poor families to save.
- 6.13 Analysis of distribution of SHGs studied by the number of members who have access to credit from the group fund indicates that:
- a) In Gosaba Block, 100% of the members did get the opportunity followed by Patharpratima Block (86.8%)
  - b) In Falta, 6-10 members out of 12-15 members could get loan facility from the group;
  - c) In Canning II Block, the average number of members having access to credit from the group are 5. This is indicative that there is an excluded category who did not receive any credit facility. There are also drop outs (10%) who have left the group mainly because of their inability to make mandatory savings or for reasons of migration. There are more than one member from the same family in SGSY group or in another group through the incidence is small (7.1% - 8.6%).
- 6.14 All the members of SHGs formed under SGSY are to be put through a basic orientation program which will seek to familiarize the members with SGSY and its objectives. Field studies reveal that 75% of the members of SHGs have not received basic orientation program as envisaged under SGSY though they may have attended awareness program. 90% of the members do not know what SGSY is about.
- 6.15 Under SGSY, the groups are required to maintain simple basic records like minutes book, attendance register, loan ledger, general ledger, cashbook, bank passbook and individual pass book. Field studies reveal that except minutes book, all other basic records are not updated in 81% of groups studied. Members are not familiar with group accounts which are mostly in arrears after withdrawal of NGO.
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- 6.16 Members of SHGs are mostly from BPL families and are entitled to various facilities and services under government programs. Field studies reveal that 20% of the members have secured wage employment for a limited number of days (average 10 days). 80% of SHGs are, however engaged to serve food under mid-day meal scheme. No other benefit like Antyodaya Anna Yojana has been extended to them by the PRIs who have the responsibility of implementing anti-poverty and social assistance programs.
- 6.17 There are various departments who are expected to provide services to the poor people. Field studies reveal that 90% of the members of SHGs do not have access to such services. SHG based convergence as laid down in the state policy is not visible on ground.
- 6.18 Half of the SHGs studied do not participate in social initiatives like elementary education and basic health care. This is partly because of inadequate facilitation and partly because of absence of state intervention. Their participation in ICDS is also small (26.4%)
- 6.19 Yet a majority of the respondents (54.3%) feel empowered to fight against social evils while a large number (40.7%) feel empowered to stand against domestic violence.
- 6.20 64% of SHGs studied have expressed their willingness to participate in development of their own village but 20% of the respondents have attended a meeting of village assembly (Gram Sansad/Gram Sabha). They are also not adequately involved in the process of development by PRIs in spite of favourable policy environment 24% of respondents have reported participating in panchayat programs while 15% are involved in activities of gram unnayan samity (village development committee) and 12% are reported to have been associated with micro planning.
- 6.21 FGD with the SHGs formed under SGSY, in spite of their weaknesses from the formation stage, have found mixed results;
- 88.6% of the groups are benefited by their ability to save in the group;
  - Not more than 30% of the groups are satisfied with increase in their income;
  - Only 20% of the groups studied feel confident of self-reliance.
- 6.22 Most of the groups under SGSY have expressed their needs in the following order to become a self-managed organization of the poor at the grass-roots level;
- Social mobilization (78.57%)
  - Marketing assistance (78.57%)
  - Adequate financial assistance (77.14%) and
  - Skill development (77.14%)
- 6.23 Field studies reveal that except in case of Patharpratima Block, and in areas served by credible NGOs like the Tagore Society for Rural Development, Rangabelia, Sri Ramkrishna Ashram, Nimpith etc., the objective of the SGSY to bring the assisted poor families above the poverty line by ensuring appreciable sustained level of income over a period of time and by organizing the rural poor into SHGs, could not be achieved because of absence of social mobilization, gross inadequacies of external facilitation, inadequate access to credit, absence of extension service, linkages, co-ordination and convergence.
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6.24 In the next phase of the research study, a comparative study of weak and strong groups has been undertaken to identify the factors for success and failure of SHGs under SGSY. Such as analysis is intended to take a relook at the composition and working of SGSY.

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## Families (Swarozgaris) Under SGSY in the Study Area

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- 7.01 For the purpose of studying the current status of members of SHGs who are envisaged to become swarozgaris, family survey of 266 members selected randomly from lists of members of SHGs, was undertaken in selected blocks. The selected members have mostly completed three years after joining the group.
- 7.02 The age-wise frequency distribution of members indicates that 39% of them are in the age group of 31-40 years followed by 35% in the age group of 18-30 years and 18% are in the age group of 41-50 years. This indicates that economically active members of the families have joined SHG.
- 7.03 Education-wise distribution indicates that the largest number (47.4%) have completed four years of schooling; 23% are below primary level; 17% have completed more than 8 years of schooling and 9% are illiterate. Illiteracy is not geo-specific but community specific indicating that the incidence is more prevalent amongst scheduled tribes and minority community.
- 7.04 The social class-wise distribution of membership indicates that 42% are from minority community, 37% are from scheduled castes, 18% are from other backward classes and 3% are from scheduled tribe. It is indicative that backward communities are organized to form SHGs under SGSY. It seems to be an inclusive approach.
- 7.05 Occupation wise distribution indicates that most of the families are engaged in traditional livelihood activities. 68% of them are having agriculture as their primary occupation followed by agricultural wage labour (38%), small business (22%), fishery (13%), services (9.4%), cottage industry (10%). Fishery is one of the major activities in which the poor households are engaged. It is also interesting to find that the poor have to depend on more than one activity for their livelihood.
- 7.06 Family expenditure-wise frequency indicates that 43% are having monthly family expenditure of above Rs.3000 while 9% of them are having monthly family expenditure between Rs.1000 and Rs.1500. The distribution indicates that while a large segment is on the borderline of poverty, the representation of extremely poor households is relatively small. This indicates that SGSY has not been able to include the extremely poor households.
- 7.07 Members of SHGs who will become swarozgaris are not yet the major earning members of the family. They contribute not more than 50% of family expenditure preceded by 51.5% contributing 10%-20% of family expenditure followed by 17.7% contributing 26%-50% of family expenditure and the rest contributing less than 10%. Only 14% of the households are equal or more contributors to family expenditure. It is indicative that in poor families, all economically active persons have to pool their contributions towards family expenditure. Further, since most of the members studied are women, their contribution to family expenditure depends on their work rate participation.
- 7.08 Distribution of households studied indicates that;
- 65% of the respondents have agricultural land however small and fragmented it may be.
  - The unique feature is that 74% of the households studied have a small pond which can be put to multiple uses by integrated technology. This is because in the coastal area, there is no source other than surface water.

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- c) 97% of the households have dwelling houses of their own.
  - d) 55.6% of the respondents have cattle.
  - e) 18.8% of them have access to electricity, 15% have television and 38 % have a radio.
  - f) An insignificant share (1-1.5%) is taken by those who are having motorcycle or any kind of power – driven equipment.

This is indicative that screening of poor households has not been properly done. While some extremely poor families have been excluded, some borderline cases have also been included.

- 7.09 Interestingly, 60.5% of the reporting households could save between Rs.1000 and Rs.2000 followed by 11.7% whose family savings would be between Rs.2000 and Rs.3000/-. It is indicative that the poor families particularly women have strong propensity to save.
- 7.10 Interestingly, 54% of the reporting households have liabilities of more than Rs.5000/-. The household budget is balanced by borrowing when the family is in deficit while they also save to face emergencies in life.
- 7.11 Analysis by sources of borrowing indicates that institutional sources are still not accessible to the poor – 5% of respondents have borrowed from a bank and 4.2% from a village co-operative. 71.5% of the respondents have borrowed from the SHG. SHG has helped financial inclusion of the poor. Informal lenders have still a good share of debt market – money-lender / mahajan (35%), retail trader (30.5%) friends and relatives (23%).
- 7.12 Analysis by the purposes of borrowing indicates that:
  - a) About 60% of the members have borrowed to meet urgent family needs.
  - b) The next in order is borrowing for agriculture or allied activity (49%). The survey finds that major part of the borrowing is for consumption and they have not been able to start an economic enterprise. It is also indicative that for the poor families, consumption expenditure can not be isolated from production expenditure. In fact, most of the members of SHGS are in micro-finance stage and are yet to become micro-entrepreneurs.
- 7.13 Analysis by repayment of loans to SHGs indicates that:
  - a) 48% of the members are regularly repaying their loans.
  - b) 34% of the loanee-members are occasional defaulters.
  - c) 16% of them are defaulters for a long period.
  - d) 2% of the loanee-members are too weak to pay off the past dues.

Unless there is close monitoring and supervision of the loanee the portfolio at risk may be dissuasive for banks to continue lending as the current repayment rates indicate.
- 7.14 Analysis of indicator – based conditions of poverty of members indicates that:
  - a) 82% of them are living in mud-built houses.
  - b) 60% of whom are living in one room
  - c) 47.5% of families studied do not have a separate kitchen.
  - d) In 14.5% of the families none has completed four years of schooling.

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- e) 30.06% of the households do not have sanitation facility.
  - f) 42% of the mothers do not have facilities of institutional delivery.
  - g) 14% of the families have either a physically handicapped or a chronically ill member.
  - h) Migration for employment is noticed in 38% of the families while 30% of the families are having at least one child labour.
  - i) Malnutrition in children is very high (50%)
  - j) 44.5% of the families studied do not have stock of food for more than one month.
  - k) 89.4% of the households depend on wood and agricultural wastes for use as fuel. In terms of capability poverty measure, the condition of poverty continues to be high because of multiple deprivations. Joining SHG under SGSY has not yet impacted on poverty judged by capability poverty index.

7.15 Analysis of physical quality of life in terms of human development indicates that:

- a) 88.7% of the households have access to tube well for drinking water.
- b) 87% of the children (5<sup>+</sup>) are going to school
- c) 88.3% of the children are immunized
- d) 43% of the families suffer from illness from time to time
- e) Infant mortality rate is 68 per 1000 in families studied (more than the state average)
- f) 38% of the families studied have to migrate out in search of employment.
- g) 73% of the families studied have reported receiving justified wages for employment in agriculture.

In terms of human development, the families are in the middle of the index but moving gradually upwards in the scale.

7.16 Analysis of families studied by loan amount from the group corpus reveals that 50% of the families studied have loans of more than Rs.3000 while 24% of them do not have any loan from the group. The remaining families are having loans between Rs.1000 and 3000. Only 5% of the families studied have taken loans of less than Rs.1000. Loan distribution within the group is assymetric and 24% of the families are in the excluded category.

7.17 76% of the families have reported that they have not been able to create any asset out of loan indicating the loan has not been largely used for income generation but must have been used to meet urgent consumption needs of family.

7.18 Yet, 49% are regularly repaying to the group and 21% are irregular in repayment. 5% are very irregular and 2% find it impossible to repay. 24% of the families have not taken any loan from the group. Thus, the portfolio at risk for the SHG may be high to remain financially viable.

7.19 54% of the families have reported increase of income between Rs.500 – 1000 per month. This may be because access to group loan has helped them to get income from self/wage employment. The increase is too marginal to start up micro enterprise. The traditional activities in which they are employed are all livelihood related namely agriculture, livestock, fishery, cottage industry and small business. Most of the products are sold in the local market. 88.5% of the respondents have reported that they do not get reasonable price in the market.

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7.20 82.6% of the families surveyed have not received any training for skill formation 99% of the respondents have reported that they do not have infrastructural facility to start micro enterprise.

7.21 Analysis of families studied by entrepreneurial characteristics indicate that:

- a) 70% of the families are able to maintain accounts.
- b) 55% of the families are able to calculate risks.
- c) 59% of the families are able to buy materials on credit from the market.
- d) 50% of the families are able to approach the external market.
- e) Only 26% of the families are able to produce according to the needs of the market. They also feel that in the face of competition, it is difficult for them to sustain in the open market.

The analysis reveals that a majority of the poor families have latent potential to become entrepreneurs but they are not capable of facing the market.

7.22 Analysis of families studied by participation in social initiatives indicates that:

- a) 48% of them have attended meetings of gram sansad / gram sabha.
- b) Only 9% of them are involved in activities of village development committee.
- c) 23% of them have participated in activities of panchayats.
- d) 20% of the families are benefited by a government program.
- e) Only 2% of the families are involved in community initiative.
- f) Only 1% of the members are office bearers in a village organization.
- g) 41% of the members participate in social awareness programs.
- h) 66% of the members are organized to protest atrocities against women.
- i) 50% of them are prepared to stand against social injustice.
- j) 43% of the members are free to approach a bank for discussions and negotiations.

This indicates that by joining a SHG, the social capital is being enriched.

7.23 Analysis of responses by gender empowerment aspects indicates that:

- a) 71% of the members participate in decision on use of loan at the household.
- b) 72% of the members take part in decisions on household purchase.
- c) 65% of the members are consulted in matters relating to health and education of the family.
- d) 62% of the members are consulted in family planning.
- e) 64% of the members can freely exercise their choice in elections.
- f) 31% of the members are free to express their personal opinion in meetings on village development.
- g) 53% of the members are free to go to a bank, post office or to the market.
- h) 35% of the members are getting information through newspaper, radio or television.
- i) 55% of the members can go to cinema, fair or parent's house out of their free will.
- j) 43% of the members have participated in procession, meeting and visited the town.

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k) Only 26% of the members are willing to contest panchayat elections.

The analysis indicates that though mobilization of the poor women into SHGs under SGSY has not enabled them to increase their income through participation in economic activities, yet the women members of SHGs under SGSY are on a path to social and gender empowerment.

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## Activities and Clusters Under SGSY in the Study

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### 8

8.01 SGSY lays stress on the cluster approach. What this means is that in stead of funding diverse activities, each block should concentrate on a few select activities (Key activities).

These Key activities should preferably be taken in clusters so that backward and forward linkages can be established.

8.02 The key activities identified for the selected blocks are :

SI No.	Block	Key Activity selected by DRDC
1.	Patharpratima	1. Fishery
		2. Goatery
		3. Mushroom
		4. Betelvine Orchard
		5. Sheep Raring
		6. Dairy
2.	Gosaba	1. Fishery
		2. Goatery
		3. Sheep Rearing
		4. Dairy
3.	Canning II	1. Fishery
		2. Goatery
		3. Sheep Rearing
4.	Joynagar II	1. Fishery
		2. Mushroom
		3. Poultry
5.	Budge Budge I	1. Goatery
6.	Falta	1. Mushroom
		2. Betelvine
		3. Dairy

8.03 For identification of key activities, neither any survey has been undertaken nor are those related to potential-linked plans of NABARD. The choice of key activities has been based on perception. The block SGSY Committee did not play any role in selection of key activities. For each key activity, there should be a project report indicating various elements such as training, credit, technology, infrastructure and

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marketing. No project report was prepared by any of the line departments. As such, selection of key activities had been ad-hoc and in course of time, the implementation agencies are ignorant of key activities selected by block.

8.04 Field Studies reveal that members of self-help groups are engaged in traditional livelihood activities as indicated below:

**Joynagar II** - Rope making, Making of puffed rice, Husking of paddy, Leasing-in fruit orchard, Fishery, Goatery, Horticulture, Solapith Art and Craft, Poultry.

**Canning II** - Goatery, Poultry, Fishery, Making of chilli powder, Dairy, horticulture, Making Cotton Yarn.

**Falta** - Embroidery, Vegetable cultivation, Paddy husking, Goatery, Poultry, Woolen garments, Tailoring.

**Budge Budge I** - Jute based products, Dairy, Goatery, Poultry, Woolen garments, tailoring.

**Gosaba** - Poultry, Goatery, Sheep rearing, Dairy, Fishery, Cultivation of green chillies, Paddy husking, Rope making.

**Patharpratima** - Betelvine orchard, Cultivation of green chillies, Fishery, Paddy cultivation, sunflower cultivation and Sugarcane cultivation





- 8.05 Field studies further reveal that most of the Swarozgaris are involved in more than one activities to sustain themselves. Little diversion is noticed from traditional livelihood to new enterprise. Further, the livelihood activities are gradually scaled up depending upon the experience of swarozgaris. This indicates that most of the poor families are in micro-finance stage and prefer to continue with their traditional livelihood. Those who have ventured to diversify from farm to off-farm activities are having difficulties of marketing their products. Only in cases where there is a buyer-seller linkage, the units are thriving but often they have to work on piece rates and are hopelessly dependent on the demands of the market.
- 8.06 As done earlier during implementation of IRDP, a number of schemes have been prepared by the DRDC (listed below) pretended to be projects under SGSY:

### A. Agriculture

Sl. No	Activity	Unit	Cost (Rs)*
1	Cultivation of cauliflower	1 acre	8,610
2.	Cultivation of hybrid tomato	1 acre	10,980
3.	Cultivation of brinjal	1 acre	7,950
4.	Cultivation of green chillies	1 acre	8210
5.	Banana Plantation	1 acre	36,622
6.	Papaya Plantation	1 acre	53996
7.	Sabeda Plantation	1 acre	33,630
8.	Mango Plantation	1 acre	40,280
9.	Lichi Plantation	1 acre	36,750
10	Rose Cultivation	10 decimals	10,690
11.	Citrus Plantation	1 acre	58,648
12.	Composite Fish Culture	1 acre	1,40,465
13.	Ornamental Fish	36 cft. Cement Tank	2,50,000
14.	Catfish Culture	1 acre	2,01,950
15	Improved piggery	15+2	2,00,000
16.	Improved Dairy	15	2,50,000
17.	Goatery	100+15	2,25,000
18	Poultry Farming (Broiler)	500 (15 days)	3,75,000
19	Cross-bred Dairy	4	1,40,000
20.	Poultry farming (1000 straight run)	500	2,08,435
21	Improved duckery	500	1,99,250
22	Local piggery for cross breeding	10+2	69,960
23	Crab farming	20m x 10m	1,51,100

### B. Cottage Industry

Sl. No	Activity	Unit	Cost (Rs)*
1.	Husking of Paddy	Household	10000
2.	Incense Sticks	Household	13,200
3	Handloom	Household	19,000
4.	Training of leather	Household	9,900
5.	Wool Knitting	Household	19,500
6.	Tailoring	Household	17,850
7.	Carpentry	Household	16,350
8.	Jute rope making	Household	5,500
9.	Embroidery	Household	12,500
10.	Solapith Craft	Household	9,800

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An analysis of the activities undertaken by the Swarozgaris indicates that none of the activities is following the unit size and unit cost as approved by the DRDC during 2002-03.

- 8.07 Once the SHG has demonstrated that it has successfully passed through the second stage, it is eligible to receive assistance for economic activities. But those passed second grading test and started economic activity had to face heavy odds because of absence of backward and forward linkages (See case study below).

#### **Case Study of Vivekananda Self-Help Group formed under SGSY in Sagar Block**

The group was formed of 11 male BPL members in March, 2001 with facilitation of Tagore Society for Rural Development. They are saving Rs.50 monthly. They meet once every month. They are maintaining savings and loan accounts with Sagar Gramin Bank. The first grading was done after two years. Grading exercise was done in the GP office by examining books of accounts and records of the group. 6 months after grading, they received revolving fund of Rs.25,000 from the SGB in the form of cash credit. They were advised by the BLDO to raise exotic breed of pigs. Initially, they were transacting well with the bank. 3 members of the group participated in skill development training of 3 days. There was no marketing arrangement and the group enterprise was closed. Yet, they cleared the bank loan. In April 2004, the second grading test was conducted in presence of the GP, Bank, DRDC and NGO (TSRD). Failure of piggery was reported to the grading team. None paid any heed to their plight. The group then submitted a project for raising goateries as a group enterprise. The project was sanctioned by the DRDC and term loan of Rs.2,99,000 was sanctioned by the bank. The group set up the farm with 100 Black Bengal goats and 50 local sheep. In 6 months' time they purchased land, developed it and dug a pond. In October 2004, the goats and sheep were purchased. No arrangement for insurance was either done by the bank or by DRDC. Suddenly, the area was visited by storm and lashing rain. Rainwater entered into the farm. The goats and sheep got attacks of pneumonia. Only 30 survived. 25 animals were sold by incurring a loss of Rs.200 per animal. The bank dues remained past due at Rs.2,97,597. The group is breaking down. A blame game started and the secretary of the group was held responsible. The situation was reported to the panchayat, line department and the DRDC but to no avail. The members remaining in the group are planning to manufacture earthen tiles on the farm land with personal loan.

- 8.08 Though there is scope for formation of activity clusters with embroidery workers, leather artisans, fishery community, yet there is no attempt to form activity cluster with common provision of supplies and services. Nor any tie-up has been made with private business houses or corporate organizations for marketing of the products. The swarozgaris have to depend on the existing marketing channels/intermediaries or to work as piece-rated workers. No technical or professional input is given to swarozgaris to develop market linkages. The experts of line departments pleaded their ignorance of the identified key activities and except participation in training programs, their involvement is marginal. They have to examine schemes prepared by the groups for techno-economic feasibility and this they do. The implementation of SGSY indicates, in course of field studies, that it has not differed in methodologies earlier followed by DRADs in implementing IRDP. The Swarozgaris interviewed suggested that it would be appropriate in the local and temporal context, to emphasise on livelihood scoping rather than on micro-enterprise development.

- 8.09 It has been recognized that for success of self-employment endeavours and also for their sustainability, the required skill to successfully run the enterprise is an

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essential pre- requisite. SGSY proposes a number of measures for upgrading the capacity of Swarozgaris both in individual and group-oriented activities.

8.10 Field studies reveal gross inadequacies in capacity building of SHGs formed under SGSY. For the identified key activities, appropriate training programs are to be organized preferably in government institutions like engineering colleges, community polytechnics, krishi vigyan kendra etc.

8.11 Discussions with the training organizer, Krishi Vigyan Kendra, Nimpith reveal that at the point of entry, the participants are not aware as to why they have been sent for training. No prior need assessment has been made. The participants are pursuing some activity by themselves, while they have been sent for training for some other activity. Because of poor nurturing, the training organization had to include group management in skill up gradation programs. The participants are not familiar with line department officials. In many cases, training programs conducted by line departments have been totally ineffective because of lack of practice and hands-on-experience. After 10 days' class room training, one hour farm visit has been conducted to impart practical orientation. Most of the skill development programs conducted by line departments have ended in giving some general idea on technical and economic aspects of enterprise. In absence of basic orientation, 3 out of 10 participants could absorb institutional training. There is neither any follow-up nor any reorientation. When the groups are directly followed up by KVK, the adoption rate particularly in case of integrated fishery management, is around 50%. In spite of KVK having professional and facilities of on-farm training on livelihood activities generally pursued by Swarozgaris under SGSY, only a few skill development programs have been assigned to them. In the end, most of the Swarozgaris do not have any marketable skill to run a micro-enterprise.

8.12 The process of technology identification is closely interlinked with identification of key activity itself.

SGSY seeks to explore technology options in the areas of

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

Field studies reveal that no technological improvements are visible and there is no linkage of Swarozgaris with extension service. Vivekananda Institute of Biotechnology, Nimpith has developed facilities of tissue culture, bio-lab, value-addition and processing. The developed facilities have also not been made use of under SGSY. Even, the food processing unit sanctioned under SGSY is not functional. As a result many economic activities of Swarozgaris under SGSY have ended in failure.

8.13 SGSY seeks to ensure that the infrastructure needs for the identified activities are met in full so as to enable Swarozgaris to derive maximum advantage.

Field studies reveal that no investments in infrastructure have been made after critical need assessment of economic activities pursued by swarozgaris. Nor do they form part of the development plan of the district. The sectoral distribution of infrastructural investments made indicates allocation to works which are of little beneficial use to swarozgaris. Investments are also not equitably distributed over space. There is no evidence to find out that techno-economic-feasibility studies have been undertaken before sanction of the projects. A large portion of funds (44%) has been allocated and spent on construction of roads which should have

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been done under SGRY. Funds were also provided to SHGs directly for construction of work sheds which do not strictly conform to SGSY guidelines. Most of the works are either left incomplete or not productively utilized (see case studies below)

#### **Case studies of infrastructural projects sanctioned by District SGSY Committee**

Bangalaksmi Swarozgari Dal in Baishata GP of Jaynagar II Block received a grant assistance of Rs.1,00,000/- for construction of workshop the purposes of which are not known to members of the SHG. They feel that the structure will be used for training. Construction activity has not yet started-only building materials are seen. Taluk Ranaghata Milan Sangha had been sanctioned project for construction of jute godown and complex and the organization received a grant assistance of Rs. 93,000 in 2002. The construction is left incomplete.

Ramkrishna Ashram, Nimpith was sanctioned grant assistance of Rs.25 lakh in 2005 from infrastructure development fund of DRDC for construction of a food processing plant. Construction of the building was done on 7200sft. of land of Ramkrishna Ashram., It has been left incomplete. The responsibility of running the unit has been given to Shri Sarada Sabalambi Group. The terms of sanction of sanctioned project are not known. Though the food processing plant may eventually become beneficial to the people, yet it is not clear how this will benefit swarozgaris under SGSY. The structure is now used by the group for running a canteen and small business.

Similarly, Sir Daniel Trust was sanctioned grant assistance of Rs.26.91 lakh for construction of an ice plant in Gosaba Block. The proposal may eventually become beneficial to the fishermen community but construction of the building is incomplete and it is of no use now. It is located at a place where there is no electricity.

All the infrastructural investments made by the DRDC from SGSY fund as have been observed in field studies are found to be unproductive and of little benefit to the swarozgaris under SGSY. These are not sanctioned strictly in terms of SGSY guidelines. Many of these investments ought to have been made from plan funds.

8.14 Field studies indicate that in absence of marketable skills, suitable technological options, supporting infrastructure and need-based credit, many of the groups could not scale up their activities. This is precisely the reason why 78% of SHGs formed under SGSY are in the micro-finance stage and could not yet take up any economic activity. A limited number of groups who are engaged in micro-enterprises are struggling hard to tend for themselves.

8.15 Discussions with members of SHGs under SGSY in Gosaba Block (Sunderban Area) reveal how the swarozgaris are coping with their livelihood).

“The group leader started the activity with a small poultry. Because of bird flu, the poultry had to be closed. She has now switched over to dairy. She was not willing to cross-breed the local cow but with persuasion of Dr. Panda, the Veterinary doctor of the Tagore Society for Rural Development (TSRD) she agreed. Now she has three cross-bred heifers. She has not, however, discarded the local cows. She will leave them after the stock of cross-bred heifers increases. She has survived because she is engaged in more than one livelihood activity. If the market remains stable, poultry is remunerative. Five members of the SHG are engaged in poultry with 650 hy-line birds. Feed, medicines and veterinary aid are available from the model farm of the TSRD. All the members of the SHGs are trained by veterinarians

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of the TSRD. They are able to vaccinate the birds themselves. They are also capable of protecting day-old chicks through proper management.

Goatery or sheep rearing are also viable livelihood options to the poor. They must, however, have to be protected against diseases. But to raise a flock of goats, sheep, fodder must necessarily be grown. For a poor family, it may be easy to raise one or two goats or sheep. The local sheep are good breeders. The kidding rate is also high. They grow faster than goats. Why can not poor families grow larger number of chicks or livestock? (a) They do not find time to manage (b) Many do not have space to house livestock (c) They can not absorb the shock of loss form floods or natural calamities. Many families can not grow fish with ducks in small tanks as the improved ducks eat up fry or fingerling. Besides, there is no fishery expert in the TSRD. All the poor families can, however grow chillies, watermelon, pulses on leased-in-lands to supplement their income.”

- 8.16 Participatory assessment of livelihood options for the poor families indicates that:
- a) Now poultry is remunerative but if there is market failure, the activity has to be closed.
  - b) If fodder can be grown and vaccination arrangements be made, goatery /sheep-breeding may be a viable proposition but the scale will vary from family to family. For pre-judging the option, it is necessary to calculate risks like floods, cyclone and natural calamities.
- 8.17 It seems to be worth considering whether in-stead of prescribing a standard model of graduation from micro-finance to micro-enterprise, SGSY can address the location-specific needs of the poor families through livelihood interventions.

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## Focus Group Discussions

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- 9.01 SGSY is implemented by District Rural Development Cell of 24 Paraganas South Zilla Parishad through the Panchayat Samitis (P.S) and with the active involvement of the other PRIs, the banks, the line departments and the NGOs.
- 9.02 For the purpose of the study, focus group discussions were held with the Gram Panchayat (GP) the Panchayat Samitis, the banks, the line departments, the NGOs and the District Technical Agency assisting the DRDA in capacity building of SHGs formed under SGSY in the selected blocks of the district.
- 9.03 Discussions with the members of the District Technical Agency reveal that:
- a) SHGs were formed under SGSY from the operational BPL list by 80-90 NGOs approved by the DRDC. The selection of swarozgaris was also made by them. It was not done by a three-member committee including Pradhan of the GP, as envisaged under SGSY. Nor was the list of swarozgaris approved by the Gram Sabha. The Pradhan of the GP forwarded the list of SHGs formed by the NGOs as a Post office to the Panchayat Samiti. No social mobilization could be undertaken in the villages. Nor were the objectives of SGSY explained to the BPL families. Inducement of subsidy and bank loan was the prime motivation for the BPL families to join the SHG under SGSY.
  - b) Groups were formed with mandatory savings of Rs. 30/-per month as the entry point activity in the hope of securing financial assistance of Rs. 25,000/- at the end of six months of formation and Rs.2,50,000/- at the end of twelve months of formation. No idea of group corpus or internal lending could be given.
  - c) In most of the cases, there is no written code of conduct. Oral practices are followed in savings and meetings. Most of the SHGs formed do not have a code of conduct.. Groups were not nurtured carefully. Group formation was subsidy-oriented and not process-oriented. As such, it is difficult to identify at what stage the group is now.
  - d) The objective of grading exercise under SGSY is to identify the weakness, if any and help the group to overcome the same through training and capacity building inputs. In practice, grading was done to get bank loan and subsidy. The indicators for grading are not known to the members of the SHGs. Grading was delayed, in some cases, by two years and in many cases, by one year. The grading exercise is mechanically done and no participatory assessment is made.
  - e) Revolving fund is utilized for relending to members but the purposes of fund use are not known to the SHG. None has explained to the group how cash credit account is to be operated. Generally, opening of cash credit account is delayed.
  - f) Second grading test is taking place usually after 3 years of group formation in presence of officials of the DRDC. Because of poor performance, most of the groups could not qualify in the test. This indicates that there was no nurturing and handholding of groups, affecting their quality and their ability to move upwards.
  - g) The members are mostly unaware of the accounts required to be maintained. All books are written by the NGO and maintained by them. Some groups are paying heavily to outsiders for keeping their accounts updated before grading.
  - h) Traditional livelihood activities are considered as project loans and the implementing agencies are not aware as to how a project is prepared and activity cluster formed - two essential pre-requisites of project assistance after

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second grading test. Sometimes a group has been given project loan for more than one economic activity.

- i) Marketing support has not been planned except that selected members of groups are getting exposed to fairs and exhibitions. Some marketing structures have been constructed by groups with large financial assistance from DRDC from infrastructure development fund. This is not strictly in accordance with SGSY guidelines. Many of these structures are either left incomplete or are lying unutilized.
- j) Basic orientation programs (BOP) had been conducted by the DRDC. This was of one to two days' duration. In absence of trained resource persons, the training was found to be ineffective. Skill development training was not given by institutions like Krishi Vigyan Kendra or Community Polytechnic but by line department officials, even individuals without any practice and demonstration.
- k) Block SGSY committees do not meet regularly. Pradhans and the Bank Manager who meet SHGs frequently do not often attend. Except a few, even Presidents of Panchayat Samitis are not fully aware of SGSY. These meetings are used for collection of reports.
- l) Because of multifarious activities, block-level officials other than the Nodal officers are not involved in implementation of SGSY. No database has been prepared. Nor there is any regular monitoring.
- m) Except a few NGOs who had professional competence, the selection of NGOs had not been based on objective criteria and after withdrawal of financial assistance from DRDC, they had suddenly withdrawn leaving the groups to fend for themselves.
- n) Most of the Bank Managers are not aware of SGSY guidelines nor do they have any training or exposure. Sanction of credit facilities is often delayed and under financing is often resorted to. There are still restrictive practices like releasing subsidy only, not allowing operation of SB Account, insistence on collateral etc.
- o) The line departments do not accord priority to SGSY as this is not within their departmental agenda. Most of the block-level officials are not fully aware of SGSY guidelines. There is neither any SHG based convergence nor is co-ordination mechanism effective.

9.04 Discussions with the B.D.O, Patharpratima Block reveal that it is been an uphill task for the block officials to organize social mobilization as the people are isolated living in islands in the coastal estuarine areas. The communication difficulties are so acute that it may take eight hours for them to reach the bank. There is no electricity and the infrastructure is not adequate for development of micro-enterprises. There are only a few credible NGOs who are committed to build up social organizations like SHGs. They have done commendable work under SGSY. Many others who do the work for quick buck have in fact caused more harm than good. No key activity could be selected as per guidelines of SGSY. Poor families were given freedom to choose their own income-generating activities. Agriculture, fishery, livestock, embroidery etc. are traditional activities. Technical and professional services can not be provided always. Services of Agriculture Development Officer are not available as and when needed Dissemination of appropriate technology has helped the poor to adopt hybrid tomato and green chillies. Agricultural produce has a local market but these are sensitive to price fluctuations. Non-farm products have marketing problems. Banks are not sensitive to the needs of the poor families. Block SGSY Committee discusses problems of SHGs, Banks and NGOs. It is not enough to form SHGs but quality improvement is the need of the hour. Entrepreneurship development is more important than payment of subsidy.

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9.05 Discussions with the B.D.O, Gosaba Block reveal that :

- a) In Gosaba Block which also serves people living in islands the PS has been able to form 530 SHGs under SGSY of which, 330 groups have passed the first grading test but only 75 groups out of these have passed the second grading test indicating that most of the groups are in the micro-finance stage.
- b) NGOs had earlier been involved in formation of SHGs but they had since withdrawn. A few of the NGOs, like the Tagore Society for Rural Development (TSRD) did outstanding work but the others do not have a good track record.
- c) The task of nurturing groups has now devolved on the Gram Panchayats who consider SHG more as a programme than a potential instrument of development.
- d) The block set-up is inadequately staffed and many of the existing officials consider this posting in an inland as a punishment. The services of Agricultural Development Officer are not available to the block. Block SGSY Committee now sits once every month.
- e) B.D.O. has been successful in utilizing the SHGs for social initiatives like total sanitation. Two of the GPs have been declared Nirmal Gram Panchayats. Three other GPs are marching ahead. It is because of the SHGs and the NGO like TSRD. B.D.O firmly believes that SHG-based convergence of programs and services will accelerate the process of human development. He is of the opinion that for social mobilization, services of reputed NGOs like TSRD are needed to reinforce the activities of the GPs.
- f) The poor families are engaged in more than one livelihood options available to them like poultry, dairy, fishery, goatery. Many of the groups are doing well in their livelihood with little support from the government and the bank.
- g) Except one branch of a nationalised bank and one branch of a regional rural bank, the banks are responding to the needs of the SHGs.
- h) B.D.O is surprised to find that an ice plant was earlier sanctioned from infrastructure development fund of the SGSY. It is located in a place where there is no electricity. The plant is incomplete and the investment has become infructuous. Two SHGs have been given the responsibility of maintaining the assets. They have no knowledge of how an ice plant works.
- i) B.D.O. is firmly of the view that instead of identifying some key activities under SGSY, traditional skill-based activities should be encouraged.

9.06 Discussions with the President of Canning II Panchayat Samity where most of the SHGs formed under SGSY are found to be very weak, reveal that :

- a) SHGs have been formed by NGOs wrongly through inducement of bank loan and subsidy.
- b) The meetings of the Block SGSY Committee are not attended by the Pradhans of Gram Panchayats.
- c) To line departments, SGSY has a low priority.
- d) Initially, banks were hesitant to open even SB Accounts of SHGs under SGSY. This attitude is changing.
- e) Delay in grading amounts to denial of credit to the poor.
- f) No tangible benefit to the poor is yet visible under SGSY in Canning II Block.
- g) PRIs did not have any role earlier but now GPs are being activated. Panchayats are saddled with numerous responsibilities. They find little time to pay attention to SGSY.

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- h) Fishery is a viable activity in Canning II Block and should be supported under SGSY. The key activities selected are not known to the Panchayat Samiti.
  - i) The concern of programme officials seems to be increasing the number of groups rather than to improve their quality.
  - j) The block officials are not keenly interested to monitor the groups formed under SGSY.

9.07 Discussions with Nodal Officers of Blocks who are directly looking after SGSY reveal that :

- a) Performance across GPs is not uniform. Some doing well, some not. The morale of the SHGs is breaking down because of withdrawal of NGO or because of wrongs done to them by the NGOs.
- b) SGSY seems to be a better program than IRDP as (i) banks are interested to lend to groups rather than to individuals, (ii) Women are more in the groups and (iii) NGO acts as a social intermediary
- c) The role of G.P. was earlier limited and Gram Sabhas were not involved in selection of swarozgaris. NGOs played the dominant role until recently. The responsibility of nurturing groups should gradually be given to their clusters or cluster associations.
- d) Traditional livelihood activities in the farm sector do not have marketing problem.
- e) Training programmes are conducted more on livestock management and tailoring than on other economic activities. One time training is not adequate Follow-up programs are needed
- f) No monitoring of groups is done and under the present set up of the block office, it is not feasible.
- g) Banks are now coming forward but for land-based activities, they insist on collateral. Livestock insurance was proposed but the banks did not take interest.
- h) Livestock, fishery, agriculture have ready market but it is difficult to market products like soft toys, leather products, embroidery works. Initiative of the state is centered around fairs and exhibitions. Participation in fairs no doubt gives swarozaris exposure to the market but unless a chain is established, it does not result in entry to the market. Since raw materials are purchased by swarozgaris in small quantities, the costing goes up and the competitive edge is lost.
- i) Infrastructural needs do exist but giving financial assistance to a group for construction of a workshed from infrastructural fund of SGSY does not serve the purpose.
- j) It is necessary for swarozgaris to upgrade their skill but the present arrangement is inadequate.
- k) Block SGSY committee meetings are rituals as none is accountable for failure to implement SGSY.
- l) Without proper development, groups should not be given revolving fund. Grading should be done to identify weakness but not for release of government fund.

9.08 Discussions with the Pradhan, Baishata GP reveal that :

- a) Formation of SHGs under SGSY was earlier done by NGOs and not by GP.
- b) The list of swarozgaris has not been approved in the meeting of the gram sabha.

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- c) Banks are now co-operating with GP to meet credit needs of SHGs under, SGSY.
  - d) Line departments do not have a visible role and extension service is absent.
  - e) The upa-samities of the GP are not yet effective to monitor groups under SGSY.
  - f) GP is trying to involve SHGs in employment guarantee and mid-day meal schemes.

9.09 Discussions with the Pradhan, Rangabelia GP reveal that :

- a) Under SGSY, 44 SHGs have been formed in the GP21 by the TSRD and 23 by Sri Danial Hamilton Ashram.
- b) Though she was not earlier involved, she is now taking interest in training and management of SHGs.
- c) She is not aware of the key activities approved by the DRDC in Gosaba Block.
- d) All the groups have passed the first grading test and received revolving fund of Rs. 25,000/-each. Their dealings with the bank are satisfactory. She is not aware as to how many groups have passed the second grading test.
- e) Poultry, Duckery, Dairy and Agriculture are the livelihood activities of the groups.
- f) The groups formed by the TSRD are still being nurtured by them though the DRDC has stopped giving NGOs assistance.
- g) Block Livestock Development officer (BLDO) has trained 19 groups on management of livestock.
- h) The two banks – one at Rangabelia and the other at Gosaba- are responding well to the needs of SHGs under SGSY.
- i) The GP will not be able to nurture the groups by themselves without the help of the NGO as the GP is overburdened with responsibilities.
- j) SHGs have helped the GP to become a Nirmal Gram Panchayat. Members of SHGs are participating in all social initiatives of the GP.

9.10 Discussions with bankers in the lead bank office reveal that :

- a) Target orientation had led to hurried formation of groups under SGSY. No process-oriented approach was followed. Many BPL families have membership in more than one group.
- b) Key activities have not been identified through survey or participatory assessment as suggested in SGSY.
- c) Grading is initially done by the NGO with the sole objective of releasing subsidy. Grading is often delayed as no single agency is responsible and the process is cumbersome.
- d) The modalities of operation of cash credit account with revolving fund from DRDC are not always explained to groups by the branch managers. In bank branches, the number of accounts of SHGs have increased manifold. As a result, cash credit accounts could not be reviewed. The branch managers can not visit groups because of staff constraint and workload. Banks prefer group loans to individual loans.
- e) As the insurance companies do not have any office in the district, insurance cover can not be extended to assets created by swarozgaris. The premium rates and warranties are also not acceptable to the swarozgaris. The banks are

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mostly not aware of group life insurance scheme for swarozgaris. DRDC has not taken master livestock insurance policy.

- f) Block SGSY committees do not meet regularly and monitoring mechanism is almost absent. Efforts are being made to revive the process.
- g) GPs have limited staff with limited capacity to get fully involved in implementation of SGSY. Though GP – level management team has been formed. GPs can not find time to nurture groups.
- h) Line departments do not consider SGSY as much their responsibility as that of DRDC or the Panchayat Samity. They are also not aware of key activities identified in each block. They also feel that skill up gradation can not be done in five days' training program. They, however, examine schemes prepared by the swarozgaris for techno-economic feasibility.
- i) Infrastructural facilities supported by DRDC do not cover cold chains, processing units or storage facilities which can provide common facilities to groups and swarozgaris.
- j) Most of the NGOs approved by the DRDC are more interested in getting financial assistance than nurturing groups. Field workers of NGOs are not all trained. Now that financial support is withdrawn or reduced most of the NGOs have lost interest in groups who are left to fend for themselves.
- k) The recovery rates vary between 60% and 70% of the demand and as such, the branch managers consider it risky to scale up credit.
- l) The bank branches feel that quality of groups must improve to inspire their confidence.
- m) Lending to SHGs under SGSY is not reviewed by the controlling office.

9.11 It has been recognized in SGSY that a facilitator working closely with the communities at the grass roots level can play a critical role in group formation and development. Field studies reveal that in study area, wherever, the NGOs have provided sensitive support mechanism, the groups have done well. Mention may be made of:

- a) Society for Participatory Action and Reflection (SPAR) in Patharprithima Block.
- b) Sunderban Rural Development and Training Centre (SRDTC) in Patharprithima Block.
- c) Shri Ramkrishna Ashram, Nimpith in Joynagar II Block.
- d) Tagore Society for Rural Development (TSRD) in Gosaba Block.

9.12 Analysis of the activities of successful NGOs indicates that :

- a) Their mission is to develop people's organization through social mobilization and participatory development.
- b) They operate through layered structure with SHG at the grass roots level.
- c) They have experience in running programs for income generation, public health and other development activities.
- d) They follow a process-oriented approach and a system of planning, monitoring and evaluation of each group.
- e) They have built in training facilities and capacity to run training programs.
- f) Shri Ramkrishna Ashram, Nimpith has other complementary facilities like Krishi Vigyan Kendra and Vivekananda Institute of Bio-technology.

- g) Similarly, Tagore Society for Rural Development has a model farm and training - cum - production centre.

Wherever success has been seen, it is only because of facilitation given by credible NGOs. Failure can largely be attributed to the NGOs who were selected by the DRDC without verification of their credentials and without specifying deliverables expected of them.

9.13 Focus group discussions with SHGs under SGSY reveal that :

- a) All the members are not trained;
- b) Women members do not have always control over their money;
- c) Subsidy has become a buzzword and the back-ending mechanism is not known;
- d) Savings motivation is very strong;
- e) Banks follow many restrictive e practices like refusal to allow withdrawal from saving account or opening a fixed deposit with the amount in the savings accounts ;
- f) Books of accounts are not updated ;
- g) Dependence on NGO is very high and sudden withdrawal of NGO has caused a void in nurturing of groups;
- f) GPs are not fully prepared or equipped to nurture groups through GSMT ;
- i) Cluster formation has not yet been completed and clusters already formed are neither inclusive nor functionally effective;
- g) Absence of market linkages is the major hindrance to growth of micro-enterprises;
- h) SHGs are, however, keenly involved in livelihood activities.

9.14 In course of FGD with SHGs under SGSY, many good and undesirable practices have been observed such as:-

Good Practices	Undesirable practices
1. Holding regular meeting	1. Lending to outsiders
2. Saving regularly in the S.B. Account	2. Keeping savings blocked in fixed deposit without internal lending.
3. Lending to all members (no exclusion)	3. Not keeping accounts updated
4. Equal opportunities to all	4. Not depositing monthly savings in the group meeting.
5. All decisions taken in the group meeting	5. Overdependence on NGO
6. Involvement in social initiatives	6. Lack of knowledge about savings, micro-credit and banking practices.
	7. Dominance of group leader
	8. Political divisions in the group

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- 9.15 Discussions with the senior officials of the Panchayat and Rural Development Department (PRDD) reveal that :
- a) The PRDD recognizes that it is essential to develop strong groups with adequate capacities before extending credit. Such transformation is very process intensive, requiring strong facilitation and, therefore, rather slow.
  - b) The PRDD implemented two special projects with assistance of the MORD-one on capacity building of SHGs and the other on federating SHG-based organizations. While these special projects brought about improvement in functioning of SGSY gross inadequacies in functioning of a large number of SHGs have been observed. PRDD does not seem to have SHG-based action plan for revitalisation of groups already formed under SGSY.
  - c) The present policy of the PRDD seems to be devolution of full responsibilities of group formation and nurturing to the GPs. For that purpose, a GPSHG Management Team (GSMT) has been formed with members of SHGs, members of GPs particularly the convener of the upa samity on women and child development, at least one employee of the GP and representative of NGO. While it seems to be a sound policy decision to link SHGs with the local government, the arrangement is not functionally effective yet. SHG-based organizations promoted by the PRDD are also not functionally strong and effective to nurture all the groups in a GP, Until the GPs are supported by sensitive facilitation of SHGs either by a credible NGO or a strong and effective cluster association, the vision of SHG emerging as a self-managed people's organization at the grass roots level will remain as a distant dream.

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## Financing the Swarozgaris Under SGSY

### 10

- 10.01 SGSY is a credit-linked scheme and credit is the key element. Subsidy is only a minor and enabling component. The bankers are expected to associate themselves in the entire gamut of activities so that development banking concept is taken to its logical end. The swarozgaris will be allowed to stabilize and improve their credit intake over the years either for the same activity or a new activity. Subsidy will be back-ended and banks would disburse the full project cost as loan. Analysis of the guidelines under SGSY indicate that the earlier guidelines of financing under IRDP have been dovetailed with the guidelines of SHG-Bank Linkage Program issued by the RBI in April, 1996.
- 10.02 SHGs that are in existence for about six months and have demonstrated the potential of a viable group, will receive revolving fund (comprising subsidy and loan) in the form of cash credit from the bank after the first grading test. The revolving fund (RF) can be used by the group for purchase of new materials, marketing or infrastructure support for income generating activities. It can alternatively be used for lending to individual members for their own purposes. The members shall inculcate the habit of prompt and full repayment of loans taken by them from the revolving fund. Subsequently if it is found that the group has not been able to reach the micro-enterprise stage, they can be given further doses of credit to increase their credit absorption capacity and become credit-worthy.
- 10.03 Once the SHG has demonstrated that it has successfully passed through the microfinance stage after second grading test, it is eligible to receive the assistance for economic activities. Such assistance can be given in two ways:
- (a) Loan-cum-subsidy to the individuals in a group provided the prospective swarozgaris are capable of and willing to take up economic activities.
  - (b) Loan-cum-subsidy to the group where all the members in a group want to take up a group activity.
- In either case, the loan is sanctioned in the name of the group and the group stands as guarantee for prompt repayment of loan.
- 10.04 Under the Service Area Approach, the following banks are participating in financing swarozgaris under SGSY in the selected blocks of 24 Parganas South district.

Sl.No.	Block	Bank	Branch
1.	Gosaba	United Bank of India Allahabad Bank Sagar Gramin Bank  State Bank of India	Beltali Pathankhali Amtali Choto Mollakhali Gosaba
2.	Patharpratima	Allahabad Bank  Sagar Gramin Bank   United Bank of India	Dhrubabazar Gurudaspur Shyamnagar Ramganga Durbachati Achintyanagar G-Plot Herambagopalpur Patharpratima

3.	Joynagar-II	Sagar Gramin Bank United Bank of India State Bank of India	Bele N.Hat J.M.Hat Raidighi, Baharu Nimpith
4.	Canning II	Sagar Gramin Bank Bank of India United Bank of India	Athayobank Amjhora Taldi Deulikhali Canning
5.	Budge Budge-I	Allahabad Bank UCO Bank Canara Bank Central Bank of India Syndicate Bank	Rajibpur Uttar Roypur Chingripota Birlapur Budge Budge Paikpara Buita
6.	Falta	Sagar Gramin Bank Allahabad Bank UCO Bank United Bank of India	Mallickpur Harindanga Fatepur Falta (EPZ) Dighirpar Shibanipur Sahararhat

10.05 Formation of SHGs under SGSY had followed a tortuous course in the district. It started in right earnest from 2001-02 being facilitated by NGOs approved by the DRDC. In 2001-02, 3925 SHGs were formed followed by 3821 groups in 2002-03. During this period, many groups formed had become dysfunctional. The trend has now been reversed but more than 80% of the functional groups are in the micro-finance stage. Most of the groups are only working with revolving fund in the form of cash credit facilities from banks. A small number of groups who had passed the second grading test are involved in livelihood activities on a slightly larger scale. In the pilot studies during the first phase, transactional analysis was done of selected groups under SGSY (see transaction analysis below).

In the second phase of the study, a larger number of groups were covered to find out how are the groups dealing with the bank accounts and whether they demonstrate potential of credit absorption capacity.

#### **Transactional Analysis**

An analysis of cash credit accounts sanctioned to groups in many cases reveals that only revolving fund received from the DRDC has been released in violation of RBI guidelines. Even interest has been wrongly charged on the amount. In spite of the groups not being explained about operation of cash credit account, they are depositing, proceeds from time to time.

After second grading, the amount sanctioned has been transferred to savings bank account wrongly instead of creating a term loan account and the subsidy received has been credited to SB Account instead of Subsidy Received Account. As a result, the groups are being made to pay interest on amount received as subsidy.

Analysis of cash credit accounts of Bank of India, Deulihatkhola Branch in Canning II Block reveals that cash credit facilities have been sanctioned to 85 SHGs under SGSY @ Rs.25,000 to 37 SHGs and @ Rs.12,500 to 48 SHGs involving total credit limit of Rs.15,35,000/-. 4 cash credit accounts are inoperative. A detailed analysis of transactions from 01.01.06 to 16.01.07 reveals:

Sl.No.	Name of the SHG	Debit turnover (Rs.)	Credit turnover (Rs.)	Status
1.	Gheekhali Fishery para	26,072	4000	Non-performing Asset
2.	Joktapara Adivasi S.S.	25,054	Nil	- Do -
3.	Bererkhal Alordisari	29,479	Nil	- Do -
4.	Kazi Nazrul Unnyan	26,542	1500	- Do -
5.	Chuanghata Adivasi SW	23,253	2180	- Do -
6.	Suryapara Adivasi Sev	32,408	Nil	- Do -
7.	Suryapara Adivasi Mah	30,397	Nil	- Do -

Analysis of cash credit accounts of SBI, Nimpith Branch indicates that SHGs passed second grading test have been sanctioned cash credit in stead of term loan.

A detailed analysis of the selected SHGs from 1<sup>st</sup> April, 2006 to 30<sup>th</sup> November, 2006 in Joynagar II reveals:

1. Milan Swanirvar Gosthi - debit balance - Rs.2,26,290 - account is operative
2. Fatema Swanirvar Gosthi – debit balance Rs.1,82,578 – account is operative
3. Shib Durga S. Gosthi – debit balance Rs.29,836 – account is operative
4. Baidyapara Mahila S.J.Dal – debit balance Rs.1,81,425 – account is operative
5. Laskarpara G.S.Dal – debit balance Rs.1,64,429 – account is operative

It is worthwhile to mention that the groups are nurtured by Ramkrishna Ashram, Nimpith and the facilitation has been good.

An analysis of cash credit accounts sanctioned by United Bank of India, Canning Branch in favour of (i) Binapani SGSY SHG (ii) Swamiji SGSY SHG and (iii) Netaji SGSY SHG, reveals that only revolving fund received from DRDC has been released and interest is charged on subsidy received. The groups are depositing proceeds from time to time and none of the accounts has become non-performing asset. The operations of savings accounts of (i) Anandamayee S.J.S.Dal (ii) Binapani S.J.S.Dal, (iii) Swamiji S.J.S.Dal (iv) Matangini S.J.S.Dal are also found to be satisfactory. These groups have been facilitated by Sundarban Khadi and Village Welfare Society which has a reputation as a credible women's organisation.

10.06 Analysis of transactions in cash credit accounts of SGSY SHGs in Rangabelia Branch of Central Bank of India reveals that the groups have satisfactorily conducted their accounts and can be considered for higher limits by the bank. These are:

- I. Sridurga Smriti Sanchaya Prakalpa: SGSY CC A/C No. 78: Central Bank of India, Rangabelia Branch.
- II. Bina Smriti Sanchaya Prakalpa 1: SGSY CC A/C No. 58: Central Bank of India, Rangabelia Branch.

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- III. Bina Smriti Sanchaya Prkalpa 2: SGSY CC A/C No. 85: Central Bank of India, Rangabelia Branch.
  - IV. Sati Smriti Sanchaya Prkalpa: SGSY CC A/C No. 61: Central Bank of India, Rangabelia Branch.
  - V. Sita Smriti Sanchaya Prkalpa: SGSY CC A/C No. 94: Central Bank of India, Rangabelia Branch.
  - VI. Maha Laxmi Sanchaya Prkalpa: SGSY CC A/C No. 84: Central Bank of India, Rangabelia Branch.
  - VII. Basanti Smriti Sanchaya Prkalpa: SGSY CC A/C No. 77:
  - VIII. Anukul Smriti Sanchaya Prkalpa: SGSY CC A/C No. 66: Central Bank of India.

Response of the Manager, Rangabelia Branch is also very positive (see bellow)

“The bank branch situated in an island of Gosaba Block has 206 accounts of SHGs of which 196 are under SGSY. About 100 groups have been sanctioned cash credit facilities. It is a small branch with one head cashier and one clerk. He has reviewed the cash credit accounts and enhanced limits in 50 group accounts. There is no non performing asset in the group accounts. Most of the members of groups are pursuing their livelihood activities like agriculture, fishery, goat and sheep rearing. Because of his busy schedule, he can not always participate in grading exercise. The groups are gradually increasing their group corpus through incremental savings. 20-25 groups have been subjected to second grading test. He is getting co-operation from the BDO. It will be good to encourage poor families to strengthen their livelihood options. Insurance companies are not extending their support to the poor families. He can not personally visit the groups but get continuous support from the Tagore Society. He is of the firm belief that the poor can demonstrate their potential if they are properly guided and the bank branch can also attain operational viability by lending to groups. He also believes that such an environment has been created by the sensitive support of the Tagore Society for Rural Development.”

10.07 In Gosaba Block, the following SGSY SHGs having bank accounts with SBI, Gosaba Branch were studied:

1. Maa SGSY Group
2. Annapurna SGSY Group
3. Sarada SGSY Group
4. Bappa SGSY Group

The dealings with the bank reveal that:

- a. In savings bank accounts, there are regular deposits and the corpus is growing;
- b. In the cash credit accounts, there are regular transactions;
- c. There are transactions which indicate that some amount has been transferred to fixed deposit account. This is an undesirable practice.
- d. Similarly, inspection charges, maintenance charges and ledger folio expenses have been recovered from the cash credit account. This is contrary to the instructions of the RBI.

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10.08 In Canning II Block, the following SGSY groups were studied for their dealings with the bank:

I. Ma Moni Mohila Mandal,	Allahabad Bank
II. Ma Lakshmi Mohila Mandal,	Allahabad Bank
III. Noorjahan Mohila Mandol	Allahabad Bank
IV. Ma Swaswati Mahila Mandal	Allahabad Bank
V. Sundarban, SGSY,	United Bank of India
VI. Swamiji, SGSY	United Bank of India
VII. Maitra SGSY	United Bank of India
VIII. Swarnalata SGSY	United Bank of India
IX. Sahabra SGSY,	United Bank of India
X. Mother Tereza SGSY,	United Bank of India
XI. Matangini SGSY,	United Bank of India
XII. Binapani SGSY	United Bank of India

Field studies reveal that more than 80% of the groups have become dormant. These groups are regularly depositing their savings but their transactions in the cash credit account are not satisfactory. The banks are wrongly charging interest on revolving fund received from the DRDC.

10.09 In Falta Block, the following SHGs were studied :

I. Balhaitpur	Allahabad Bank.
II. Beusubgha Mamata Moyee	United Bank of India
III. Kaminiphool	Sagar Gramin Bank
IV. Belphool	Allahabad Bank
V. Sarada	Allahabad Bank
VI. Talonda	Sagar Gramin Bank
VII. Bangasree	Sagar Gramin Bank
VIII. Sitala Ma	Sagar Gramin Bank
IX. Suktara	Sagar Gramin Bank
X. Mahalakshmi	Allahabad Bank

The dealings with the bank syndicate that:

- The groups are regularly depositing their savings in to bank account.
- Seven out of ten groups studied are making regular transactions in the cash credit accounts.

10.10 In Patharpratima Block, the following SGSY groups were studied.

I. Udayman Suryya	Sagar Gramin Bank
II. Nivedita	Sagar Gramin Bank
III. Rashmoni	Sagar Gramin Bank
IV. Ananda Bharati	Sagar Gramin Bank
V. Sri Narayanpur 1	Sagar Gramin Bank
VI. SMS SNP 4	Sagar Gramin Bank
VII. SMS Meherpur 2	Sagar Gramin Bank

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VIII. SMS Taranagar 3	Sagar Gramin Bank
IX. Pritilata	Sagar Gramin Bank
X. Ma Saradamoyee 2	Sagar Gramin Bank
XI. Rijia	Sagar Gramin Bank
XII. Matangini	Sagar Gramin Bank
XIII. Sister Nirmala	Sagar Gramin Bank
XIV. Ma Basanati	Sagar Gramin Bank
XV. Pritilata	Sagar Gramin Bank
XVI. Bhagabati	Sagar Gramin Bank

The dealings of the SGSY groups with the bank reveal that:

- All the groups are regularly depositing their savings in to bank account.
- 80% of the groups are satisfactorily conducting their transactions in the cash credit accounts.

10.11 In Budge 1 Block, the following groups under SGSY were studied ;

I. Baba Panchananda	State Bank of India
II. Sarada Swanirvar	Canara Bank
III. Debi Choudhurani	State Bank of India
IV. Kishorepore SGSY	Allahabad Bank
V. Mahamaya	State Bank of India
VI. Radhika	Canara Bank
VII. Vidyasagar	State Bank of India
VIII. Bratachari	Canara Bank of India
IX. Bideshini	State Bank of India
X. Rajarampur (10)	Allahabad bank
XI. Bethabeti	Allahabad Bank
XII. Kamala	Allahabad Bank

The dealings of the groups with the bank branches indicate that:

- The groups are regularly depositing their savings into bank account;
- Most of the groups with cash credit facilities are not depositing money regularly into the accounts and some of these have become non performing assets;
- The banks are routing transactions in the cash credit accounts through transfer to the Savings accounts to the disadvantage of the group;
- The principles of back-ending subsidy are not followed by banks as instructed by RBI.
- Interest is charged on revolving fund received from the DRDC. This is highly irregular.

10.12 Cash credit accounts of 28 SGSY groups with SBI, Nimpith branch indicate that 80% of the groups are regularly conducting their transactions but the bank branch is not following the lending norms prescribed by the RBI. These are:

- Transfers are made from cash credit accounts to savings accounts to the disadvantage of the groups.

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- b) Interest is charged on revolving fund received from the DRDC.
  - c) The principles of back-ending of subsidy are not followed.
  - d) Inspection charges, service charges etc. are realized from cash credit accounts contrary to instructions of RBI.
  - e) In stead of creating term loan for fixed assets after second grading test, all operations are conducted through cash credit accounts.
- 10.13 A close analysis of operation of bank accounts by the groups formed under SGSY indicates that though initially many of the groups have become dysfunctional after withdrawal of fund from the cash credit account, yet the groups formed later started making regular transactions in their bank accounts. Wherever facilitation is intensive, the performance is satisfactory. The groups could have done better if they were properly guided. From the demand side, there is strong evidence to demonstrate that the poor are very keen to access bank credit in spite of high transaction costs and hassles related to banking procedure.
- 10.14 From the supply side , there are still several constraints such as :
- a) In the perception of bankers, the poor are unbankable and the credit risks are high.
  - b) The loan amount is too small to attract attention of bankers.
  - c) Even, if it is acceptable, distances are too long to supervise the end-use.
  - d) A large number of small accounts cause operational problems to bank branches;
  - e) Lack of collateral; security does not inspire confidence of the bankers;
  - f) The bankers are unable to monitor cash flows because of information asymmetry and absence of credit history ;
  - g) There are human resources related constraints in terms of inadequacy of person power, lack of orientation / expertise, rotation of staff.
  - h) Lack of credit culture during operation of IRDP and fear of prudential accounting regulations make the bankers shy of providing credit to the poor.
  - i) In absence of extension service, their dependence on NGOs is found to be very high. All these factors prompt bankers to play safe and resort to restrictive and unfair practices.
- 10.15 There is also strong evidence to demonstrate that access to cash credit facilities by groups helps them to operate their cash flows, drawing when they are in deficit and, depositing when they have surplus. When the poverty gap is high, this facility enables them to increase their loan absorption capacity and become credit worthy for asset creation in the long run. With the per capita availability of credit being so low, it is worthwhile to consider whether the poor families must necessarily become micro-entrepreneur. It seems, therefore, prudent to provide revolving fund in multiple doses for building up credit-worthiness and loan absorption capacity of the poor families. This will enable those who have entrepreneurial qualities to graduate in stead of every one in the group joining the key activity through project assistance.

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### 11

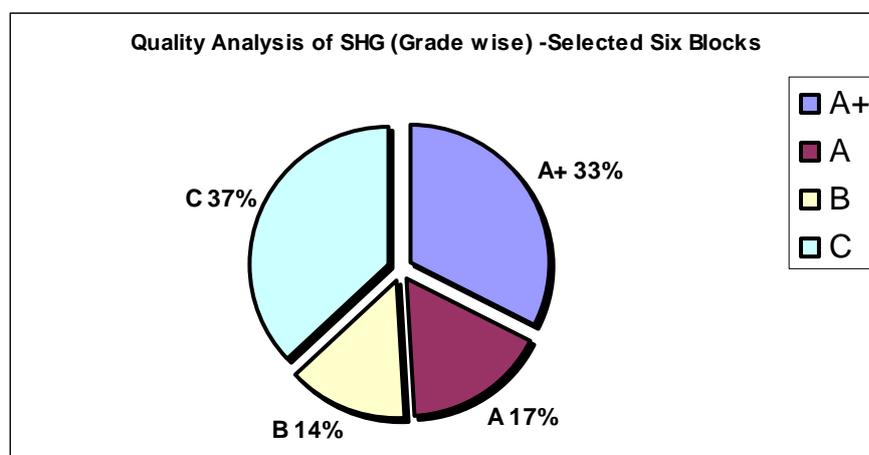
11.01 Field studies reveal that a large number of groups formed under SGSY have been suffering from incipient weakness while some other groups have evolved as strong groups. In Patharpratima Block, most of the groups have evolved as good groups .as has been found in the pilot phase. In the second phase of the study when the study covered all the six blocks and not the selected gram panchayats only, a number of groups were found to have evolved as good groups. In the next phase of the study, quality assessment was done through independent grading exercise and factor analysis was done through participatory assessment to find out favourable and unfavourable factors leading to strength or weakness of the groups. Quality assessment was done by using twenty indicators like group meeting, members' participation, group discipline, savings, micro-credit, financial management, economic and social initiatives and linkages with institutions. The groups were classified into four categories 'A+' securing 80% or more, 'A' securing between 70% and 80%, 'B' securing between 60% and 70% and 'C' securing less than 60%. Factor analysis was done based on twelve indicators like cohesion in the group, initiative of the NGO, facilitation by PRI institutions, support of the bank, assistance of the line department, own initiative, livelihood opportunity, skill, infrastructure and market. The groups were rated on a five-point scale in the descending order of importance.

11.02 Altogether, 203 SHGs were studied in the second phase. Quality analysis of groups studied has the following frequency distribution:

Table 11.01: Distribution of SHGs under SGSY according to quality (N-203)

SL. No.	Quality	No. of SHGs	% to total
1	A+ (Very good)	66	32
2	A (Good)	34	17
3	B (Revivable)	28	14
4.	C(Reconstruction needed)	75	37
	Total	203	100

Source: Field Survey



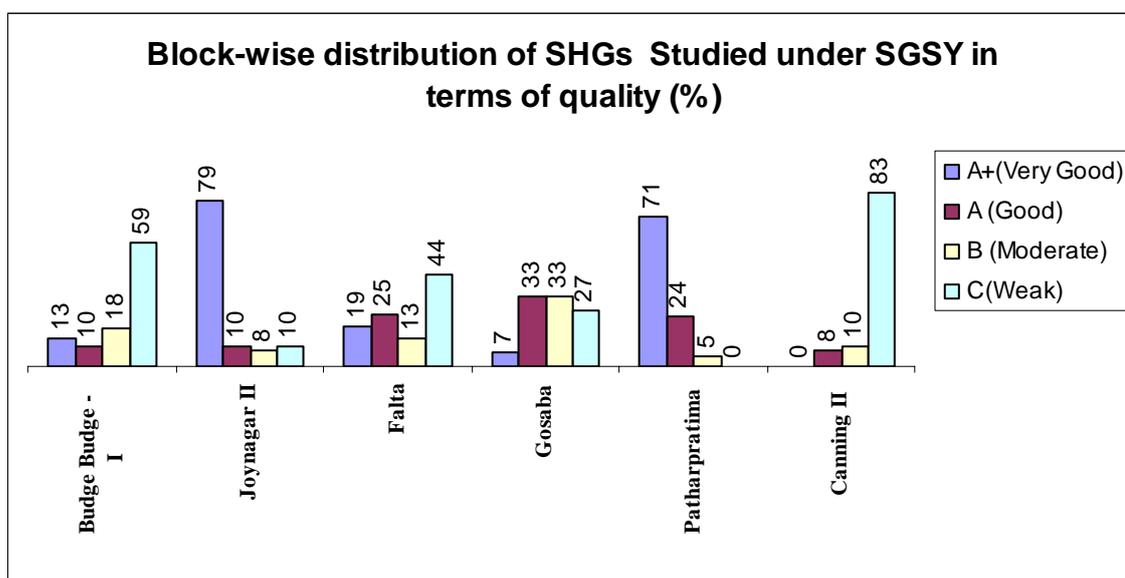
It is imperative that around 50% of the groups formed under SGSY are weak. SHG- wise action plan is needed to revive or reconstruct the group.

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- 11.03 Factor analysis of groups studied in the second phase indicates that:
- a) Only 11% of the groups feel that they are strong enough to become self-managed while 70% feel that they are moderately cohesive. The remaining 11% of the groups feel that they are not at all cohesive. This is indicative of general weaknesses in forming and nurturing groups.
  - b) None of the groups has reported that they are strongly supported by the village community. 51% of the groups get moderate support and the rest (49%) get little support. This indicates that social mobilization has not been properly done.
  - c) 30% of the groups have reported that they have received very strong support of the NGO which 37% of the groups feel that they have got very little support of the NGO. This indicates that only in one-third of the cases, facilitation has been adequate.
  - d) None has reported that they have received hand-holding support from the block office. 44% of the groups report moderate to low support while 56% feel that the support is insignificant from the block office.
  - e) None has reported that they have received very strong support of PRI institutions. 21% of the groups report moderate to low level of support. 79% of the groups feel that the PRIs are providing insignificant support to groups under SGSY. This may be because until recently, the GPs were not fully involved in implementation of SGSY.
  - f) 18% of the groups feel that banks are sensitive to their needs. 51% of the groups report moderate support. 31% of the groups feel that banks help them little.
  - g) None has reported that they get very strong support from the line department. Only 26% of the groups get moderate while 74% of the groups do not get significant support. This indicates that line departments have not played their role under SGSY.
  - h) 57% of the groups feel that it is because of their own initiative, they are sustaining. 22% consider their initiative as moderate. 21% of the groups have lost their initial enthusiasm.
  - i) 41% of the groups are satisfied with their livelihood options, 38%, are moderately satisfied while 21% of the groups are finding difficulties to continue with their livelihood option.
  - j) 36% of the groups are finding favourable conditions in the local market. 38% are finding it tolerable. 26% of the groups feel that market is not favourable to them.
  - k) 46% of the groups are satisfied with their traditional skills while 34% report moderate to low level of skills. 20% of the groups need up gradation of skills to continue with their livelihood.
  - o) None is satisfied with the existing conditions of infrastructure and 73% find infrastructure too weak to support their enterprise.
- 11.04 Quality assessment of 203 block-wise SHGs studied in the second phase indicates that the best performing groups are in Patharpratima blocks while the worst performing ones are in Canning II Block (see table below)

Table 11.02 Block-wise distribution of SHGs studied under SGSY in terms of quality (%)

SL. No.	Block	A+(Very Good)	A (Good)	B (Moderate)	C(Weak)
1	Budge Budge -I	13	10	18	59
2.	Joynagar II	79	10	8	10
3.	Falta	19	25	13	44
4.	Gosaba	7	33	33	27
5.	Patharpratima	71	24	5	0
6.	Canning II	0	8	10	83

Source Survey



Interestingly, it has been observed that SGSY has come out as a success story in Patharpratima Block. The Block is situated in the remotest coastal estuarine area of the Sundarbans. It has 15 Gram Panchayats with a population of about three lakh living in isolated islands surrounded by creeks and rivers. Communication difficulties are severe and infrastructural development is inadequate to sustain economic enterprises. The people have to struggle hard for survival in the face of natural adversities like floods, cyclone and intrusion of brackish water. Agriculture is subjected to vagaries of nature but remains still the predominant livelihood. The area is rich in natural resources but the ecosystem is fragile.

Field studies reveal that a majority of SHGs formed under SGSY (975 till the date of visit) are sustaining themselves, engaged in livelihood with the revolving fund received from DRDC, vigorously continuing savings, maintaining updated accounts and are on the escalator of self-employment and self-reliance (see table below)

Table 11.03 Progress of SHGs formed under SGSY in Pathar Pratima Block

Sl. No.	Gram Panchayat/Area	No. of SHGs	No. of SHGs receiving 1 <sup>st</sup> dose of Revolving Fund	No. of SHGs received 2 <sup>nd</sup> dose of Revolving Fund
1	Durbachati	89	87	55
2	Shridharnagar	63	57	44
3	Lakshmi Janardhanpur	63	37	Nil
4	Achintyanagar	87	70	59
5	Gangadharpur	42	42	32
6	Patharpratima	49	46	32
7	Banashyamnagar	77	66	58
8	G. Plot	71	45	33
9	G. Plot-C1	71	43	32
10	Gopalnagar	56	44	30
11	Digambarpur	64	64	Nil
12	Gopalnagar (2)	56	45	30
13	Dakshin Roypur	34	34	21

Source: Field Studies

Transactional Analysis in the cash credit accounts indicates that revolving fund received from DRDC has been utilised successfully with their own savings for coping with livelihood (see table below)

Table 11.04 Pattern of utilisation of revolving fund by selected groups under SGSY in Durbachati Gram Panchayat

Sl. No.	Name of the SHG	Cash Credit Account No.	Maximum Balance (Rs.)	Minimum Balance (Rs.)
1	Ashadeep	SGSY/CC/02/02	43,161	6,500
2	Mother Tereza	SGSY/CC/81/05	33,293	3,720
3	Marangbura	SGSY/CC/04/02	27,660	6,300
4	Ma Sitala	SGSY/CC/53/03	49,385	10,000
5	Ananda Bharati	SGSY/CC/32/03	49,365	9,410
6	Sri Ma	SGSY/CC/85/05	34,000	5,000
7	Nivedita	SGSY/CC/03/02	36,314	6,300
8	Udiyaman Suryya	SGSY/CC/38/03	34,317	9,000
9	Rashmani	SGSY/CC/01/02	47,355	7,804
10	Ma Saradamayee	SGSY/CC/01/02	38,830	6,300

Source: Field Studies

Despite the fact that the banks have not provided need-based credit facilities and have only provided revolving fund to the SHGs, the SHGs have demonstrated how limited funds can be successfully rotated (see table below)

Table 11.05 Turn-over in cash credit accounts of selected SHGs in Herambagopalpur GP Patharpratima Block

Sl. No	Name of the SHG	CC A/C No.	Max. Drawing	No. of Withdrawals	No. of Deposits
1	Ma Chamudakali	SGSY/CC/83/03	59,000	6	29
2	Bharat Janani	SGSY/CC/81/03	93,230	10	47
3	Indira	SGSY/CC/85/03	78,000	6	28
4	Haripriya	SGSY/CC/38/03	71,000	5	31
5	Matangini	SGSY/CC/26/03	78,000	9	29
6	Falguni	SGSY/CC/36/03	72,000	8	37
7	Radhagobinda	SGSY/CC/89/03	94,500	5	9
8	Haripriya	SGSY/CC/41/03	52,000	4	14
9	Swadhin	SGSY/XCC/29/03	76,000	7	17
10	Haripriya	SGSY/CC/37/03	76,500	7	27

Source: Field Studies

It is amazing that inspite of highly satisfactory conduct of cash credit accounts, need-based credit has not been provided by banks. Inspite of various difficulties, the funds have been utilised for raising vegetables, paddy, betelvine, orchard, fishery, livestock and small business. Group activity is not common except in fishery. Members of groups have accessed credit from Rs.500/- to Rs.15,000/- in an individual case and credit is mostly used for productive purposes. The income gain is positive but marginal ranging from Rs.500/- to Rs.1500/- per month per family. The income is sensitive to prices of agricultural commodities.

A factor analysis for success of SGSY in Patharpratima Block indicates that:

- a) Because of hard struggle for survival in the remote areas of Sunderbans, the poor families are keen to access opportunities of coping with traditional livelihood (See case studies below)
- b) The Sunderbans are rich in natural resources which can easily be harnessed by the poor as nature provides them strongest life support system.
- c) The sensitive support mechanism has been provided by some credible NGOs who have professional expertise and competence to facilitate social mobilization (see case studies below)
- d) A supportive development administration and an empathetic local government (PRIs) create a suitable environment for the people to develop themselves on their own (See case studies below)

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### **Case Study of Matangini Gram Vikas Samity**

The SHG was formed of 11 poor women members on 15.10.2002 at Paschim Surendranagar with facilitation of SRDTC (NGO). The members started with monthly mandatory savings of Rs.15/- per month which has now been raised to Rs.30/- per month. Their group corpus now stands at Rs.20,800/- The gross internal lendings from group corpus amounted to Rs.47,373/- of which Rs.33,373/- had been repaid. The first grading test was conducted two years after formation of group. The delay was earlier demotivating to the members. Once the cash credit limit of Rs.25, 000/- was sanctioned, the group made full use of it. They made a total turn over at Rs.1,24,000/- in one year. The members depend on betelvine orchard as their principal livelihood. Additionally, they also rear livestock and fish. All the members have vegetable gardens. They maintain their accounts without external help. They have earned interest income of Rs.5,533/-which makes the group operationally self-sufficient.

### **Case Study of Ma Sitala SHG**

The group was formed on 18.09.2001 of 12 poor women at Durbachati with facilitation of SPAR (NGO).The entry point activity was mandatory savings of Rs.30/- per month. The members are very regular in savings. They started internal lending from group corpus (now stands at Rs.16,000) for income generation by cultivating vegetables. They had recorded a turnover of Rs.76,734/- from their revolving fund and earned an interest income of Rs.10,734/- to sustain the group activities. One of the members introduced sugarcane as a cash crop which is now extensively replacing paddy. The change has supplemented family income by an average of Rs.1500/- per month. With the help of the gram panchayat, they have raised social forestry which is also managed by the group. The accounts are maintained by a village youth who is paid by the group at the rate of Rs.50/- per month. The group has built a community hall with some help from SPAR. From the cash credit account, they made a gross turnover of Rs.1,28,000/- The members of the group are now fighting social evils like alcoholism and drug addiction. All the members have become literate after joining the group. The group is confident to become sustainable without external help.

- 11.05 Analysis of factors for weakness of SHGs under SGSY in Canning II indicates that;
- a) Facilitation in group formation by NGOs has been very weak as a result of which 80% of the groups are born weak.
  - b) Only in 18% of the cases, the SHGs can fall back upon the community. In all other cases, they are left to fend for themselves.
  - c) 76% of the groups feel that the NGO has come to serve their own interests rather than for building community organization.
  - d) Support of the block office is considered insignificant by the groups under SGSY.
  - e) Only 5% of the groups are getting some assistance from the Gram Panchayat.
  - f) Only 21% of the groups feel that banks are sensitive to their needs.

- g) The activities of line departments are conspicuously absent in Canning ii Block (none reported having received any help from the extension agency)
- h) Only 23% of the groups are hopeful of continuing with their activities provided they receive proper guidance
- i) Many of the groups (53%) further feel that they have traditional skills to continue with traditional livelihood (fish, livestock)
- j) 71% of the groups do not consider existing state of infrastructure as congenial for growth of enterprises.

11.06 Field studies reveal that there is a tremendous potential within the poor to help themselves and the potential can be harnessed by organizing them. Yet, the failure rate is very high because of failure of the delivery system. In fact, it seems during field studies that there is none to escort the groups to safety. Consequently, the symptoms of weaknesses are very high (See case studies below).

### **Case studies of weak self-help groups**

In Falta Block, many self-help groups like Belful (SB A/C No. 6724), Jagatdhari (SB A/C No.6723), Kalimata (SB A/C No.6772) and Golapnagar (SB A/C No.6788) were found dysfunctional.

In Canning II Block, Mallikati Yuba Swarnajayanti Dal opened SB A/C No. 2771 on 09.10.2001 and started savings at the rate of Rs.30 per month. On 07.03.2003, the group withdrew Rs.25,000 from cash credit account. In spite of leakages, all the members used credit for individual activities like fishery, livestock and processing of paddy. The group was subjected to second grading test and in the hope of getting larger credit, they liquidated the cash credit account. Since there is delay in sanctioning investment credit and subsidy, the group has discontinued savings. The last meeting was held 4 months ago. The savings ledger is not updated. The loan ledger is not maintained and it is difficult to find out dues of each member. The group opened another account for infrastructural assistance. It did not materialise. The morale of members is broken and the group is on the road to dissolution.

In Canning II Block, Sasthakhali is the only backward village where the incidence of poverty is very high. It is predominately inhabited by tribals. They were encouraged to form SHG for bank loan and subsidy by the local NGO. Jibansathi Swarozgari SHG was formed of 10 women members on 10.05.2005. The SB Account was opened on 10.05.2005. After first grading, cash credit facility was sanctioned by the bank on 22.10.2006. The group can not keep their books of accounts themselves. They are totally dependent on NGO. The last meeting was held in October, 2006, two members had dropped out, two had been taken in. The membership register is not maintained. The members are not at all aware of SGSY. They can not say how grading was done. Except the group leader, none is interested in group. Repayments are irregular, cash credit account has become non-performing asset. The members have become irregular in savings. The group is on the verge of collapse.

a) Field studies reveal that the selected SHGs namely (1) Jibansathi (2) Jibanrekha (3) Mallikathi Adivasi Mahila (4) Mallikathi Yuba and (5) Chatrapara Chatrapati Adivasis are totally dependent on the NGO. All books of accounts and bank pass books are with the NGO. The members are not all the aware of SGSY. No basic orientation program has been conducted.

Yet, the first grading test was conducted without the knowledge of the groups.

In Jaynagar II Block, several SHGs formed under SGSY namely (1) Bangalakshmi (2) Pragati (3) Sanchayee (4) Rahima (5) Islamia were studied. The field studies reveal that:

- a) The groups have been formed with inducements of loan and subsidy
- b) The group members are not aware of SGSY
- c) The groups are dependent on NGO
- d) The members of groups do not know why infrastructural assistance is given to them
- e) Grading was inordinately delayed
- f) Basic orientation programme has been ineffective
- g) Internal lending has not yet been practiced
- h) Books of accounts are either unwritten or not updated
- i) In backward mouzas namely DumDuma and Gopalnagar in Baishhata GP, 49 SHGs had been formed of which, 28 had been subjected to first grading
- j) Because of withdrawal of financial assistance, NGOs are retreating and the group activities have come to a stand still

#### **Case study of Panchanan Swarozgari Dal in Budge Budge- I Block**

The SHG is of five years vintage. It holds meeting once every month and its books of accounts are updated. The group has been wrongly advised to keep loan accounts in fixed deposits with the bank from the revolving fund. The group has purchased machines and their working capital is now blocked. The group has received project assistance of Rs.230000 from the DRDC. The entire amount has been wrongly transferred to their savings account. They have purchased raw materials worth Rs.30000. They have also repaid Rs.7500/- to the bank. They have been trained in knitting of garments. The trainer assured them of export possibilities but they can not produce items of quality acceptable to the market. They have no knowledge of the market. A retail outlet is being set up in the premises of the GP. The location is not suitable for marketing of their products. The members of the group are feeling helpless. Field studies indicate that it was evolving as a good group but because of absence of escort services, their efforts are destined to end up in failure.

#### **Case Study of Ma Mangalchandi SGSY SHG in Budge Budge-I Block**

The group was formed of 10 BPL women five years ago. The group does not meet now regularly. The members have stopped savings. After the second grading test, the cash credit account was closed. The group submitted a dairy project prepared by the NGO and a term loan of Rs.150000 was sanctioned. Out of this fund, the NGO constructed a cattle shed at a cost of Rs.65000 on a piece of land which is taken on lease for three years. There was a canal in between over which there is no bridge. Besides, the chilling plant that was set up in the area is now inoperative. Because of communication difficulties, the dairy cattle could not be purchased. The group has failed to repay any installment to the bank because they have not yet started production of milk. The owner of land is interested to take back the land with the shed after termination of the lease. The members of the group are keen to start economic activity but there is none to guide them.

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### **Case study of Ekata Swanirvar Dal in Budge Budge-I**

The group first opened the savings bank account with the SBI, Budge Budge Branch on 23.08.2001. It was formed of 10 BPL families by the local NGO. After first grading test, the group was sanctioned cash credit facility of Rs.25000 with revolving fund of DRDC. Within one and a half year of group formation, the group started internal lending from the revolving fund. After two years from the first grading, the group was subjected to second grading test. The group submitted a project for manufacturing readymade garments. The project was prepared by the NGO. The group received fund Rs.83050/- from the bank but they do not know how much loan was sanctioned. They are required to repay the loan in monthly installments of Rs.1745. Tailoring machines have been purchased and these are kept in a rented room. They do not hold regular meeting but they have not discontinued savings. They pay regular installments to the bank. After the term loan is sanctioned, the CC account has been closed. The area has a cluster of tailoring units but no activity cluster has been formed. Their manufacturing costs are higher and they are forced to sell their products on credit though the group is repaying bank loan regularly. The business is running at a loss. Now they intend to close the manufacturing unit and switch over to retail trading in garments. The group is now left to fend for themselves.

11.07 Wherever the groups are strong, they have sustained themselves because of continued facilitation by credible NGOs like:

- a) Rangabelia Mahila Samity (Gosaba Block)
- b) Sri Ramkrishna Ashram, Nimpith(Joynagar-II Block)
- c) Society for Participatory Action and Reflection (Patharprotima Block)
- d) Sundarban Rural Development and Training Centre (SRDTC)

(See case studies below)

### **Rangabelia Mahila Samity(RMS)**

It was formed in 1976 at the initiative of late Madam Bina Kanjilal at Rangabelia in Gosaba Block of Sundarbans for socio-economic upliftment of poor women. Organizing poor women into savings groups was started long ago. Earlier, the groups were of larger size but with the introduction of SGSY, the groups were restructured and now they have 277 working SHGs in 45 villages of Gosaba Block. Each group has an average membership of 13 and the total membership stood at 3766 as on 31.03.07 of which 3742 are women members. The total savings of the group amounted to Rs.39.24 lakhs while internal lending from group corpus amounted to Rs.27.69 lakh. RMS is regularly organizing awareness camps and skill development programs for women members of SHGs under SGSY. It is an approved NGO for group formation under SGSY since 2002. It is the experience of RMS that the first grading takes even 2 years from the date of formation. Internal lending from group corpus during this period has enabled the members to support livelihood. Most of the groups need second dose of revolving fund. According to RMS, it is difficult for the groups to sustain without nurturing of the NGO. Individual activities stand better chances of success than group enterprise. RMS has been able to succeed because (a) they have an animator for every 35 groups (b) they have built in training facilities with model farm and technical experts and (c) they run a training – cum-production centre.

### **Society for Participatory Action and Reflection (SPAR)**

SPAR started its operation from Durbachati in Patharpratima Block from 1993. The mission was to build people's organization through social mobilization for participatory development. They operate through three-tiered structure with the SHG at the grass roots level and central committee at the GP level. They have developed their competence in forming SHGs through training and experience in Cooch Behar and 24 Paraganas South districts. They also have exposure in income-generating activities, health and other developmental activities. SPAR decided to help DRDC in group formation under SGSY in August, 2001. Their performance is impressive as evident from the following:

Gram Panchayat	Total no. of SHGs formed under SGSY	No. of SHGs received first dose of RF	No. of SHGs received second dose of RF
Durbachati	59	57	48
Sidharnagar	63	57	46

Source: Field Survey

SPAR has been one of the contributors to success of SGSY in Patharpratima Block.

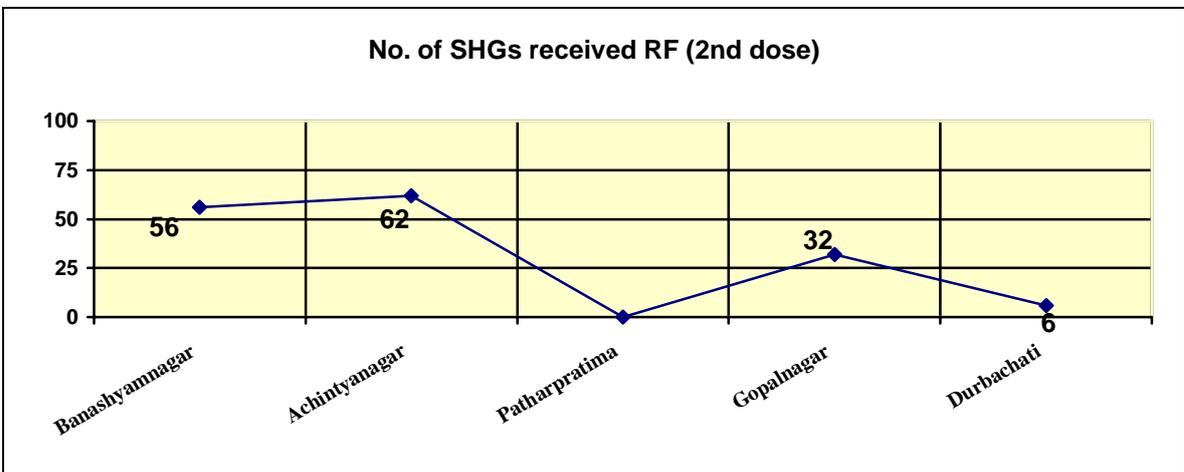
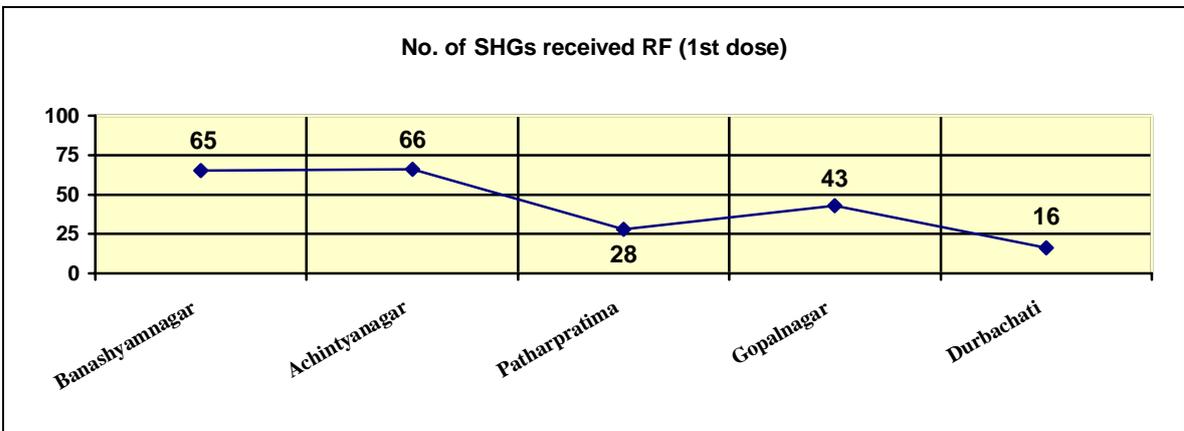
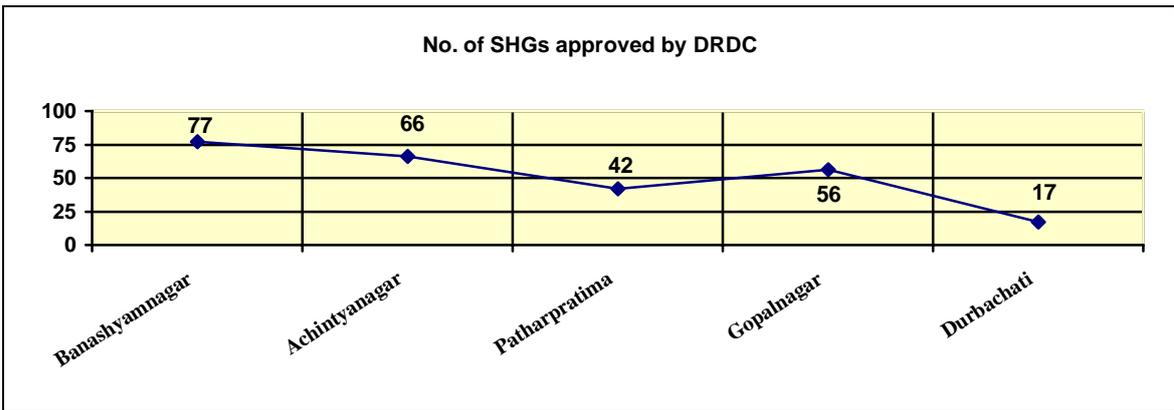
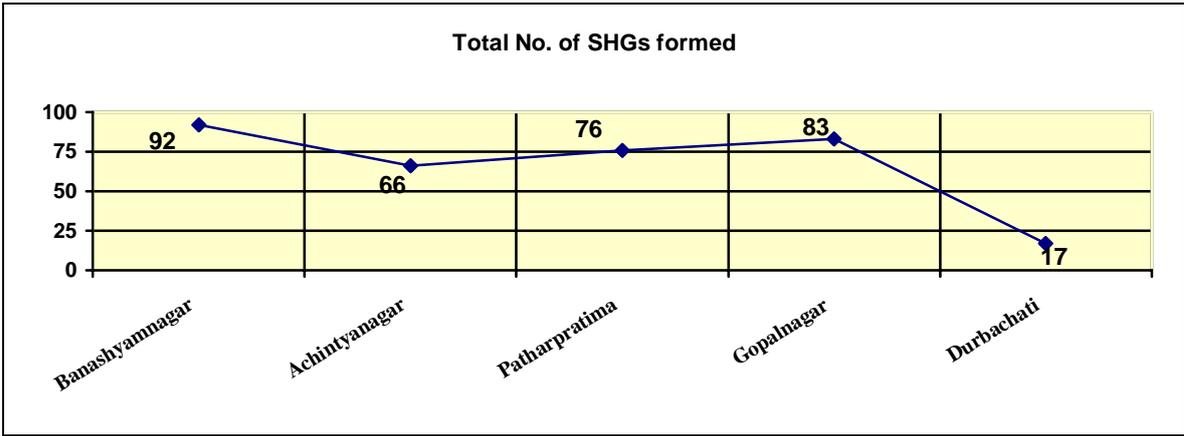
### **Sunderban Rural Development and Training Centre (SRDTC)**

SRDTC started community development initiatives in Patharpratima Block from 1989 with the help of the village youth. The organisation considers the family as the unit and the SHG formed of 10-15 members representing their household as the grass-roots level people's organization. It works through four-tier structure from SHG to GP. SRDTC started social mobilization under SGSY and started forming groups in 2001. Their performance is really impressive as would be evident from the following:

SL.No.	Gram Panchayat	Total no. of SHGs formed	No. of SHGs approved by DRDC	No. of SHGs received RF (1st dose)	No. of SHGs received RF (2nd dose)
1.	Banashyamnagar	92	77	65	56
2.	Achintyanagar	66	66	66	62
3.	Patharpratima	76	42	28	-
4.	Gopalnagar	83	56	43	32
5	Durbachati	17	17	16	6

Source: Field Study

SRDTC follows a process-oriented approach and a system of planning, monitoring and evaluation of each group. The organization is managed by a project co-ordinator, 3 Field Supervisors and 14 Field Workers (Animators). SRDTC like other credible NGOs has contributed positively to development of SGSY in Patharpratima Block.



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## Recommendations

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### 12

- 12.01 SGSY, as a programme, was slow to take off in West Bengal in the initial years for various reasons, its pace of implementation has now reached an optimum speed and it is expected that the rising expectations from this programme, especially among the poor women in rural areas, will be beyond what the programme can deliver within its existing set of conditionalities, in the near future. Around 1.5 lakh groups have already been formed under the programme. It is expected that another thirty thousand groups will be formed within this financial year. The essence of the SGSY programme ought to be the quality of groups and not their numbers. The other most important feature is strong linkage with the Panchayats for holistic development of the group members.
- 12.02 One major limitation that is being faced in West Bengal is the problem relating to BPL list which keeps a large number of poor families, who ought to have been supported under the program outside its fold. That also creates problems sometimes in forming groups based on neighbourhood because of exclusion of really needy families. Families living in most of the rural habitations are from similar socio-economic background and the BPL list often causes division with them to prevent formation of groups based on neighbourhood.
- 12.03 The second limitation relates to the pattern of credit linkage prescribed under the programme after the second grading. Field experience has been that the groups take a long time to acquire the required level of maturity to be accepted as fully credit worthy by the banks and make adequate use of the quantum of loan and subsidy prescribed under the programme. This capacity is acquired slowly as they gain more and more experience in financial management through handling Revolving Funds which are given to them as Cash Credit. An incremental increase in Revolving Fund over the years has proved to be the most effective method in improving the groups' self management capacity and confidence level. Enhancement of their livelihood opportunities also take time as the skill for diverse activities and understanding their market potentials are acquired gradually through handling funds made available through the cash credit facilities.
- 12.04 The third limitation relates to the fact that although SGSY Guidelines suggest that SGSY should consolidate and strengthen groups formed under other programmes such as Self Help Groups formed by NABARD, other Banks, Rashtriya Mahila Kosh (RMK), Non-Government Organisations (NGOs), Women and Child Development Department under the Swa-Shakti and Swayamsidha etc, it is proving to be difficult to bring about this synergy as a large number of the members belonging to these self help groups do not feature in the existing BPL list although their socio economic conditions are to a large extent comparable to those who currently feature in the BPL list and are receiving the required support under the SGSY programme. The element of subsidy, (although it is back ended), is a major bone of contention which stands in the way of uniting these groups and federating them for optimizing the utilization of resources available under SGSY. It may be mentioned that about 2 lakh groups have already been formed under the programme supported by NABARD in West Bengal. If a convergence can be brought about between these two sets of programmes it is felt that its effectiveness as a process for poverty alleviation will increase manifold.
- 12.05 The following recommendations for SGSY's convergence with SHG-Bank linkage program which has been mainstreamed under instructions of Reserve Bank of India since April,1996, may be considered :

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- A) Rural poor families having similar (a) poverty levels, (b) living conditions, (c) source of livelihood, (d) belonging to the same community, (e) living in the same neighbourhood (f) high level of mutual trust and (g) willingness to come together to help each other can become members of a SHG.
  - B) A family will be identified as poor on the basis of indicator-based scoring and approval of Gram Sabha.
  - C) The SHGs may be facilitated by NGOs / Banks/ Government Department / Farmers' Clubs/PRIs / Community volunteers/Community based organizations. Suitable rating norms for assessing the NGOs may be devised and MOU should be executed with the NGOs for payment on fulfillment of specific deliverables.
  - D) The existing concept of subsidy should be replaced by the concept of equity support which may be a soft loan with long amortization period.
  - E) A self-assessment methodology by SHGs may also be put in place.
  - F) Use of SGSY funds for infrastructure development can only be made after location- specific techno-economic feasibility and cost-benefit analysis.
  - G) Every member of SHG should be compulsorily and automatically covered under micro-insurance under Micro Insurance Regulations, 2005 of IRDA.

12.06 Field studies reveal that capacities of SHGs formed under SGSY remain largely underdeveloped. Though NGOs were initially selected by DRDCs to facilitate formation of SHG, it was necessary to set up a supporting team at the block level called BSMT which was designed to be the executive arm of the block SGSY committee. The idea of nurturing SHGs through the BSMTs did not succeed. Under the new dispensation, gram panchayat SHG management team (GSMT) had been set up and their members are being trained. Formation of GSMT seems to be a step in the right direction as the gram panchayat is close to the people and can manage development of groups. All the GPs are required to review the progress of SHGs once every month. However, field studies reveal that GPs are largely incapacitated to nurture the groups. This task is intended to be performed by SHG clusters. The clusters are in different stages of development and most of these are not functionally effective. Till SHG-based organizations can take care of the SHGs at the GP level and effectively coordinate their activities with the GP, it will be necessary to provide sensitive support to groups including handholding and provision of escort services. This can be performed by the community volunteers or para-professionals on payment of reasonable fees. These community volunteers or community-based organizations can be trained and facilitated by a professionally competent NGO with proven track record. PRDD took up a special project for capacity building of SHGs under SGSY through District Technical Agency in collaboration with CARE-West Bengal. In spite of initial difficulties, DTA has been found to be effective in hand holding of groups through BSMT and GSMT. Such professional support mechanism is still needed till the new dispensation becomes positional. Capacity building is not limited to one time training and then leaving the groups to fend for themselves. It needs hand-holding and provision of escort services till the groups attain capabilities of self-management.

12.07 Field studies reveal that a few of the SHGs have been able to start economic activity after second grading test. Most of the groups are found to be engaged in traditional livelihood activities which are more than one in many cases. The key activities identified by the DRDC are also related to livelihood like fishery, goatery, diary, betelvine orchard, horticulture. It has been envisaged in the SGSY guidelines that the groups will graduate from livelihood to enterprise stage. The guidelines have further presumed that in spite of funding diverse activities, SGSY should

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identify key activities and concentrate on activity cluster. While clusterisation helps scale of economy, it is not feasible always under diverse livelihood options available to the poor. The poor families need time to increase their credit absorption capacity and gain strength to face the external market. Field studies indicate very strongly that livelihood promotion is a better alternative for the poor families than enterprise creation.

12.08 Livelihood is a set of economic activities involving self-employment and / or wage employment. Livelihood is a way of life and is much more than employment. Livelihood promotion ensures that a poor household has a stable livelihood which will ensure gradual increase in income and over a period of time, asset ownership and social participation. A variety of services are to be integrated around a sector like technology transfer, market linkages, building physical and social infrastructure. Integrated sectoral strategies have been followed by many organizations like KVIC, NDDDB etc. The debate between minimalist credit and integrated sectoral promotion approaches began to converge in 1990s. An example of synthesis is the Self-Employ Women's Association (SEWA), Ahmedabad. Various approaches to livelihood promotion are inter-alia:

- A) Contingency Approach: This approach argues that promoting enterprise is complex and it would that be better to identify the bottleneck and work on that.
- B) Spatial Approach: This approach intends to promote livelihood by supporting locally inter-dependent economic activities based on a leading intervention like irrigation command area, micro watershed area, cluster of small-scale industries or crafts.

C) Local Economy Development Approach:

This approach is based on the following underlying principles:

- (a) Use local resources to meet local needs.
- (b) Maintain diversity within the local economy to reduce risks.
- (c) Ensure money circulates within the local community.
- (d) Enhance control of the community over its local resources.
- (e) Enhance financial and other assets within the community.
- (f) Reduce the risks from the vagaries of distant markets.
- (g) Organize poor producers so that they have greater control over their livelihoods.
- (h) Increase the bargaining power of the producers.

In Indian context, Mahatma Gandhi's economic thinking was based on these principles. It is, however, argued by many that in the context of economic liberalization and free market, such a model can not be sustained. Within this approach, a segmented approach with focused attention on specific groups of vulnerable people either by organizing them and/or by empowering them to demand social and economic opportunities, has also been attempted.

D) Holistic approach to livelihood promotion:

This approach intends to look upon poverty as a complex phenomenon of multiple deprivations and it requires SHG-based convergence of programmes and services. Field studies reveal that SHG movement in West Bengal is not limited to micro-finance only but also extends to social initiatives like health and education. Such a holistic approach of livelihood promotion may be a suitable alternative.

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12.09 Field studies reveal that target-oriented approach and hurried formation of groups has proved disastrous in the initial period. It is necessary to consolidate the gains, reactivate the dormant groups and reconstruct the dysfunctional ones. Even for the groups operating with revolving fund, quality is to be monitored closely. Hopefully, these inadequacies have been appreciated by the state government. PRDD has already developed a software for data base of SHGs in West Bengal. When the data base will be operationalised, it will be easy to identify the weak groups. It should be a task of the GSMT to prepare SHG-based action plan and monitor the work of revival or reconstruction. Grading exercise should be done quarterly as envisaged in SGSY guidelines not only for the purpose of funding but also for the purpose of monitoring quality of groups till they become self-managed people's organization at the grass roots level.

12.10 Field studies reveal that the SHGs in general are involved not only in community initiatives like community health, Sarba Siksha Abhijan etc., they are gradually participating in the process of development. The members are attending meetings of gram sabha. They are also elected to village development committee (gram unnayan samity). The current developments will certainly strengthen the process of decentralization. The state government is also creating a favourable environment for their participation in development. It has already created a separate department for self-employment and self-help groups. In the draft policy document of P&RD Department (Road Map for Panchayats in West Bengal) it has been emphasized that the role of PRIs will be to co-ordinate the activities of SHGs and build up convergence between community initiatives and groups' activities with the goal of poverty alleviation. It is hoped that the SHGs will help the local government institutions to build up a pro-poor model of development. A number of policy initiatives and legislative measures have already been taken. These include :

- A) Election of representative from SHG to Gram Unnayan Samities.
- B) Nomination of representative from SHG cluster to the Upa-Samiti on Women and Child Development in Gram Panchayat.
- C) Formation of SHG based organizations like clusters and federation.
- D) Utilization of services of SHGs for mid-day meals in primary schools.
- E) Involving SHGs in mass education initiatives.
- F) Involving SHGs in community health care initiatives.
- G) Supporting their livelihood from untied funds.
- H) Creating common facilities for training, infrastructure and marketing.
- I) Allocation of wage employment-oriented public works to SHGs and making them paymasters under NREGA.
- J) Leasing – out government owned unutilized land and water bodies to SHGs for income generation.
- K) Many SHGs have been given supply orders for de husking of paddy and supply of rice to the FCI.
- L) Mobilizing community for lawful use of electricity and collection of bills from consumers.
- M) Preparations are being made for running of village IT kiosks by SHGs.

While all these policy initiatives create favourable environment for development of SHGs, it is necessary to ensure that SHGs remain as self- managed people's organization and do not become delivery agencies of the state or the corporate sector. Nevertheless, SHGs in general and SGSY in particular, are gradually

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moving towards the centre of human development. If the productive potential of the poor families can be harnessed and opportunities are created for their social and economic empowerment, SGSY can emerge as a successful example of human resources development and enrichment of social capital. It should not thus be viewed as a stereotyped self-employment program but as a program for building people's organizations for participatory development.