Comparative Study of SGSY, MP-RLP & MP-DPIP in Madhya Pradesh

Minesh Dineshbhai Patel, MBA Programme, IIT Kanpur
Mentor: Shri. A. S. Ahlawat, Director, Rural Employment

Panchayat & Rural Development Department

Executive Summary

Despite efforts made over the past few decades, rural poverty in India continues to be significant. The number of rural poor has remained more or less static, and is estimated to be around a quarter of a billion persons. To address the situation, the government has decided to restructure and amalgamate its existing rural self-employment programmes. A new programme known as "Swarnjayanti Gram Swarozgar Yojana" (SGSY) has been launched from April 1999.

The scheme aims at establishing a large number of micro enterprises in the rural areas, utilizing the SHG-Bank credit-linkage model, covering 30% of the rural poor in each development block in the next five years provided sufficient funds are available. The significant aspect of the scheme is that it aims to bring every assisted family above the poverty line in three years, by creating a monthly income from the activity undertaken of not less than 2,000 rupees net of repayment of the bank loan.

The scheme also aims to cover 30% of the rural poor in each block in the next five years provided enough funds are available. At least 50% of the beneficiaries of this scheme will be Scheduled Castes and Scheduled Tribes, 40% women and 3% disabled. All beneficiaries are to be drawn from families who are below-the-poverty-line (BPL), identified through a BPL census, and the percentages referred to above are based on this BPL population. The quotas seek to ensure that the scheme benefits less advantaged members within the BPL community, if not the poorest of the poor.

The Madhya Pradesh Rural Livelihoods Project (MPRLP) has committed itself to eliminating rural poverty by empowering the rural poor. The project seeks to encourage the poverty-ridden rural families especially in tribal regions to lead a decisive fight against poverty. The voluntary participation of the poor in decision making process relating to rural livelihoods initiatives encouraged in the first phase from June 2004 to June 2007 has made a desirable impact on rural scenario. Second phase for 2007-2012 has begun from July 01, 2007. The increasing confidence of the poor people to overcome poverty is being harnessed constructively to promote joint actions against long existing rural
poverty. The MPRLP has adopted a bottom-up approach to poverty reduction. The MPRLP has unrolled village-specific livelihoods promotion plans with active cooperation and support from the institution of Gram Sabha or Village Assembly, which holds constitutional status. The most vibrant democratic institution at the grassroots level, the Gram Sabha is central to the Project. Close partnerships with targeted rural communities through Gram Sabhas, the administration, management and need-based utilization of Gram Kosh or Village Fund by the Gram Sabha have developed a profound understanding among the rural poor about various dimensions of the rural poverty. Strengthening of Gram Sabhas on all aspects of development planning and management of resources goes on simultaneously. In the role of a committed facilitator, the Project has made well-contemplated attempts to inspire and guide community-driven micro enterprises, collective actions by the needy groups and also individual pursuits in the tribal pockets. Consequently, the focused communities now manifest their firm determination to defeat poverty in myriad ways.

**District Poverty Initiative Project**

The last few years have seen a number of powerful and innovative thrusts towards community empowerment, local self-Government and decentralization of decision-making especially at the grass-roots level. A number of lessons have been learnt from the successes and problems of these efforts.

DPIP consolidates these lessons and evolves a philosophy for development that builds around ideas such as:

- Participation
- Empowerment
- Process orientation
- Decentralization
- Learning
- Transparency
- Collaboration

The DPIP programme, which focused its activities in over 2900 villages in 14 northern districts of MP, will alleviate poverty by improving the capacity and opportunities for poor and disadvantaged people with special focus on women. To achieve this objective the project would:

- Empower active groups of disadvantaged people.
- Create income security opportunities for the rural poor, and
- Promote more effective and accountable village institutions including the Gram Panchayats
- Encourage effective demand based approaches for development.

**Objectives**
To study the current status these schemes, targets achieved right from implementation & compare with mother scheme SGSY,
To study effectiveness of these schemes for infrastructure development in rural areas of Madhya Pradesh,
To study advantages/disadvantages of these schemes in different districts & reasons to find why SGSY is lacking behind in the districts where MPRLP & MPDIP are working successfully.
To study reasons for non recovery of funds or defaulters in Micro Finance.

Steps / Methodology followed

1. Visit the following districts to study the Scheme shown against them:
   - Chhatrapur District to study SGSY,
   - Shivpuri District to study MP- DPIP &
   - Shahdol District to study MP-RLP
2. Prepare basic questionnaire and conduct with target group.
3. Study implementation issues, processes of these schemes,
4. Recommendation or remedial steps based on study conducted,
5. District level SWOT analysis & compare backward district with urban areas,
6. Norms defined by different banks like NABARD, RBI etc & alternatives channels of Micro Finance,
7. Different aspects of marketing like quality control, price determination & standardization of the products,
8. Small study to strengthen SHGs in SGSY,

Recommendations

- Build flexibility into the implementation of the SGSY, document innovations, and facilitate experience sharing / benchmarking of best practices among SHGs,
- Implement a Knowledge Management through developing online portal/application to monitor SGSY. Modules can be developed for online submission of application/approval.
- NGO associated with SHGs must be monitored thoroughly because NGO may be profit oriented.
- SHGs linked with government schemes like NREGA, MDM must get payment periodically.
- Grass root level person like PRERAK in SGSY, Village Resource Person in DPIP and Livelihood Promoter in MP-RLP must get monthly honorarium. If it is not possible to get the same from project they can avail through local authority like Gram Sabha, Village Development Committee.
• SHG must not depend solely on one activity & try to diversify their activities. E.g. SHGS associated with MDM are idle right now. (Diversification is the mantra of corporate also.)

• Automated tools/ software packages can be procured to determine optimal quantity by inserting inputs like raw material cost, labor, rent, desired margin, demand etc.

• I have not found a single beneficiary of all the schemes who has effectively used insurance. Effective insurance/ risk management is needed because poor have very little risk bearing capability. (e.g. in the case of livestock)

• Tie up with corporate under Public Private Partnership which is part of Corporate Social Responsibility.

• Unemployment, illiteracy & poverty are co-related to each other. Rural development is a mission which requires co-ordination of all departments (i.e. Health Department, Youth Department, Forest Department, Education Department, Agriculture Department) and projects/schemes/yojanas (i.e. MDM, NREGS, launched by government). Agriculture Department and Education Department have crucial role to play.

• I have found disappointed faces due to delayed rain. Since majority beneficiaries of all schemes are dependent on agriculture, agriculture department has to play crucial role in rural development. If agriculture is disturbed, no one scheme will work effectively. (neither SGSY nor MP-DPIP not MP-RLP).

Youth community of rural people must be diverted for creative work through counseling because many youth have left their study in early 20’s and migrated for labour work to out of the state. Nevertheless, their labour work is totally risk oriented whether associated with carpenting, welding, cement industry or chemical industry.