Chapter-II

Rural Development Programmes in Practice in India with Reference to Jorhat District : A Critical Study

As has been mentioned in the Introductory Chapter, India has been and still continues to be predominantly a rural nation with 71 percent of its population living in rural areas (in 2005). Even after six decades of planned development rural economy continues to be the back bone of Indian economy. Once Mahatma Gandhi wrote “India is to be found not in its few cities but in its 7 lakh villages. But town dwellers have believed that India is to be found in its towns and the villages are created to minister to our needs.”

Today, After more than seventy years also, it may be said that real India lies in villages and the overall development of the country is not possible without the development of the villages. But the pace of progress of rural economy has remained painfully slow during the planning period also. Poverty continues to be quite significant (as shown in Table 2.1) and unemployment in rural areas is increasing steadily. In such a background it would be appropriate to study the different rural development programmes undertaken by the government since independence.

39 M.K.Gandhi,(1936), Harijan, April 4
Table 2.1

Number and percentage of Population below Poverty Line in Rural Areas

<table>
<thead>
<tr>
<th>Year</th>
<th>In Rural Sector</th>
<th>In India as a whole</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Population below Poverty Line</td>
<td>percentage of Population below Poverty Line</td>
</tr>
<tr>
<td>1973-74</td>
<td>261</td>
<td>56.4</td>
</tr>
<tr>
<td>1983-84</td>
<td>252</td>
<td>45.7</td>
</tr>
<tr>
<td>1993-94</td>
<td>244</td>
<td>37.3</td>
</tr>
<tr>
<td>2004-05</td>
<td>193.2</td>
<td>41.8</td>
</tr>
</tbody>
</table>

(Economic Survey, Government of India, 1998-9, p. 146
The Economic Times, 23rd March, 2007, p. 06)

Figure 2.1

Percentage of Population below Poverty Line

![Percentage of Population below Poverty Line](image-url)
2.1: Rural Development Strategy During the Five Year Plans:

Ever since independence of India in 1947 especially after the inception of the planning process in India poverty alleviation and rural development has always been accorded high priority in the plans and it has been one of the major objectives of the planning. But during the long journey of planning, rural development strategy has shifted from growth oriented to welfare oriented and then to empower oriented. The Planning Commission in its first plan document of 1951 emphasized more on rural development, but the plan was implemented without any development strategy. However, the First five Year Plan(1951-52 to 1955-56) laid emphasis on agricultural development of the country. Development strategy in the Second Plan(1956-57 to 1960-61) was based on Mahalanobis model in which the importance was given on industrialization, especially heavy and capital goods sector. But towards the end of the Second Plan India faced a severe food grain crisis. In 1958 Ford Foundation experts were invited to examine the problem. The Ford Foundation team in its report emphasized that India should focus more on those areas where potential of enhancement of agriculture productivity was very high. Therefore in 1961 Intensive Agriculture Area Programme (IAAP) and in 1964 Intensive Agricultural District Development Programme (IADP) were launched which paved the way for Green Revolution. In the First Five Year Plan the Government spent Rs. 291 crores (15 percent of the total plan outlay) on agriculture and community development and the amount increased to Rs. 530 crores in the Second Plan and then to Rs. 1089 crores.
(12.7 percent of the total plan outlay) in the Third Plan (1961-62 to 1965-66). The Fourth Five Year Plan (1969-70 to 1973-74) aimed at growth with stability. In this plan, the Government spent Rs. 2320 crores (14.7 percent of the total plan outlay) on agriculture and allied sector.

Till the Fourth Five Year Plan our development strategy was based on ‘Trickle Down Theory’ and emphasis was laid on acceleration of growth on the presumption that its benefits would percolate down to the lowest strata of society and would spread equally among the different regions. But this Trickle Down Approach of development could not prove effective in alleviating rural poverty and reducing regional imbalance. Therefore, from the Fifth Five Year Plan the Government shifted the focus of its development strategy towards the development of the down trodden and under privileged sections of the rural society and also towards the development of backward areas to reduce regional disparities. Since then, the Government has implemented a number of target oriented rural development programmes. The expenditures on agriculture and rural development during Fifth Plan (1974-75 to 1978-79) and Sixth Plan (1980-81 to 1984-85) were Rs. 4865 crores (12.3 percent of total plan outlay) and Rs. 12,538 crores (12.8 percent of plan outlay) respectively. The Seventh Five Year Plan (1985–86 to 1989–90 ) made a complete departure from the earlier strategy. The developmental strategy in this plan was a direct attack on poverty through special employment programmes and land reform measures. In this plan the total outlay on agriculture, rural development and special area development was Rs. 31,509 crores (14.4 percent of total plan outlay). The Eight Five Year Plan (1992–93 to 1996–97) aiming at achieving its most important goals, viz improvement in the level of living,
health and education of the people, full employment, elimination of poverty and planned growth of population, allocated Rs. 63,642 crores for agriculture and rural development.

With the 73rd amendment of the Constitution, rural development strategy has shifted from welfare oriented to empowerment oriented and as a result almost all the rural development schemes and programmes are to be implemented by the Panchayati Raj Institutions (PRI) at different levels. The Ninth Five Year Plan (1997–98 to 2001–2002) focused on growth with social justice and equality. Priority to agriculture and rural development with the objective of generating adequate productive employment and eradication poverty was one of the main objectives of this plan. Promoting and development of people’s participatory institutions like PRIs, Cooperatives and SHGs was also an objective of the plan. Plan outlay for rural development in this plan was Rs. 73,439 crores (8.5 percent of the total). The renewed emphasis on rural development is also visible in the progressive increase in the allocation of funds for rural development in the Tenth Plan (2002–03 to 2006–07). This plan stressed on improving the quality of life through better health and educational facilities and improved levels of consumption. Reduction in inequality through inclusive growth was the strategy for rural development in this plan. In the tenth plan the allocation for rural development was Rs. 76,774 crores. The Eleventh Five Year Plan (2007–08 to 2011-12) focused on multiple targets covering not only growth but also poverty reduction. This plan provides an opportunity to restructure policies to achieve a new vision faster, more broad based and inclusive growth.
2.2: Rural Development Programmes in India Since Independence:

Keeping in view the basic goal of the planning as mentioned in the Draft that “there should be rapid increase in the standard of living of the people through measures which also promote equality and social justice”\textsuperscript{40}, a large number of rural development programmes have been initiated during the last sixty years for achieving balanced development in the country; i.e. bridging the distinct gap between urban India and rural India. Of course till the Third Five Year Plan the emphasis was on the growth of Gross National Product and it was assumed that it would trickle down to the masses and enhance their income levels. But this has not happened due to much stress on modern sector and non agricultural pursuits which have resulted in tardy rural growth and enhanced rural poverty\textsuperscript{41}. The Green Revolution had also bypassed both the poor and the backward areas. With this realization the Government of India introduced a multi pronged strategy in term of creation of entitlements and building capacities of poor people in order to enhance the pace of rural development and reduction of poverty and unemployment among the rural poor.

The important rural development programmes introduced since the inception of planning in India are given below.

2.2.1: The Community Development Programme:

The first and foremost rural development programme initiated in the independent India was the Community Development Programme launched in 1952.

\textsuperscript{40} Planning Commission (1953) Government of India, \textit{First Five Year Plan}, p. 10.

The success of Extension or Advisory service in U.S.A. and U.K. has prompted the Indian planners to launch this programme. It may be said that the agriculture and rural development strategy have begun in April 1952 with the introduction of the Community Development Programme as this was the first time that the Government with a sense of urgency introduced a nationwide programme to bring about development. The First Five Year Plan conceived the National Extension Service (NES) as the agency and Community Development as the method through which it was envisaged that the successive five year plans would create a better, richer and fuller life for teeming millions living in thousands of rural communities in India. With the very objectives of raising the standard of living and promoting social welfare and social justice, the Community Development Programme undertook ambitious schemes for all round development in rural areas which included improvement in agricultural techniques, exploring supplementary sources of employment, extension of minor irrigation facilities, improvement of transport facilities, provision for social service and development of cooperatives and panchayats. The Community Development Programme started in October 1952 with 55 Community Development Project under the Indo-Operational Agreement. Each of the 55 projects was to cover about 3 development blocks or 300 villages and a population of about 3 lakhs.42

Till the end of the fifth five year plan an amount of about Rs. 671 crores was spent on this Community Development Project.43 But the Community Development Programme could not significantly alter the basic conditions of the life in rural India.

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43 Kunjukunju, et.al, op.cit.p. 52.
Mainly on the failure to stimulate sizeable increase in production and income flows, many Indian economists declared Community Development a failure. Rapid expansion of the programme in a short span of time, lack of effective participation of people, unqualified band of extension workers lack of functional responsibility and co-ordination on the part of the administration were some reasons behind the Community Development Programme being unable to confer the intended benefits on the rural poor.

2.2.2: Intensive Agricultural District Programme:

As the Community Development Programme could not achieve desired results, it was thought that for developing rural India the emphasis must be given on increasing agricultural production. Because, in spite of agriculture being the main livelihood of the majority of the Indian rural population, satisfactory growth was not experienced in this field. Therefore after the completion of the first five year plan it was thought to take some measures to improve the agricultural production in order that the population depending on agriculture may get the benefit of development. Accordingly in 1959 the Government appointed a Ford foundation sponsored team of expert to enquire into the causes and remedies of India’s food crisis. The suggestions made by the team brought about the need for immediate launching of a programme which could boost up the agricultural production. Accordingly the strategy of Intensive Agriculture Production Programme was adopted in the direction of concentration of available limited resources and efforts, both human and natural, in achieving break through in agricultural production. Based on such agricultural

44 Krishna, opcit. P. 76.
strategy, as a first step, a scheme called Intensive Agriculture District Programme (IADP) was launched in the early phases of Third Five Year Plan. Intensive Agriculture District Programme was launched in seven districts of seven states with technical assistance of the Ford Foundation. Later on nine districts were brought under this programme. The districts were selected on the basis of (i) assured supply of water as far as possible (ii) a minimum of natural hazards such as flood or soil conservation problem etc (iii) presence of relatively well developed village institutions like cooperatives and panchayats and (iv) maximum potential for increasing output within a comparatively short period. Realizing the truth that mere launching of any programme does not always prove effective, the third five year plan categorically stated that “An attempt will be made to provide all the essential elements for increasing production to the extent needed, and effort will be made to provide credit on a scale sufficient to reach all farmers including those previously considered credit unworthy and credit and marketing will be linked.” But an evaluation of the programme during 1966, which was the second year of working of the programme, revealed its poor implementation. According to evaluation report “The programme suffered from (i) poor administration - unfilled vacancies, frequent staff transfers, shortage of trained personnel and inadequate training (ii) non availability or inadequate availability of fertilizer and other essential inputs (iii) inadequate cooperative credit (iv) inadequate key supporting activities like soil testing laboratories, a quality seed programme, equipment, workshops and (v) absence of

46 Planning Commission, Govt. of India. The Third Five Year Plan(1961) p 316
unified responsibility at the district level with full control over all interrelated disciplines\(^47\).” Even in the case of small and marginal farmers for whom special attention was needed, the IADP could not pay much attention towards providing scope for adoption of new technology. As a result the IADP has neither succeeded in increasing agricultural production nor extending benefits of the programme for the social justice to the weaker sections of farming community\(^48\). Still the IADP programme brought science and technology to the farm and it induced a change in the farming community’s attitude towards agriculture. The experience of IADP coupled with the extension network created by the Community Development Programme has led the economy to adopt the strategy for ‘Green Revolution’ in the later part of 1960s which has increased agricultural production enormously. But the Green Revolution accentuated the disparities in income in rural areas as the benefits of Green Revolution went not to the marginal and small farmers due to their inherent financial constraints\(^49\). Thus the vulnerable sections of the rural economy remained out of the fold of Green Revolution.

2.2.3: Small Farmers Development Agency (SFDA) and Marginal Farmers Development Agency (MFDA):

All India Rural Credit Review Committee recommended for setting up of an institution whose aims would be basically to identify the problems of small farmers and to suggest measures to overcome their problems. In the early 1970s, two institutions namely Small Farmers Development Agency and Marginal Farmers

\(^{47}\) Sundaram, op cit, p. 30.
\(^{48}\) Krishna, op cit p. 81.
\(^{49}\) Rao, P. Narasimha, Rao,Rao, R. Venkata,( 2000)\textit{Rural Development in India, A Review, }Kuruksetra (48)6, March, p2
Development Agency were launched which were specifically designed for the economic upliftment of the small and marginal farmers and agricultural labourers. The objective of SFDA was to assist persons specifically identified from the target group of small farmers in raising their levels of income. 16.7 million People from the target group were identified under SFDA programme up to March 1980 and the aggregate finance released for these programmes amounted to Rs. 222.04 crores. 168 schemes covering 1818 blocks were in operation up to the end of August 1980. Along with the setting up of the Small Farmers Development Agencies the All India Rural Credit Review Committee also recommended for setting up of the Marginal Farmers and Agricultural Labourers Development Agencies (MFALA) with the objective of improving the socio-economic condition of these poor farmers. The functions of the MFAL agencies were to identify genuine marginal farmers and agricultural labourers, identify the nature and to assess the magnitude of their problems, formulate economic programmes for providing gainful employment to them, arrange for the procurement of inputs and for the provision of facilities for production, processing, storage and marketing. But the programme evaluation organization’s report on the performance of SFDA and MFAL schemes was also not very encouraging. The major weaknesses of these schemes were lack of an effective and efficient administrative machinery, lack of sufficient credit facilities, wrong identification of beneficiaries, complicated and time consuming procedure of giving subsidies etc. Anyway, following the decision of

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51 Report of the performance of the SFDA and MFALA,(1979) Planning Commission,
National Development Council the SFDA was merged with IRDP on 2nd October 1980.

2.2.4: Pilot Intensive Rural Employment Project (PIREP):

The Pilot Intensive Rural Employment Project was launched in 1972 as an action cum research study for a period of three years in 15 selected blocks one from each of the major states. The works selected under PIREP were directly related to agricultural occupations. The programme gave priority to minor irrigation and road works. During the period 1972-73 to 1974-75, an amount of Rs. 992.09 lakhs was released and out of this Rs. 958.24 lakhs was spent on the scheme. The total employment generated was 181.5 lakhs mandays\(^5\). However the PIREP was not able to produce the results commensurate with the investment made.

2.2.5: Food for Work Programme (FWP):

In April 1977 another programme named as Food for Work Programme was launched to provide opportunities for work to the rural poor in the slack employment period of the year which would, at the same time, create durable community assets for strengthening the rural infrastructure. Workers were paid in food grains for the job done by them. The FWP met with success in the first three years, though certain short comings in the programme had been pointed out by the Project Evaluation Organisation of the Planning Commission. According to the official estimates 23 lakh tones of food grains were thus utilised to generate 600 to 700 million mandays of employment during 1979-80 alone\(^5\). However, in spite of the commendable objectives

\(^5\) Annual Reports of the Ministry of Agriculture and Irrigation, 1972-73 to 1974-75, quoted in Kunjukunju. Mahanan Institutional Finance and Rural Development
and the merits of the programme during the period of three years of its operation a number of short comings were also identified. Therefore later it was redesigned and called as the National Rural Employment Programme (NREP).

2.2.6: National Rural Employment Programme (NREP):

As has been mentioned above the Food for Work Programme was replaced by NREP, launched in October 1980 and commenced from April 1, 1981. This programme had three-fold objectives:

(a) Generation of additional gainful employment for the unemployed and underemployed persons both men and women in the rural areas.

(b) Expansion and improvement of rural infrastructure as a supportive factor in promoting economic growth and social betterment.

(c) Improvement in the overall quality of life in rural areas.

Most of the responsibilities relating to planning, coordination, review, supervision, monitoring and implementation of the programme have been entrusted to District Rural Development Agencies. The outline of the projects was prepared for each district/block based on the needs of the rural people so that village community should be involved in its preparation. Preparation of the draft of the projects had to be a continuous process and these were to be reviewed every year. An annual action plan for the district was prepared and approved by DRDA on the basis of the projects before the beginning of every financial year. The district action plan was divided in to block wise and section wise component. Each block and executing agency furnished their component plans to the DRDAs which facilitated in finalizing the annual action plan for the district.
During the Sixth Five Year Plan period an amount of Rs. 1834 crores was spent on this scheme which generated 1775 million mandays of work. An amount of Rs. 2940 crores was spent during the first four years of the seventh plan (1985-86 to 1988-89), as against it, the employment generated was of the order of 1477 million mandays\(^54\).

However the NREP had to suffer from problems relating to incomplete works, recovery of unutilised funds, selection of labourers and payment of wages, lack of technical support, short span of life of assets created and absence of arrangements for maintenance of the assets created etc.

2.2.7: Integrated Rural Development Programme (IRDP):

Based on the past experiences of various beneficiary oriented programmes particularly SFDA and MFALA the Planning Commission, in its Draft Sixth Plan 1978-83 (revised), reviewed the approach to rural development, especially with reference to the poor. It visualized an integrated plan of development at the block level. In this context it was said in the Draft plan “The imperative laid for the plan for rural areas of the country is increasing productivity through a strategy of growth with social justice and providing full employment to the rural sector within a ten years time frame. As a comprehensive strategy and approach for translating these objectives in to specific programmes the Integrated Rural Development now contemplated, involves a multi pronged attack on problems of rural development. ‘Integrated’ here covers four principal dimensions: integration of sectoral programmes, spatial integration of social

and economic processes, and above all the policies with a view to achieving a better fit among growth, removal of poverty and employment generation. More specifically, it involves a sharp focus on target group comprising small and marginal farmers, agricultural labourers and rural artisans and an extremely location specific planning in the rural areas\textsuperscript{55}. The major thrust of the programme was to provide income generating assets to identified families below the poverty line through a combination of credit and subsidy and to enable them to improve their income levels so as to cross the poverty line eventually. Integrated Rural Development Programme was started with effect from October 2, 1980 in all the 5011 blocks of the country. In order to manage the programme effectively, a new district level agency has come up in all districts in the country called as District Rural Development Agency. The implementation of the programme was started with taking up 30 lakh families for the year 1981-82 and Rs. 125 crores was earmarked for the year, 1981-82 for this programme\textsuperscript{56}. Up till 1996-97 since its inception 50.99 million families were covered under IRDP spending Rs. 11434.27 crores\textsuperscript{57}. But long review of the IRDP experience pointed it out that the strategy of helping the poor in rural society to get over poverty with the help of assets given to them, is largely misconceived. Only a small proportion could be helped in this manner.

\textsuperscript{55} Planning Commission, Government of India, Draft Sixth Five Year Plan 1978-83 (Revised) as quoted in Krishna, Meeta,(2003) \textit{Poverty Alleviation and Rural Poor}
\textsuperscript{56} The Hindu, July 7, 1981, p. 9.
\textsuperscript{57} Ninth Five Year Plan Draft, 1997-2000, Thematic Issue and Sectoral Programmes, Government of India, Planning Commission, New Delhi.
2.2.8: Rural Landless Employment Guarantee Programme (RLEGP):

During the sixth plan it was visualized that the hardcore rural poverty, particularly that pertaining to the unemployment of the landless labourers during the lean agricultural season had to be tackled in a more direct manner. Accordingly a new programme with the name RLEGP was launched on 15th August 1983. The basic objectives of the programme were: (i) To improve and expand employment opportunities for rural landless with a view to provide employment guarantee to at least one member of every landless labour household up to 100 days in a year (ii) Creation of durable assets for strengthening the rural infrastructure which will lead to rapid growth of the rural economy. The programme was fully funded by the Central Government and the overall responsibility of planning and supervision, monitoring and implementation of the projects under the programme was assigned to the state government. In allocating resources to states and union territories 50 percent weightage was given to incidence of poverty. In this programme various projects like social forestry, Indira Awas Yojana and the Million Wells Scheme were included. During the first four years of seventh five year plan an amount of Rs. 2412 crores was utilised which helped to generate employment to an extent of 1,154 million mandays.\(^5\)

Still some weaknesses were noticed in this programme. These were (i) Contrary to the provisions of RLEGP, the works under the schemes were often assigned to contractors who choose their own labourers (ii) The officials did not check to find out how far the local target groups availed of the employment generated in the scheme (iii) With numerous departments involved in the implementation of RLEGP, it was doubtful that

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any attempt was made in the programme to tailor the schemes according to the seasonal and spatial profile of the employment needs of the landless and (iv) finally RLEGP adopted a uniform wage prevailing in different localities and the gap between the income of the landless and poverty line income was not taken in to account. Anyway, in 1989-90, the RLEGP along with NREP were merged in to Jawahar Rozgar Yojana (JRY).

2.2.9: Training of Rural Youth for Self Employment (TRYSEM):

TRYSEM as a centrally sponsored scheme was launched by the Department of Rural Development on 15th August 1979. The programme had three objectives such as (i) Generation of additional gainful employment for the unemployed and underemployed persons, both men and women in the rural areas (ii) Creation of durable community assets for strengthening the rural infrastructure which will lead to rapid growth of rural economy and steady rise in the income levels of the rural poor (iii) Improvement in the nutritional status and living standard of the rural poor. TRYSEM aimed at providing training to 40 youths per block per annum and thus to train up at least two lakh rural youths every year in the country and enable them to avail themselves of facilities provided to generate opportunities for self employment. The duration of training was normally for 6 months and each trainee got stipend varying from Rs. 200 to Rs. 500 and a lump sum amount of Rs. 800 for purchasing tool kits. The share of the centre and states was on 50: 50 basis. During the eight five year plan period 15.28 lakh youths were trained under TRYSEM of which 34.16 percent took self employment and 15.05 percent wage employment. (the remaining
50.79 percent being unemployed) with an expenditure of Rs. 370.08 crores\textsuperscript{59}. In 1999 the programme has been merged in to new scheme, SGSY.

2.2.10: Development of Women and Children in Rural Areas (DWCRA):

DWCRA as a sub scheme of IRDP was first introduced in 1978 as a pilot project in 50 selected districts in the country and subsequently extended to all districts in the country by 1994-95. It aims at not only raising the income of rural women of poor households but also enabling organised participation of group of women in the programme of credit, skill training and infrastructure support for self employment of rural women, who can’t take up economic activities individually on their own. For this scheme, promoted by the Central Government with the cooperation of UNICEF, the expenditure was shared equally by the Central Government, the State Government and UNICEF. Till 1996-97 a total of 187918 DWCRA groups were formed with an expenditure of Rs.248.95 crores\textsuperscript{60}.

2.2.11: Supply of Improved Toolkits to Rural Artisans (SITRA):

SITRA was launched as a sub scheme of IRDP in 1992 with the objectives of enabling the rural artisans below poverty line to enhance the quality of their products, increase their production and income and ensure a better quality of life with the application of improved tools. Under this scheme 50 percent of beneficiaries should be from SC/ST communities. Wherever SC/ST persons were not available, the DRDA could decide to allocate the percentage meant for them to other categories of artisans. This programme has also been merged in to SGSY.

\textsuperscript{60} Ibid pp15,16,49
2.2.12: Jawahar Rozgar Yojana (JRY):

This scheme was launched on April 1, 1989 as a centrally sponsored scheme by merging NREP and RLEGP. The primary objective of the scheme is to generate additional gainful employment on productive work for the unemployed and underemployed rural people. The secondary objectives are creation of sustained employment by strengthening the rural economic infrastructure, creating commercially viable social assets, creating assets in favour of the rural poor for their direct and continuing benefits, generating a positive impact on wage level and overall improvement in the quality of life in rural areas. Preference is to be given to Scheduled Caste, Scheduled Tribes and Freed Bonded Labourers. Initially JRY had two sub themes (i) Indira Awas Yojana for construction of houses for SC/ST and freed bonded labourers and (ii) Million Wells Scheme (MWS) for the development of the well irrigation for the benefit of the SC/ST. Later on these two sub themes were separated from it.

The distinctive feature of JRY is that it is implemented by GPs. DRDA/ZP receives funds from the union/state governments and release the fund to different Gaon Panchayats based on criteria set out in JRY guidelines. The criteria for allocation of resources to the states, backwardness, population of scheduled castes and scheduled tribes and agricultural productivity, while at the village level it was only population. According to official statistics up to 1998-99, a total outlay of Rs. 23,230 crores was allocated for JRY and 7,236 million mandays of employment was generated. However the utilisation of funds under JRY was lower than the allocation owing to

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61 Kunjukunju, and Mahanan .op.cit.p59.
inadequate attention paid by the State Government and the local administration to the scheme. JRY was restructured and streamlined with effect from April 1999 and renamed Jawahar Gram Samridhi Yojana (JGSY).

2.2.13: Swarnajayanti Gram Swarojgar Yojana (SGSY) :

Swarnajayanti Gram Swarojgar Yojana (SGSY) is the single self employment programme for the rural poor launched with effect from 1st April 1999 by replacing the earlier self employment programmes for the poor viz, IRDP, DWCRA, TRYSEM MWS and SITRA. The objective of SGSY is to bring the assisted poor families (swarozgaris) above the poverty line by providing them income generating assets through a mix of bank credit and Government subsidy. SGSY aims at establishing a large number of micro enterprises in the rural areas, building upon the potential of the rural poor. It is rooted in the belief that rural poor in India have competences and given the right support can be successful producers of valuable goods and services. Below the poverty line families in rural areas constitute the target group of the SGSY. Within the target group, special safeguards have been provided to vulnerable sections by way of reserving 50 percent benefits for SCs/STs, 40 percent for women and 3 percent for disabled persons.

Assistance under the SGSY to individual Swarozgaries or Self Help Groups is given in the form of subsidy by the Government and credit by the banks. Subsidy under the SGSY to individual is uniform at 30 percent of the project cost subject to a maximum of Rs. 7,500/-. In respect of SCs/STs, the subsidy is 50 percent of the project cost subject to a maximum of Rs. 10,000/-. For groups of Swarozgaries, the subsidy is 50 percent of the cost of the scheme subject to a ceiling of Rs. 1.25 lakh.
There is no monetary limit on subsidy for irrigation projects; subsidy is back ended. The SGSY is financed on 75:25 cost sharing basis between the centre and states. The SGSY is being implemented by the DRDAs with the active involvement of Panchayati Raj Institutions (PRIs), the banks, the Line Departments and the Non Government Organizations (NGOs).

The subsidy under SGSY is uniform at 30 percent of the project cost subject to a maximum of Rs. 7500/-. In respect of SC/ST the subsidy will be 50 percent subject to a maximum of Rs. 10000. For group loans subsidy will be at 50 percent of the cost of the scheme subject to a ceiling of Rs 1.25 lakh.

Between April 1999 and March 2006 an amount of Rs. 8223.20 crores were allocated for this programme out of which Rs. 7494.75 crore (91 percent) were utilised. The percentage of utilisation to the funds available has increased from 49 percent during 1999-2000 to 89 percent in 2005-06. Table 2.2 shows the physical achievements of SGSY since its inception and financial physical progress of SGSY since April 1999.

Up till now SGSY seems to be the best tool to eradicate poverty in rural India. Prompt recovery of loans has become an important aspect of this scheme and this aspect in its turn reflects the success of the self employment programme.

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Table 2.2

Physical and Financial Progress of SGSY Since April 1999

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<td>950078</td>
<td>1740917</td>
<td>1863565</td>
<td>1863565</td>
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<tr>
<td>Total No of SHGs taken up economic activities</td>
<td>29017</td>
<td>30576</td>
<td>50574</td>
<td>68532</td>
<td>309074</td>
</tr>
<tr>
<td>SHGs Swarozgaries assisted</td>
<td>347912</td>
<td>364676</td>
<td>576639</td>
<td>587555</td>
<td>3192386</td>
</tr>
<tr>
<td>Individual Swarozgaries assisted</td>
<td>585956</td>
<td>572792</td>
<td>319785</td>
<td>267285</td>
<td>3110391</td>
</tr>
<tr>
<td>Total No of Swarozgaries assisted</td>
<td>933868</td>
<td>937468</td>
<td>896424</td>
<td>854840</td>
<td>630277</td>
</tr>
<tr>
<td>Total funds made available</td>
<td>1961.97 crores</td>
<td>1299.55 crores</td>
<td>1214.13 crores</td>
<td>1396.18 crores</td>
<td>10057.04 crores</td>
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</table>


2.2.14 National Rural Employment Guarantee Scheme (NREGS):

In August 2005, the Indian Parliament passed the National Rural Employment Guarantee Act (NREGA), one of the independent India’s ambitious interventions to address rural poverty and empower rural poor. The NREG follows a set of legally enforceable employment norms. Its aim is to end the problem of food security, empower village community and create useful assets in rural areas. It is based on the assumption that every adult has a right to basic employment opportunities at the statutory minimum wage. Under the scheme one member of every poor rural family is guaranteed 100 days of work at the minimum wage of 60 a day. All rural poor families (BPL families) are eligible for applying for job card. One third of the beneficiaries must be women. Panchayats at district, intermediate and village levels identify and
monitor the project together with a programme officer. In the year 2007-08, 3.39 crore households were provided employment and 143.5 crore person days were created in 330 districts. In 2008-09 up to July 253 crore households have been provided employment 86.29 crore person days have been generated.63

2.2.15: Prime Minister’s Rozgar Yojana (PMRY):

The objective of the scheme Prime Minister’s Rozgar Yojana was to assist the educated unemployed youth from rural and urban areas, in taking up both farm and non-farm activities. The youth in the age group of 18 to 35 years belonging to families whose annual income was less then Rs. 40000 per annum were eligible for assistance under the scheme. Subsidy of @ 15 percent of the project cost subject to a maximum of Rs. 7500 per person was available. The maximum loan assistance per person was Rs. 1 lakh. From 1999-2000 the maximum subsidy limit was revised to Rs. 15000 for North Eastern states and the maximum loan assistance was also revised upward to Rs. 2 lakh in the case of service and industrial activities. The scheme envisaged reservation of 22.5 percent and 27 percent loan cases for SC/ST, and OBC beneficiaries respectively. District level Task Force Committee has been setup to scrutinize the loan application and District Industries Centre (DIC) sponsored the applications to banks for financial assistance.

2.2.16: Programmes implemented under Khadi and Village Industries Commission:

Khadi and Village Industries Commission (KVIC) seeks to plan, promote, organize and assist in the establishment and development of Khadi and

63 Government of India, Ministry of Information and Broadcasting -(2010) India 2010, P 843
Village industries in rural areas in coordination with other agencies engaged in rural development, where necessary. The important schemes implemented by KVIC are (i) Rural Employment Guarantee Programme (REGP) (ii) Prime Ministers Employment Generation Programme (PMEGP) (iii) Interest Subsidy Eligibility Certificate Scheme (ISEC) and Rebate Scheme.

(i) **The Rural Employment Generation Programme (REGP):** The Rural Employment Generation Programme had been implemented by KVIC to generate additional employment opportunities in rural areas through setting up of micro enterprises, thereby helping in reduction in migration of people from rural to urban areas. Banks sanctioned loan of 90 percent of the project cost in case of general category borrowers and 95 percent in case of weaker section beneficiaries. Since the commencement of the REGP, 2.62 lakh units have been assisted generating an estimated 39.68 lakh additional job opportunities up to 31st March 2007.

(ii) **Prime Minister’s Employment Generation Programme:** The PMEGP was introduced on 15th August 2008 by merging PMRY and REGP to ensure inclusive society identifying the potential entrepreneurs, preparing project profiles and ensuring hassle free loans by banks. It is a credit linked subsidy scheme and the beneficiary is required to invest his own fund equal to 10 percent of the total project cost (5 percent in case of SC/ST). The remaining 90 percent (95 percent in case of SC/ST) of the project cost is granted by banks specified under the scheme. Beneficiaries are refunded a certain amount of loan (25 percent for general and 35 percent for weaker section in rural areas).

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64 Khadi and Village Industries Commission, Chapter v – in http://msme.gov.in/chapter percent205
(iii) Interest Subsidy Eligibility Certificate Scheme (ISEC): The Interest Subsidy Eligibility Certificate Scheme is the major source of funding for the Khadi programme. It was introduced in May 1977 to mobilize funds from banking institution to fill the gap in the actual fund requirement and its availability from budgetary sources. Under the ISEC Scheme credit at the concessional rate of interest of 4 percent for capital expenditure as well as working capital is given as per the requirement of the institutions

2.2.17: Kisan Credit Card Scheme:

Kisan Credit Card Scheme was introduced in August 1998 to facilitate the farmers easy and timely access to adequate short term credit for purchasing farm inputs while conducting seasonal agricultural operations for raising crops. Now the scheme has been extended to cover tenant farmers, oral lessees, and the farmers to redeem debt from informal sources, besides providing long term as well as consumption credit. The credit limit to farmers is fixed on the basis of their credit worthiness. KCC scheme has made swift progress since its inception with the banking sector issuing more than 642.49 lakh cards with cumulative credit of Rs.111459crores sanctioned up to December31, 2006.65 The implementation has been taken up by all the commercial banks, Co-operative banks and Regional Rural Banks throughout the country.

2.2.18: Schemes for Scheduled Caste and Scheduled Tribe Development:

The Central and state government have taken various steps for upliftment of the economic condition of the scheduled caste and scheduled tribe population through

various government sponsored programmes. Despite these efforts the economic and social development of this section of the population has not come up to the desired level. In order to quicken the pace of development, government of India had launched special projects/programmes for SC and ST people.

2.3: Implementation of Rural Development Programmes in the District of Jorhat:

Nestled amidst the mighty Brahmaputra River in the North and the pristine Naga Hills in the South, the vast plains of the Jorhat district lies. The old Sibasagar district with administrative headquarter at Jorhat was balkanized in to Golaghat, Jorhat and Sibasagar districts subsequently in 1987\(^66\) and Jorhat as a district came into existence. The district is basically a rural district. As per 2001 census a total of 827901 rural people live in 853 villages of the district. It constitutes 82.85 percent of the total population of the district. Different rural development programmes of the government have been implemented in the district through a network of eight development blocks functioning in the rural areas of the district. The followings are the schemes implemented in the district.

2.3.1: Implementation of Integrated Rural Development Programme (IRDP):

The Integrated Rural Development Programme was undertaken in the undivided Sibasagar district during 1981-82 and there were only 825 beneficiary families under this scheme in that year while the number was 6495 for the state of

\(^{66}\) http://www.wikipedia.com/JorhatDistrict. (Downloaded on 15-05-2011 at 2:30:45)
Assam as a whole. Table 2.3 shows the physical achievement under IRDP since 1991 in Jorhat district.

Table 2.3 shows the achievement under IRDP in Jorhat district as well as in Assam. It is seen that IRDP had made a steady progress in Jorhat district. In case of target achievement in the three consecutive years from 1992-93 to 1994-95 the performance in the District of Jorhat was quite praiseworthy, as the achievement was well ahead of the target.

<table>
<thead>
<tr>
<th>Year</th>
<th>No of Beneficiaries in Jorhat District</th>
<th>Target</th>
<th>Achievement</th>
<th>percentage of Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-92</td>
<td></td>
<td>2631</td>
<td>92</td>
<td>3.50</td>
</tr>
<tr>
<td>1992-93</td>
<td></td>
<td>1689</td>
<td>1910</td>
<td>113.03</td>
</tr>
<tr>
<td>1993-94</td>
<td></td>
<td>2522</td>
<td>2590</td>
<td>102.70</td>
</tr>
<tr>
<td>1994-95</td>
<td></td>
<td>2061</td>
<td>2899</td>
<td>140.66</td>
</tr>
<tr>
<td>1996-97</td>
<td></td>
<td>1931</td>
<td>1159</td>
<td>60.02</td>
</tr>
<tr>
<td>1997-98</td>
<td></td>
<td>1644</td>
<td>1153</td>
<td>70.13</td>
</tr>
</tbody>
</table>

Source: Statistical Handbook of Assam for Different Years

2.3.2: Jawahar Rozgar Yojana (JRY):

Implementation of the Jawahar Rozgar Yojana was quite encouraging in Jorhat district. Year wise data for the eight years starting from 1989-90 on the targets and achievement show that except for three years physical achievement under JRY was ahead of the targets. From the very inception of the programme in 1989-90 to

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Statistical Handbook of Assam, 1983.
1997-98 a total of 58.25 lakh man days were created in the district. To say, the scheme was implemented and executed up to the desired level.

**Table 2.4**

Physical Achievement under JRY since 1989-90

<table>
<thead>
<tr>
<th>Year</th>
<th>Target (in lakh mandays)</th>
<th>Achievement (in lakh mandays)</th>
<th>percentage of Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>4.28</td>
<td>4.42</td>
<td>103.2</td>
</tr>
<tr>
<td>1990-91</td>
<td>5.02</td>
<td>5.25</td>
<td>104.96</td>
</tr>
<tr>
<td>1991-92</td>
<td>7.48</td>
<td>7.84</td>
<td>104.81</td>
</tr>
<tr>
<td>1992-93</td>
<td>4.58</td>
<td>4.19</td>
<td>91.48</td>
</tr>
<tr>
<td>1993-94</td>
<td>7.48</td>
<td>7.84</td>
<td>104.81</td>
</tr>
<tr>
<td>1994-95</td>
<td>8.52</td>
<td>8.65</td>
<td>101.52</td>
</tr>
<tr>
<td>1995-96</td>
<td>9.0</td>
<td>8.95</td>
<td>99.44</td>
</tr>
<tr>
<td>1996-97</td>
<td>10.03</td>
<td>7.40</td>
<td>73.78</td>
</tr>
<tr>
<td>1997-98</td>
<td>3.83</td>
<td>3.71</td>
<td>96.87</td>
</tr>
</tbody>
</table>

Source : Statistical Handbook of Assam for different years from 1990-91 to 1999-2000

2.3.3: Training of Rural Youth for Self Employment (TRYSEM):

TRYSEM was also introduced in the then undivided Sivasagar district in 1983. Table 2.5 gives an overview of year wise achievement under TRYSEM in Jorhat district since 1992-93. Available data on the physical achievement under TRYSEM shows that achievements have been stepped up to increase the coverage from 555 youths in 1992-93 to 2590 youths in 1993-94 and then year wise total number of youths trained has declined to 429 in 1994-95 and 379 in 1997-98. Still in almost all the years physical targets had been achieved.
Table 2.5

Physical Achievement under TRYSEM in Jorhat District

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Youths Trained</th>
<th>Percentage of Achievement (Youths Trained)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>381</td>
<td>555</td>
<td>145.67</td>
</tr>
<tr>
<td>1993-94</td>
<td>2522</td>
<td>2590</td>
<td>102.70</td>
</tr>
<tr>
<td>1994-95</td>
<td>429</td>
<td>429</td>
<td>100.00</td>
</tr>
<tr>
<td>1995-96</td>
<td>400</td>
<td>340</td>
<td>0.85</td>
</tr>
<tr>
<td>1996-97</td>
<td>319</td>
<td>238</td>
<td>74.61</td>
</tr>
<tr>
<td>1997-98</td>
<td>351</td>
<td>379</td>
<td>115.00</td>
</tr>
</tbody>
</table>

Source: Statistical Handbook of Assam for different years from 1993-94 to 1999-2000

2.3.4: Swarnajayanti Gram Swarojgar Yojana (SGSY):

From the year 1999 the Swarnajayanti Gram Swarajgar Yojana has been being implemented in Jorhat District though the implementation of the scheme is slow in the district. Government of India guidelines on SGSY envisages that efforts should be made to ensure that broadly 30 percent of the rural poor are covered in 5 years from the launching of the programme in 1999. To achieve the objective though the DRDA and banks are making concentrated and coordinated efforts but the implementation of the programme is not up to the expectation. The block wise key activities identified by DRDA for support under SGSY are as follows:

(a) **Jorhat**: dairy, poultry, goatery, sericulture, irrigation, weaving, farm mechanization

(b) **East Jorhat**: dairy, poultry, piggery, goatery, sericulture, irrigation, weaving, farm mechanization, cane and bamboo industries
(c) **Central Jorhat**: piggery, goatery, dairy, poultry, tea plantation, sericulture, fisheries, irrigation, weaving

(d) **North West Jorhat**: piggery, goatery, dairy, poultry, farm mechanization, handloom, fisheries, irrigation

(e) **Titabor**: tea plantation, weaving, sericulture, bee keeping, pig rearing, goatery, dairy, poultry, fruit, orchard, farm mechanization, irrigation

(f) **Kaliapani**: piggery, goatery, dairy, poultry, sericulture, fruit garden, fisheries, handloom

(g) **Majuli Block**: piggery, goatery, dairy, poultry, farm mechanization, irrigation, cane and bamboo industries, weaving, SRWTO (speed boat, auto rickshaw etc)

(h) **Ujani Majuli**: piggery, goatery, dairy, poultry, farm mechanization, irrigation, cane and bamboo industries, weaving, Surface Road Water Transport Operation (SRWTO-speed boat, auto rickshaw etc)

The year wise data given in Table 2.6 depict that number of groups getting assistance under this scheme is steadily increasing but not at a uniform rate. The years like 2003-04, 2007-08 showed a good performance.
Table 2.6
Implementation of SGSY in the District of Jorhat

<table>
<thead>
<tr>
<th>Year</th>
<th>No of Groups Getting Revolving Fund</th>
<th>Amount of Revolving Fund Released</th>
<th>No of Groups and Individual Getting Subsidy</th>
<th>Amount of Subsidy Released (Rs. in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>51</td>
<td>2.55</td>
<td>269</td>
<td>21.03</td>
</tr>
<tr>
<td>2001-02</td>
<td>2007</td>
<td>17.25</td>
<td>310</td>
<td>55.36</td>
</tr>
<tr>
<td>2002-03</td>
<td>193</td>
<td>19.3</td>
<td>72</td>
<td>76.48</td>
</tr>
<tr>
<td>2003-04</td>
<td>910</td>
<td>70.35</td>
<td>491</td>
<td>161.35</td>
</tr>
<tr>
<td>2004-05</td>
<td>304</td>
<td>25.02</td>
<td>464</td>
<td>105.36</td>
</tr>
<tr>
<td>2005-06</td>
<td>715</td>
<td>61.62</td>
<td>224</td>
<td>96.24</td>
</tr>
<tr>
<td>2006-07</td>
<td>1008</td>
<td>75.2</td>
<td>683</td>
<td>148.36</td>
</tr>
<tr>
<td>2007-08</td>
<td>1760</td>
<td>113.66</td>
<td>755</td>
<td>217.41</td>
</tr>
<tr>
<td>2008-09</td>
<td>547</td>
<td>27.16</td>
<td>187</td>
<td>67.47</td>
</tr>
<tr>
<td>Total</td>
<td>5695</td>
<td>412.11</td>
<td>3455</td>
<td>949.08</td>
</tr>
</tbody>
</table>

Source: DRDA, Jorhat

2.3.5: Implementation of Prime Minister’s Rozgar Yojana (PMRY) in Jorhat District

Prime Minister’s rozgar Yojana (PMRY) is another important Government sponsored scheme implemented in the district. In the district the District Industry Centre (DIC) had been implementing the scheme with the objective to encourage self employment among rural and urban youths. Individuals/SHGs of ten members / Joint Ventures in 18-35 age group having annual income less than one lakh could apply for the loan under PMRY. In the district DIC has been sponsoring a large number of cases always more than the target given since 2001-02 (details will be given in chapter IV). Of course the rural bank branches have been showing reluctance to finance all those
proposals due to poor recovery (hardly 10-12 percent). Besides, sponsoring agency also lacked care in selection of beneficiaries and identification of appropriate schemes. Delay in releasing the subsidy also discouraged banks to finance the schemes. However the programme has been discontinued since 2008-09.

2.3.6: KVIC Margin Money Assistance Scheme:

In order to generate employment in rural areas of the district of Jorhat Margin Money Assistance Scheme has been implemented by Khadi and Village Industry Commission (KVIC). Under the scheme loans are advanced to individuals/institutions/cooperative societies / trust / SHGs for setting up of village industries in rural areas. 25 percent (30 percent for weaker section) subsidy is given for project up to Rs. 10 lakhs, 2.5 lakhs + 10 percent of the cost in excess of Rs. 10 lakhs up to Rs. 25 lakhs. In spite of several concessions the scheme was not found popular in the district. Since 2001 big targets were placed before the sponsoring agency as well as the banks for finance, but during six years from 2001-02 to 2007-08 only 383 proposals were sanctioned by the banks in the district whereas the total number of sponsored cases was 842.

2.3.7: Kisan Credit Card Scheme (KCC):

The Kisan Credit Card is an ongoing scheme which is envisaged to gradually replace the traditional system and procedures in the issue of short term crop loan. In Jorhat district all the rural bank branches have been advancing short term loan to farmers in compliance with the govt. policy. During the period since 2001 it has been observed that advance under KCC scheme has been steadily increasing though not in a uniform rate. Recovery of the loans under KCC scheme is very bad. Due to non
repayment of loan the farmers hesitate to approach the bank again even though their loans have been waived. Banks also hesitate to issue fresh KCCs.

In the foregoing discussion an attempt has been made to analyse the various rural development programmes implemented in India as well as in Jorhat district. India has been implementing a large number of rural development programmes aiming at removal of poverty and unemployment in rural areas of the country ever since the beginning of planning for rural development started with the Community Development Programme launched in 1952. Different Governments have modified, supplemented and complemented the rural development policies and programmes. But the desired result is yet to be achieved. Experiences of a prolonged journey in the path destined at socio economic upliftment of the rural poor make us to feel that in any programme for raising production and the volume of employment in rural areas cheap, adequate and timely availability of credit is urgently required. Therefore banks have been accorded a very important role in the development process of the rural economy. In the following chapter an attempt has been made to review the emergence of rural bank branches and their role in managing rural development programmes.

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