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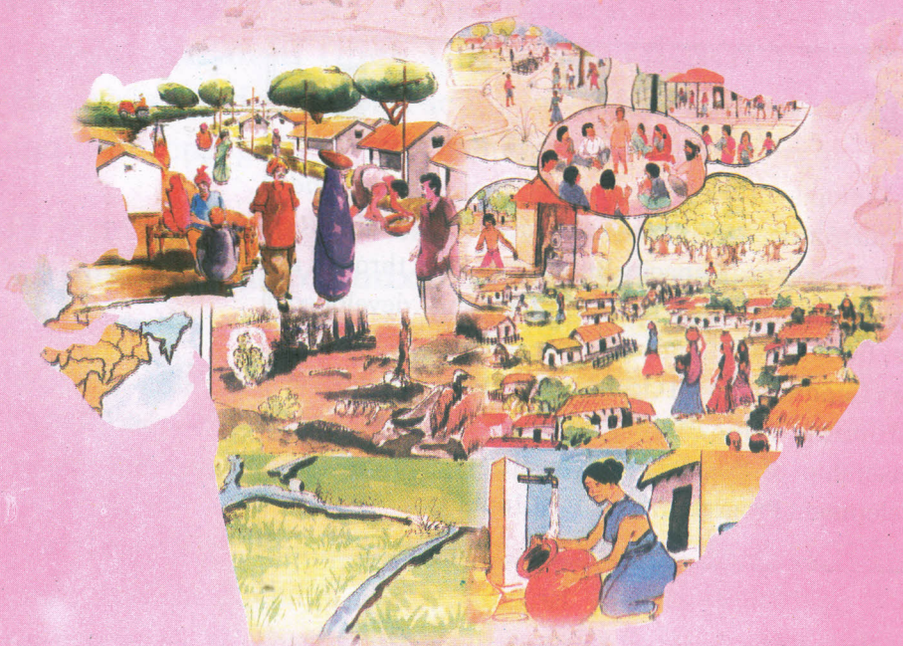
BPR-003
Panchayati Raj Institutions and Anti-Poverty Programmes



Other Development Programmes

2

"शिक्षा मानव को बन्धनों से मुक्त करती है और आज के युग में तो यह लोकतंत्र की भावना का आधार भी है। जन्म तथा अन्य कारणों से उत्पन्न जाति एवं वर्गगत विषमताओं को दूर करते हुए मनुष्य को इन सबसे ऊपर उठाती है।"

–इन्दिरा गांधी

The Diploma in Panchayat Level Development and Administration was sponsored under IGNOU-MOPR-UNDP Project on "Capacity Building of PRIs through a Multi-Mode Training Intervention" and developed under the School of Continuing Education (SOCE) of the Indira Gandhi National Open University. The School of Continuing Education gratefully acknowledges sponsorship of this Diploma by the United Nations Development Programme (UNDP), India.

"Education is a liberating force, and in our age it is also a democratising force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances."

-Indira Gandhi

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BPR-003
Panchayati Raj Institutions and Anti Poverty Programmes

Block

2

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* Borrowed from MARD Programme of SOCE, IGNOU, and updated.

PRINT PRODUCTION

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June,2015 (Reprint)

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ISBN – 978-81-266-5140-5

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Further information about the School of Continuing Education and Indira Gandhi National Open University courses may be obtained from the University's Office at Maidan Garhi, New Delhi-110068 or at www.ignou.ac.in
Printed and published on behalf of the Indira Gandhi National Open University, New Delhi, by Prof. M. Aslam Director, School of Continuing Education, IGNOU, New Delhi.

Printed at Millenium Offset Pvt. Ltd. A-49, Phase-I, Naraina Indl. Area, New Delhi-110028

BLOCK 2 OTHER DEVELOPMENT PROGRAMMES

Block Introduction

The course (3) on "Panchayati Raj Institutions and Anti Poverty Programme" comprises of three blocks. The first block is related to "The Programmes for Self & Wage Employment and Rural Housing". The second block is about the "Other Development Programmes" and the third block deals with the "Area Based and Other Related Programmes".

This block 2 on "Other Development Programmes" consists of three units. These are: **1) Backward Region Grant Fund (BRGF), 2) Prime Minister's Rozgar Yojana (PMRY) and 3) Rashtriya Mahila Kosh (RKM).** The first unit on Backward Region Grant Fund (BRGF), deals with the development of Backward Region across the states. The basic objective of the programme is to redress the regional imbalances existing in the infrastructure development across the states. For the implementation of the programme, funds are made available for supplementing and converging existing developmental inflows for the development of the identified districts. The second unit is on "Prime Minister's Rozgar Yojana (PMRY)". The main objective of the programme is to generate gainful mass employment opportunities through micro enterprises in industry, service and business sectors. The scheme basically aims at providing self-employment to educated unemployed youth. The third unit deals with the "Rashtriya Mahila Kosh" (RKM) programme. The major objective of the programme is to facilitate credit support or micro-finance to poor women, as an instrument of socio-economic change and development. The RMK mainly channelises its support through Non-Governmental Organisations, Women Development Corporations, Women Cooperative Societies, Indira Mahila Block Samities under the Indira Mahila Yojana and suitable State Government agencies.

For the easy and simple reading each unit is divided into sections and sub-sections. It would enable you to understand the basic problem related to "other development programmes" across the states. You will also learn about procedural hurdles faced by the implementing agencies and the role of panchayats in implementation of these programmes.

In the units we have provided you with the self-check exercises in the form of "check your progress" with the possible answers at the end of each unit. We hope that after a careful reading of the block you will be able to understand all these programmes along with the explanations.

UNIT 1 BACKWARD REGION GRANT FUND (BRGF)

Structure

1.0 Objectives

1.1 Introduction

1.2 Objectives of BRGF

1.3 Salient Features of the Scheme

1.4 Components of BRGF

1.5 Training and Capacity Building under BRGF

1.5.1 Preferred Focus on Provision of Trained Community Level Workers at Each Gram Panchayat

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1.7.1 Role of Panchayati Raj Institutions (PRIs)

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1.8.2 Special Treatment for the States not Covered by the PRIs

1.8.3 Fund Flow Mechanism and Tracking of Funds.

1.9 Monitoring of BRGF

1.10 Let Us Sum Up

1.11 Key Words

1.12 References and Suggested Readings

1.13 Check Your Progress – Possible Solutions/Answers

1.0 OBJECTIVES

On completing this unit, you should be able to:

- State the rationale behind the Backward Region Grant Fund (BRGF);
- describe the main components of the BRGF;
- analyse the implementation of the BRGF;
- highlight the importance of the BRGF;and
- explain the monitoring aspect of the BRGF.

1.1 INTRODUCTION

The development of backward regions has been a major concern of planners in India. However, prior to the Tenth Plan, the issue of development of backward areas was approached as primarily one for development of States through the formula for distribution of Central Assistance which was weighed in favour of less developed States and through Special Area Programmes such as Hill Area Development Programme, Border Area Development Programme, Drought Prone Area Programme, Tribal Sub-Plan, and so on. The emphasis was on backwardness

in terms of economic performance, though the impact of historical and social factors in economic matters was also recognized. It was also observed that special development schemes should not be mere palliatives but the potential for growth present in most backward areas needs to be tapped if these schemes are to have an impact. The Mid-Term Appraisal of the Ninth Plan showed that despite these efforts, one of the most serious problems facing the country was the wide disparity and regional imbalances between States, and within a State between districts. It was these pockets of high poverty, low growth and poor governance that were slowing down the growth and development of the country. In the Tenth Plan, it was decided to have a new approach to target these areas through a specific programme for Backward Areas, and the Rashtriya Sam Vikas Yojana (RSVY) was introduced in 2003-04.

The Backward Region Grant Fund (BRGF) programme was launched by the Prime Minister of India at Barpeta in Assam on 19 February, 2007 to redress regional imbalances in development. The programme covers 250 districts in 27 states. To achieve the effective implementation of the programme, the existing scheme of Rashtriya Sama Vikas Yojana (RSVY) which was started with similar objectives covering 147 districts has been merged into the Backward Regions Grant Fund programme.

1.2 OBJECTIVES OF BRGF

The main objective of the programme is to redress the regional imbalances existing in the infrastructure development in general and rural development in particular, across the states. The specific objectives of the programme are to:

i) bridge critical gaps in local infrastructure and other development requirements that is not being adequately met through existing inflows.

ii) strengthen Panchayat and Municipality level governance with more appropriate capacity building, to facilitate participatory planning, decision making, implementation and monitoring, to reflect local felt needs,

iii) provide professional support to local bodies for planning, implementation and monitoring their plans and.

vi) improve the performance and delivery of critical functions assigned to Panchayats. It also aimed to counter the possible efficiency and equity losses on account of inadequate local capacity.

It is expected that the integrated development will take place with each district undertaking a diagnostic study of its backwardness by enlisting professional planning support. This will include the preparation of a baseline survey which can be used for undertaking evaluation at a later date. This will be followed by preparing a well-conceived participatory district development perspective plan to address this backwardness.

1.3 SALIENT FEATURES OF THE SCHEME

It is envisaged that the initiative in the shape of the Backward Region Grant Fund (BRGF) would mitigate regional imbalances, contribute towards poverty alleviation in backward districts, and promote accountable and responsive Panchayats and Municipalities.

The BRGF is being anchored in a well conceived, participatory district plan by implementation of programmes selected through peoples' participation for which PRIs from the village up to the district level are the authorities for planning and implementation. The dominant features include:

i) consolidation of sub-district plans by the District Planning Committees (DPC);

ii) convergence of all on-going Central Sector, Centrally Sponsored and State Plan Schemes operating at the sub district level;

iii) flexibility in the form of untied grants which may be used by Panchayats and Urban Local Bodies (ULBs) guided by transparent norms for filling critical gaps vital for development;

iv) capacity building grants for all stakeholders including professional support for preparation and consolidation of district plans;

v) empowerment of district-level local government institutions with adequate investments for social development such as education, health, food security, and so on;

vi) provision for specific social assistance programmes designed to deliver infrastructure and other financial support needed by them;

vii) concentration on pro-poor infrastructure with transparent norms for distribution of funds among various levels of rural and ULBs with focus on backward areas and disadvantaged people; and

viii) stress on development of assets and livelihood of the economically and socially weaker sections.

The scheme has two components, namely, (i) Districts Component which covers 250 districts and (ii) Special Plans for Bihar and the Kalahandi-Bolangir-Koraput (KBK) districts of Orissa. The Districts Component of BRGF covers 250 districts and has two funding windows, namely, (i) Capability Building Fund, and (ii) a substantially untied grant. The guidelines for BRGF already issued by the Ministry of Panchayati Raj in consultation with the Planning Commission contain detailed provisions for the processes of planning, capacity building, approvals and implementation of the district component.

In addition to the funding of the Districts Component of the programme, the Special Plans for Bihar and the KBK districts of Orissa, which were being funded under the erstwhile RSVY during the Tenth Plan, are also be funded under the BRGF during the Eleventh Five Year Plan.

The Special Plan for Bihar had been formulated, in consultation with the State Government of Bihar, to bring about improvement in sectors such as power, road connectivity, irrigation, forestry and watershed development. The prime emphasis has been laid on improvement of roads and power projects in the State under the Special Plan. An allocation of Rs 1000 crore per annum was made for the Special Plan during the Tenth Five Year Plan period. The same allocation, i.e., Rs 1000 crore per annum, expected to be made during the Eleventh Five Year Plan period.

The KBK region comprises the undivided Kalahandi-Bolangir-Koraput districts situated in the southern and western parts of Orissa which have since been divided into eight districts, namely, Kalahandi, Nuapada, Bolangir, Sonepur, Koraput, Nabrangpur, Malkangiri, and Rayagada. A Revised Long-Term Action Plan was drawn up for these districts and the Planning Commission has been providing ACA to this region since 1998-99. To make the planning and implementation process more effective, the Central Government has been funding a Special Plan for these districts since 2002-03 using a project based approach and an innovative delivery and monitoring system. The Special Plan focus is on tackling the main problems of drought proofing, livelihood support, connectivity, health and education as per local priorities. In the Eleventh Plan, the total allocation for the KBK districts is to be protected at Rs 250 crore per annum. These districts are expected to be funded as per the BRGF district norms and the balance will be provided under the Special Plan.

It has been decided to provide Rs 5820 crore per annum during the Eleventh Five Year Plan for the two components, that is, the Districts Component and the Special Plans for Bihar and the KBK districts of Orissa. The total provision for BRGF during the Eleventh Five Year Plan would be Rs 29100 crore. We will now turn to the components of BRGF.

1.4 COMPONENTS OF BRGF

People's participation is envisaged to be at the core of planning under BRGF. Therefore, programmes identified for implementation under the BRGF are be selected through peoples' participation, particularly through Gram and Ward Sabhas in the rural areas and Area Sabhas and Ward Committees in the urban areas. Participatory plans are to be prepared in each Panchayat and Municipality, which is expected to take into account all resources being spent in the area of the Panchayat, to cover the following: (a) Sectoral and district segments of the State Plan, (b) Centrally Sponsored Schemes (particularly Flagship programmes such as National Rural Employment Guarantee Programme, Sarva Shiksha Abhiyan, Midday Meals Programme, Drinking Water Mission, Total Sanitation Campaign, National Rural Health Mission, Integrated Child Development Services, and National Urban Renewal Mission).

The participatory plans prepared by each Panchayat and Municipality are to be consolidated into the district plan by the District Planning Committee. This is expected to reflect all the financial resources available in the district, and ensure their optimal use, without delay, diversion, duplication and leakage.

You will notice that one of the interesting features of BRGF is that if a district has to avail the assistance, each district has to undertake a diagnostic study of its backwardness. This is expected to be followed by a preparing of a well conceived participatory district development perspective plan to address the backwardness of the district. As per the Constitutional provision, the Panchayats at the village, intermediate and district level, are expected to undertake planning and implementation of the programme, Similarly, in the urban areas, (in conformity with the 74th Constitutional Amendment Act, Article 243 W and Article 243 ZD of the Constitution) the Municipalities are expected to plan and implement the programme in urban areas in the identified districts.

Check Your Progress I

Note: a) Write your answers in the space provided

b) Check your answers with the possible answers given at the end of the unit

1) What is Backward Region Grant Fund (BRGF)?

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2) What are the basic objectives of BRGF?

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3) What constitutional provisions were introduced for the implementation of BRGF?

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BRGF consists of two funding windows –

a) **A Capability Building Fund of Rs. 250 crore per annum**

These funds will be used primarily to build capacity in planning, implementation, monitoring, accounting and improving accountability and transparency. This could include arrangements for contracting and outsourcing.

b) **A substantially untied grant**

The allocation of these funds by Panchayats and ULBs will be guided by transparent norms and they will use these funds to address critical gaps in integrated development, identified through the participative planning processes cited in these Guidelines.

Budget allocation : A total provision of Rs.5800 crore has been made for the two components in the budget of 2009-10. Out of this allocation of Rs. 1130 crore has been provided in the demand for grants of the Ministry of Finance for the Special Plans deals with by the Planning Commission. The remaining amount of Rs. 4670 crore has been placed at the disposal of the Ministry of Panchayat Raj for the District component covering 250 districts.

Criteria for distribution of funds between districts

The substantially untied grants will be distributed among the districts concerned as follows:

a) Every district will receive a fixed minimum amount of Rs. 10 crore per annum.

b) 50% of the balance allocation under the Scheme will be allocated on the basis of the share of the population of the district in the total population of all backward districts.

c) The remaining 50% will be distributed on the basis of the share of the area of the district in the total area of all backward districts.

Formula for inter-se allocation of BRGF Fund

Each State will indicate the normative formula that will be used for the allocation of BRGF funds to each Panchayat and ULB (excluding capital cities/cities with a population of 1 million). The normative formula will consider:

a) The share of each local self-government institution category (Panchayats or Municipalities) within the district.

b) Within the overall allocation made for each category, the norms governing the inter-se share of each Panchayat or Municipality concerned.

Components that go into the formula may include

a) Any index that is prepared and accepted within the State which reflects backwardness or level of development.

b) Addressing specific district-wise priorities identified in the district envisioning exercise, as described in the guidelines of the Planning Commission on district planning.

c) A reasonable percentage of funds that may be separately earmarked as performance incentives, based on specified criteria.

Check Your Progress II

Note: *a) Write your answers in the space provided*

b) Check your answers with the possible answers given at the end of the unit.

1) What are the two components of BRGF?

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2) What are the works prohibited under BRGF?

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1.5 TRAINING AND CAPACITY BUILDING UNDER BRGF

The centralised planning could not achieved the desired results in terms of development. It was felt that there is a need of decentralized planning. The Plans should be designed in such a way that it should be based on the perceived need and real capacity in these areas to ensure utilization of resources within the specified timeframe to produce expected results. Therefore, BRGF focuses on implementation of the process of participative planning. Centrally sponsored schemes have specific sectoral objectives and targets. Backward Regions Grant Fund can be used to supplement these sectoral objectives through a comprehensive macro approach cutting across sectors and meeting inter sectoral requirements of the districts. For the participative planning the capacity of planning at district and lower level, i.e. block and village level is very important. Hence, there is need to build the planning capacity at the lowest level of planning unit. Keeping this in view, under BRGF programme, there is a provision of specific component pertaining to training and capacity building of the Panchayat Raj Institutions across all the three tiers.

1.5.1 Preferred Focus on Provision of Trained Community Level Workers at Each Gram Panchayat

Under the BRGF there would be a clear focus on building community capacities, particularly, in the approach to providing staff to the Gram Panchayat. In this context the Gram Panchayat may take action on the following lines:

a) *A trained community level person for agricultural extension*

This worker will be a multi-tasked functionary to provide knowledge inputs to the community on agriculture, water management, livestock development, post-harvest management and agri-business. Selection could be done by the local PRI.

b) *A gender empowerment community leader or volunteer*

This volunteer would act as a coordinator in the village and undertake activities for female literacy and micro finance. An elected woman panchayat representative could also be chosen as a gender coordinator. This coordinator will facilitate women at the panchayat level to organize themselves into SHGs, encourage them to register with Panchayats in case they are non-literate and engage any literate person to undertake literacy classes.

c) *Trained 'barefoot engineers' or creation of local engineering capacity*

At least one person per Panchayat may be trained in minor engineering repairs, such as electricity repair, repair of hand-pump, repair of agricultural pump sets etc.

d) *Support for Professional Planning*

Under BRGF there is provision to provide the professional support to local bodies for planning and implementation of their plans. In the first two years this support can have a focus on creation of RBHs in the handloom, handicrafts and rural industries sector and professionals in these areas may be linked to crafts-persons through mediation by local bodies.

Provision of Training

The objectives of the training component of Capability building are as follows:

a) Upgrading the knowledge and skills of all Panchayats and Municipalities elected representatives to better perform their responsibilities.

b) Orient key officials associated with functions devolved to Panchayats and who are working under or closely with them to effectively serve and facilitate the Panchayats in the performance of devolved functions.

c) Improve functioning of the Gram Sabha, particularly through building the capability of pressure groups such as SHGs and CBOs to participate more meaningfully.

Gap filling in local infrastructure linked to flagship programmes: Gap filling under the programme could be made sensitive to achieving a few selected objectives at the national level even as BRGF aims at filling gaps in local infrastructure. Key gaps in local infrastructure under Bharat Nirman on which BRGF could focus, at the option of the Panchayats, include the following:

a) Rural electrification, where intensive electrification of a village may be beyond what is proposed to be done from investment at the national level at present. Here PRIs could be motivated to take up intensive electrification by bringing a certain component of financial support to add to investment made through the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and for electrification of agricultural pump sets.

b) Adoption of appropriate technology options by Panchayats for drinking water supply in hilly and tribal areas, where conventional pump and pipe water supply is not able to deliver. These include gravity-fed systems and sanitary wells. Village Panchayats may be encouraged and provided support under BRGF to

take over standalone pipe water supply schemes and undertake system upgrading.

c) Augmenting Indira Awas Yojana, where the Bharat Nirman only meets a portion of the backlog in provision of new housing. If a particular DPC aims at making the district free of a housing problem and if the local PRIs see this as a priority, funds may be sourced for rural housing.

BRGF assistance may be preferentially linked to the above Bharat Nirman goals at areas such as rural roads, rural telephony and minor irrigation would have investments made available from other sources, such as PMGSY(for roads), GOI-USO fund (for rural telephony) and MGNREGA (for micro irrigation and field channels).

1.6 THE PLANNING PROCESS FOR BRGF

Each Panchayat or Municipality within the backward district concerned will be the unit for planning under BRGF. Plans prepared by each Panchayat or Municipality will be consolidated into the District plan by the District Planning Committee, constituted in accordance with Article 243ZD of the Constitution. The planning exercise will be done in accordance with the guidelines issued by the Planning Commission from time to time.

1.6.1 Ensuring the Inclusion of Disadvantaged Groups during the Consolidation of District Plans

In keeping with the 'Vision' set out in the Planning Commission's guidelines, during consolidation of plans, particular care shall be taken to ensure that the district plan addresses issues relating to SC/ ST development. In this direction, the following may be fully addressed:

(a) A separate sub-plan should be prepared, within the plan of each Panchayat and ULB, showing the scheme-wise allocations for SCs/STs.

(b) Schemes benefiting SCs/STs should be allocated funds at least in proportion to the population of these communities in the jurisdiction for which the plan has been prepared.

(c) Amenities such as schools, anganwadis, health centers etc. should be provided on priority in those villages that have a substantial SC/ST population.

1.6.2 Resources for Funding the Training Programme

Effective implementation of BRGF will require continuous and sustained building of the capability of all Stakeholders. An amount of Rs. 250 crore per annum is especially earmarked under BRGF for capability building of Panchayats. The allocation of funds for each State is calculated at the rate of Rs. 1 crore per BRGF district in that State. In addition, funds may be earmarked for certain aspects of capability building from the development grant for the district.

1.7 ROLE OF PANCHAYATI RAJ INSTITUTIONS (PRIs)

The Panchayats, Municipalities and DPC constituted in accordance with Part IX and IX-A of the Constitution would undertake the management of the programme. No special bodies, management committees, societies etc. shall be set up for implementing the Scheme at any Panchayat level or ULB level. In order to facilitate special attention for the supervision, management and monitoring of the programme,

Standing Committees constituted within such bodies under legal provisions may be strengthened for the purpose.

In addition, the State Government shall take the following steps in this regard: The implementation of the works should be by the Panchayats and Municipalities at the appropriate level, in accordance with the respective activity mapping exercise undertaken. The principle of financial subsidiarity will need to be followed, by which even if a higher level of Panchayat, such as a District or Intermediate Panchayat sanctions a work of a value less than a prescribed floor limit, it transfers the money allocated for that work to the Gram Panchayat concerned for implementation. In case the works are outside the domain of the Panchayats and Municipalities, the DPC may decide the implementing department/agency and get the works executed through them with clear powers of monitoring and supervision with the Panchayat(s) concerned.

1.7.1 Role of Panchayati Raj Institutions (PRIs)

The Panchayats at the village, intermediate and district level will undertake planning and implementation of the programme in rural areas. Since the programme is oriented towards the preparation of decentralized district plans through participatory planning at the local level the institutes of local-self governments like PRIs in rural areas and the Municipalities in urban areas have assumed very important role in the implementation of the programme. The PRIs would help in planning and implementation of the programme, through the participative preparation of district plans from the bottom upwards in rural areas and the similar responsibilities would be discharged by the ULBs in urban areas.

1.8 PLANNING AND IMPLEMENTATION OF THE PROGRAMME

The programme is proposed to be planned, implemented and managed by the Panchayats, Municipalities and District Planning Committees constituted as per the constitutional provisions.

1.8.1 Approval at the State Level

The State government may designate a department, preferably the department of Panchayati Raj as the nodal department at the State level, responsible for the management, monitoring and evaluation of the programme.

A High-Powered Committee headed by the State Chief Secretary and consisting of inter alia, the Development Commissioner, Planning Secretary, State Secretary of Panchayati Raj, State Urban Development Secretary, State Secretaries in charge of sectors under which works are going to be taken up under the programme, a representative of the Ministry of Panchayati Raj and the State Plan Adviser of the Planning Commission as well as other Government of India nominees deemed to be necessary, shall consider and approve the proposed District Plans to be taken up under the District Window of the BRGF as also the Training Plan. The Secretary of the nodal department shall be the Member Secretary of the High Powered Commiittee (HPC).

The Nodal Department will also be responsible for maintaining a computerized database of all Panchayats in BRGF districts, including a database of Panchayat Bank Accounts to which BRGF developmental grants will be credited. The cell will also maintain details of Utilization Certificates from each Panchayat.

1.8.2 Special Treatment for the States not Covered by the PRIs

Some of the special categories states such as Jammu & Kashmir, Assam, Manipur,

Meghalaya, Mizoram, Nagaland and Tripura, where in place of or in addition to Panchayats, traditional village level bodies and institutions are functioning and discharging their responsibilities in the form of grass-root level local self-government institutions. Therefore, special provisions are made under the BRGF guidelines to include the districts of these special category states. In these districts the participatory planning and the implementation of the BRGF programme would be done by these traditional village and block level bodies/institutions.

1.8.3 Fund Flow Mechanism and Tracking of Funds

All the funds under the BRGF would be transferred to the Consolidated Funds of the State Governments. The State Governments would further transfer the funds earmarked for the Panchayats to their bank accounts within 15 days of the release of funds. The States should lay the emphasis on the bank transfer. At the end the State Governments should submit bank account details of all the Panchayats to the Government of India.

Fund flow mechanism: All funds will be transferred to the Consolidated Funds of State governments. Those funds that are to be transferred to Panchayats and Municipalities by the State Governments will be transferred to their bank accounts, following the same stipulations as prescribed for the devolution of 12th Finance Commission Grants, namely, within 15 days of the release of funds to the Consolidated Fund. From the State level, the funds will be directly deposited into the bank accounts of the Panchayat or Municipality concerned, using the mechanism of bank transfers suggested by the Task Force of the Ministry of Panchayati Raj to study the feasibility of rapid transfer of funds through banks to Panchayats. Bank account details of all Panchayats would be furnished by State Governments concerned as sought for already by the Ministry of Panchayati Raj

Release of funds: Funds will be released immediately by the Panchayats on the sanction of the works either in full or in installments as may be decided by the Panchayat concerned, in accordance with procedures prescribed for clearance of such payments. The Implementing Agencies which fail to render the accounts and Utilisation Certificate for the funds released earlier should not be considered for implementation of new works and release of further funds. Diversion of resources from one District to another is not permitted.

Opening of Bank Accounts: BRGF funds shall be kept in a nationalized bank or a Post Office in a bank account by the Panchayats concerned. It is desirable to open a separate bank account for BRGF but not mandatory, provided a separate Cash Book is maintained for the scheme.

Utilization of Interest Earned on Deposits: The interest amount accrued on the deposits shall be treated as additional resources under the BRGF and should be utilized as per the guidelines of the Programme.

Drawing of funds: Drawing of funds by Panchayats and Municipalities shall be as per the existing practice detailed in the finance and accounts rules prescribed by the State Government, enacted under the relevant provision of the State Panchayati Raj Act. Withdrawal of funds for making payments towards the works undertaken by the Executing Agencies will be through cheques and as prescribed by in the rules and departmental manuals concerned. Drawal of funds for any other purpose shall not be permitted.

Maintenance of Accounts: Each Panchayat and Municipality shall be responsible for maintenance of accounts of the funds allocated to them. These accounts can be consolidated by the District Panchayat in respect of Panchayats and presented to audit. Similarly, any executing agency entrusted with funds under the programme would also maintain separate accounts, which shall be submitted to audit. The State shall provide adequate manpower and resources to all Panchayats and

Municipalities to maintain the accounts for the programme. Such support may be pooled at the Intermediate Panchayat Resource Centre. The expenditure under this programme shall find place in the annual accounts of the Panchayats and Municipalities concerned, which may be consolidated in the manner as prescribed in the relevant Panchayati Raj and Municipality Acts and Rules and placed before the State legislature.

Audit of works: Regular physical and financial audit of the works under the scheme shall be carried out at the end of each financial year, in each district. The audit shall be done either by Local Fund Auditors or by Chartered Accountants listed in the panel of the State Government or AGs of the State. The audit report together with action taken on the Auditor's observations is required to be submitted along with the proposal for release of second installment of funds. Such Action Taken Note should be authenticated by Auditor.

Review Committee at District level: Peer reviews of progress by Panchayats themselves, upto the Intermediate Panchayat level may be instituted. At the district level, a Review Committee shall be constituted by the District Planning Committee, chaired by the Chairperson of the District Panchayat and Chairpersons of the Intermediate Panchayats and ULBs in the District in rotation such that the Committee consists not more than 8-10 members. The Review Committee would examine the peer review reports prepared by Panchayats.

Social Audit and Vigilance at grass root level: Clear guidelines on social audit by Gram or Ward Sabhas in rural areas and Area Sabhas and Ward Committees in urban areas may be issued by States. The Gram Sabha will authorize the issuance of utilization certificates of funds allocated for the plans, projects or programmes of the Panchayat and the process followed will be the same as prescribed in the guidelines for the National Rural Employment Guarantee Act. Boards shall be displayed at worksites indicating names of the schemes and the source from which these are being funded to enable the local people to know about the schemes. Each Panchayat shall publicly display details of all schemes approved as on date and their expected commencements/completion dates; A separate booklet on verification of works will be prescribed by the Ministry of Panchayati Raj.

1.9 MONITORING OF BRGF

The programme of BRGF insists on the assessment of expected out come on effective implementation of programme. Therefore, monitoring of programme becomes an essential element of BRGF. The following steps are involved in the monitoring of the programme.

i) Unit for reporting

The State level process check lists have to be used for reporting at state level, data relating to Plans and physical and financial progress will have to be reported by each local government.

ii) Frequency of monitoring

Monitoring of processes will be done once in a year at the time of submission of the BRGF proposal to the High-powered Committee. The monitoring of physical and financial progress will be done monthly and monitoring of outcomes will be undertaken once a year.

iii) Setting of targets

Each implementing level will evolve its own goals and milestones during the planning exercise, thus enabling both self evaluation and external evaluation.

iv) Ranking of districts and States

A system of ranking districts and States in implementation of BRGF will be put in place, following independent evaluation.

Self reporting under the monitoring of BRGF would cover the following areas:

a) Implementation of RSVY

b) Monitoring of Process

   i) Monitoring the collection of essential data relating to BRGF districts.

   ii) Monitoring whether the process of participative planning and implementation of BRGF have been followed in letter and spirit.

c) Monitoring of implementation

   i) Monitoring of implementation of approved projects/schemes under BRGF, including physical and financial progress in utilization of BRGF grants.

   ii) Monitoring of Panchayats and ULBs strengthening and capacity building, in accordance with the approved training action plan.

d) Outputs and outcomes of BRGF

   i) Assessing whether the programme has made an impact on the backwardness of the district.

   ii) Assessing whether capacity building efforts have resulted in an improvement in the capacity of the target groups, namely, elected representatives and officials of the Panchayats.

For the participative planning the capacity of planning at district and lower level, i.e. block and village level is very important. Hence, there is need to build the planning capacity at the lowest level of planning unit. Keeping this in view, under BRGF programme, there is a provision of specific component pertaining to training and capacity building of the Panchayat Raj Institutions across all the three tiers.

Check your progress III

Note: a) Write your answers in the space provided

b) Check your answers with the possible answers given at the end of the unit

1) What are the objectives of the training component of Capability building ?

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2) List the steps involved in the monitoring of BRGF?

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1.10 LET US SUM UP

The BRGF has replaced the Rashtriya Sama Vikas Yojana (RSVY) in order to provide a more participative approach through the involvement of PRIs. The spatial coverage was also expanded and it now covers 250 districts (RSVY covered 147 districts). The scheme aims to help converge and add value to other programmes such as the Bharat Nirman Programme, the MGNREGA, and other flagship programmes that are explicitly designed to meet rural infrastructural needs but that need supplementation to address critical gaps. It aims at catalysing development in backward areas by: (i) filling infrastructure gaps; (ii) promoting good governance and agrarian reforms; (iii) converging, through supplementary infrastructure and capacity building, the substantial existing development inflows into these districts.

The scheme has two components, namely, (i) the districts' component covering 250 districts which will be anchored on a well conceived, participatory district plan with schemes selected through peoples' participation for which PRIs from the village upto the district level will be the authorities for planning and implementation; and (ii) special plans for Bihar and the KBK districts of Orissa. The special plan for Bihar had been formulated, in consultation with the State Government of Bihar, to bring about improvement in sectors such as power, road connectivity, irrigation, forestry, and watershed development. The special plan for the KBK districts focuses on tackling the main problems of drought proofing, livelihood support, connectivity, health, education, etc., as per local priorities.

1.11 KEY WORDS

Backward Region Grant Fund (BRGF) : Deals with the development of backward regions across states. The fund aims to help converge and add value to other programmes, such as, the Bharat Nirman programmes, the NREGP etc. The scheme has two components, namely, the districts' component, and special plans for Bihar and KBK districts of Orissa.

Rashtriya Sam Vikas Yojana (RSVY) : RSVY was started to achieve the effective implementation of the programmes meant for backward regions. It was a new approach to target these areas through a specific programme for backward areas and was introduced in 2003-

04. The BRGF has replaced the Rashtriya Sam Vikas Yojana in 2006.

1.12 REFERENCES AND SUGGESTED READINGS

Government of India (2007-08), ***Annual Report***, Ministry of Panchayati Raj, New Delhi.

Government of India (2008), ***"Handbook on monitoring of the Backward Regions Grant Fund (BRGF)"*** Ministry of Panchayati Raj, New Delhi.

Government of India (2007), *Back Region Grant Fund Guidelines* Ministry of Panchayati Raj, New Delhi.

Government of India (2008), *Eleventh Five Year Plan (3 Vols.)*, Planning Commission, Oxford University Press, New Delhi.

1.13 CHECK YOUR PROGRESS – POSSIBLE ANSWERS/SOLUTIONS

Check Your Progress I

1) Backward Region Fund is the programme introduced by the Ministry of Panchayati Raj, Government of India to correct the imbalances in regional development and the local infrastructure.

2) The important objectives are: (i) to bridge critical gaps in local infrastructure and other development requirements that is not being adequately met through existing inflows, (ii) to strengthen, Panchayat and Municipality level governance with more appropriate capacity building, to facilitate participatory planning, decision making, implementation and monitoring, to reflect local felt needs, and (iii) Provide professional support to local bodies for planning, implementation and monitoring their plans.

3) It is implemented under the constitutional provision envisaged under Article 243 W and 243 ZD of 73rd Constitutional Amendment Act.

Check Your Progress II

1) The two components of BRGF are: (a) a district component covering 250 districts and (b) Special plans for Bihar and the KBK districts of Orissa.

2) Since the BRGF is oriented towards supplement the infrastructure development, therefore, the construction of religious structures in the premises of religious institutions, construction of welcome arches or similar activities are strictly prohibited under this programme.

Check Your Progress III

1) The objective of training component of capacity building are:

   a) Upgrading the knowledge and skills of all Panchayats and Municipalities elected representatives to better perform their responsibilities

   b) Orient key officials associated with functions devolved to Panchayats and who are working under or closely with them to effectively serve and facilitate the Panchayats in the performance of devolved functions.

   c) Improve functioning of the Gram Sabha, particularly through building

the capability of pressure groups such as SHGs and CBOs to participate more meaningfully.

2) The following steps are involved in the monitoring of the programme.

   i) Unit for reporting;

   ii) Frequency of monitoring;

   iii) Setting of targets and;

   iv) Ranking of districts and States.

UNIT 2 PRIME MINISTER'S ROZGAR YOJANA (PMRY)

Structure

2.0 Objectives

2.1 Introduction

2.2 Prime Minister's Rozgar Yojana (PMRY)

- 2.2.1 Salient Features of PMRY Scheme

2.3 Parameters of PMRY

2.4 Implementation of PMRY

- 2.4.1 Fixing of Targets
- 2.4.2 Allocation of Targets by States
- 2.4.3 Allocation of Financial TYargets to Banks
- 2.4.4 Calling for PMRY Applications
- 2.4.5 Constituting the Task Force Committee
- 2.4.6 Providing Training to the Selected Candidates
- 2.4.7 Monitoring and Reviewing of PMRY

2.5 Loan Procedure

- 2.5.1 Project Idea and Preparation of a Project Report
- 2.5.2 Applying for PMRY Loan
- 2.5.3 Bank Clearance for the Project
- 2.5.4 Training
- 2.5.5 Grounding of the Unit

2.6 Repayment of Loan

2.7 Let Us Sum Up

2.8 Key Words

2.9 References and Suggested Readings

2.10 Check Your Progress – Possible Solutions/Answers

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Explain the need for self-employment programmes;
- Describe the details of the implementation of the PMRY; and
- Outline the organizational structure built for implementing the PMRY.

2.1 INTRODUCTION

Unemployment is considered as a bane of India's development particularly the educated unemployed youth who become unproductive and frustrated are to be paid special attention. The small-scale sector includes village and cottage sectors are found out to be the best means to solve the growing unemployment problem. Self-employment is the only solution to the unemployment. Policy makers and economists studied and drew conclusion that setting up a small scale unit with a moderate investment has got the potential to provide employment to about 4 to 5 people directly and indirectly. The satisfaction of self-employment and the

contentment of contributing to the National Income and proving livelihood to few unemployeds can have positive multiplier effect. Adding to it the SSI sector has got the inherent advantage of utilizing the local resources, technologies for productive purposes and at the same time could satisfy the needs of the local people and exploit the local market at micro level.

Taking all these into consideration the Central Government initially launched Self Employment Scheme for Educated Unemployed Youth (SESEUY) popularly known as. *Gramodaya* Scheme introduced by Government of India in 1985 wherein financial assistance of not more than Rs.35,000 was provided for industries, Rs.25,000 for service units and Rs.15,000 for business ventures by way of composite loans to eligible educated unemployed youth to start their small enterprises. District Industries Centre (DICs) operated this central scheme at the district level, where 25% of the sanctioned loan amount was granted as subsidy by Central Government to be deposited as fixed deposit in the name of the candidate. This scheme could not be continued successfully. It was estimated that more than 70% of the units became sick and subsequently closed down.

2.2 PRIME MINISTER'S ROZGAR YOJANA (PMRY)

Prime Minister of India, announced a new scheme the Prime Minister's Rozgar Yojana (PMRY) **on 15th August, 1993**. The scheme was launched on the auspicious day of 2nd October, 1993, the birth Anniversary of Mahatma Gandhi all over the country. The main objective of the PMRY scheme was to provide easy subsidized financial assistance to educated unemployed youth for starting their own enterprises in manufacturing, business & service and trade sectors. Initially the scheme was aimed at providing self-employment to one million educated unemployed youth in the country by setting up 7 lakh micro enterprises through inducting service and business ventures over a period of 2 ½ years. The scheme was a stupendous success and caught the imagination of the youth. Overwhelmed with the response and ever-increasing need, the Government has decided to make it a permanent scheme and framed modalities & guidelines for its successful implementation and to fulfil the purpose for which it is designed.

2.2.1 Salient features of PMRY Scheme

- This is a centrally sponsored scheme.
- The Development Commissioner (Small-Scale Industries) under Ministry of Small Scale, Rural and Agro, Industries Government of India is the apex body for this scheme.
- The respective Commissioner/Director of Industries implements the scheme at the State level except the four metropolitan cities, with an overall monitoring by the concerned Secretaries of Industries.
- The implementation agencies at the grass root level are District Industries Centre (DIC) who would be instrumental for the grounding of the units.
- Small Industries Service Institute (SISI) located in the four Metropolitan cities of Delhi, Kolkata, Mumbai and Chennai are the implementing agencies of this scheme.
- The DCSSI has setup a special PMRY division in the headquarters under the able guidance of an IAS officer. DCSSI formulates the rules, regulations and guideline instructions and provides clarifications on all the matters pertaining to PMRY scheme. It has also devised a complete feedback information by the means of getting monthly, quarterly and annual progress reports from all the states to closely monitor the implementation and progress of the scheme.

- Similarly at the state level, State Level PMRY Committee meetings monitors the progress of the scheme every quarter.
- The yearly targets for number of beneficiaries for each state is fixed by DCSSI.

As the PMRY facilitates to provide loans under manufacturing, service and business ventures, a Prospective Entrepreneur has to first prepare a project proposal. While deciding the ventures the following factors should be carefully considered.

a) The marketability of the product by market survey.

b) The demand and supply position of raw materials required, if any.

c) The availability of infrastructure facilities like power, water and other Government Clearances.

d) Technology and know how of manufacturing /business/service procedures to be adopted and where to set up the unit.

2.3 PARAMETERS OF PMRY

1) **Age:** For all educated unemployed between the age group of 18-40 years, in general with a 10 years relaxation for SC/STs, ex-servicemen, physically handicapped and women.

2) **Educational Qualification:** 8th passed. Preference will be given to those who have been trained for any trade in Government recognised/approved institutions for a duration of at least six months.

3) **Family income:** Neither the income of the beneficiary along with the spouse nor the income of parents of the beneficiaries shall exceed Rs.40,000 pa

4) **Residence:** Permanent resident of the area for at least 3 years.

5) **Defaulter:** Should not be a defaulter to any nationalized bank/financial institution/cooperative bank. Further, a person already assisted under other subsidy linked government schemes would not be eligible under this scheme.

6) **Activities covered:** All economically viable activities including agriculture and allied activities but excluding direct agricultural operations like raising crop, purchase of manure etc.

7) **Project cost:** Rs.1.00 lakh for business sector. Rs. 2.00 lakhs for other activities. Loan to be of composite nature. If two or more eligible persons join together in a partnership, project upto Rs.10.00 lakhs are covered. Assistance shall be limited to individual admissibility.

8) **Subsidy and Margin money:** Subsidy will be limited to 15% of the project cost subject to ceiling of Rs.7,500/- per entrepreneur. Banks will be allowed to take margin money from the entrepreneur varying from 5% to 16.25% of the project costs as to make the total of the subsidy and the margin money equal to 20% of the project cost.

9) **Collateral:** No collateral for project upto Rs.1 lakh. Exemption from collateral in case of partnership project will also be limited to an amount of Rs.1 lakh per person participating in the project.

10) **Rate of interest and repayment schedule:** Normal bank rate of interest shall be charged. Repayment schedule may range between 3 to 7 years after an initial moratorium as may be prescribed.

11) **Training and other assistance:** the training expenses and operational expenditure to be covered within the ceiling of Rs.2,000 per case. The existing

system of revising the scale of expenditure in consultation with the Finance for various activities and flexibility would be available to the implementing agencies of the state and central levels subjects to condition that over all training and operating expenses remain within the ceiling of Rs.2,000/- per case sanctioned.

12) **Implementing agency:** the District Industries Centres and the Directorate of Industries shall mainly be responsible for scheme implementation along with banks.

13) **Linkages of targets with recovery:** Basic minimum targets based on the population and the number of educated unemployed, Additional targets would be linked to the recovery of loans sanctioned, past performance of sanctions or special circumstances prevailing in the state/UT.

14) **Reservation:** Preference should be given to weaker sections including women. The scheme envisages 22.5% reservation for SC/ST and 27% for other Backward class (OBCs). In case SC/ST/OBC candidates are not available, States/UTs Government will be competent to consider other categories of candidates under PMRY.

Check Your Progress I

Note: a) Write your answer in the space provided

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

1) What are the age limits for various categories of beneficiaries to be eligible under PMRY?

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2) What is the maximum size of an individual project under PMRY?

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3) If an unemployed youth from Simla takes up a PMRY Unit with a Project cost of Rs. 80,000/- what is the maximum subsidy which he is entitled to?

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2.4 IMPLEMENTATION OF PMRY

2.4.1 Fixing of Targets

Basically these targets are given for a year starting from April to March. These targets are fixed by DCSSI after carefully taking into consideration the important factors like population, unemployment and backwardness of the areas. The targets fixed for a year would be regularly monitored and may also be revised taking into consideration the recovery of loans and performance for the year. The state of Andhra Pradesh was allotted the basic target of achieving of 16,900 number of beneficiaries. DCSSI in its guidelines dated 8th June, 2000 allotted an additional target of 16,900 nos. totaling to 33,800 beneficiary to AP state for the year 2000-2001. Commissioner/Director of Industries, AP State Govt. is the implementing agency of the PMRY scheme in Andhra Pradesh.

2.4.2 Allocation of Targets by States

The State Government reallocates the states targets to all District Industries Centres(DIC) of the district, where the scheme is in vogue. Andhra Pradesh is implementing the PMRY Scheme in all its 23 district including the twin cities of Hyderabad and Secunderabad.

2.4.3 Allocation of Financial Targets to Banks

Along with DICs, the banks also form a part of the implementing agencies for sanction of loans. The Chief General Manager, RPCD of Reserve Bank of India is intimated about the targets allocated to the states, they intern issue the necessary guidelines and funds to the lead banks of the states. Lead banks of the states issue the necessary instructions to their respective bank branches of each district for the disbursement to be made in accordance with the fixed targets.

2.4.4 Calling for PMRY Applications

The District Industries Centre (DIC) along with banks being the implementing agency at the grass root level of each districts calls for people to apply for PMRY loans. The required application forms are available at DICs, with the local Industry Promotion Officers of the concerned areas as well as local banks. The application form is a simple format seeking the basic details of the candidate (Application form enclosed).

2.4.5 Constituting the Task Force Committee

The GM, DIC constitutes the task force committee and convenes meeting to conduct interview of the candidates. The members of the task force committee are GM DIC, all the financing bankers, officials of all other developmental agencies like SISI. The objective of the task force committee is to take interview of the applicants to assess their knowledge about the proposed project, aptitude, interest, and entrepreneur qualities so as to make the proposed project a success and to sincerely repay the proposed loan amount given under the PMRY scheme. The committee selects the candidates by the process of grading marks. Task Force Committee selects the candidate and allocate to the bank. The selected candidates, are duly intimated and directed to approach the selected bank branch for sanction of the loan, with this the selection process is completed.

2.4.6 Providing Training to the Selected Candidates

As per the DCSSI guidelines all the selected candidates under PMRY have to undergo training. The GM, DIC's have to provide the training to the candidates by making the necessary arrangements. They are provided with training materials, training schedule and good faculty and convenient training centres. The candidates get familiarized with the finer points of starting and successfully running their selective enterprises. The period of training is 15 to 20 working days for candidates setting up industry sector and 7 to 10 working days for business/service sector.

2.4.7 Monitoring and Reviewing of PMRY

The DCSSI has devised a procedure to review and monitor the progress of PMRY. Under this, every district has to furnish the information on sanctions, disbursements, training, grounding and recovery of loan sanctioned, and furnish the same in a prescribed format giving monthly, quarterly and annual progress reports to the Commissioner of Industries for preparing the same reports for the State. These reports are submitted to the DCSSI and RPCD of RBI for review. The State Level PMRY committee meetings are convened under the Chairmanship of Chief Secretary to State Government with Secretaries of Industries, Finance, Commissioner of Industries, General Manager, SLBC of Banks, lead bank managers, General

Manager, RPCD of RBI, Director, SISI as members and all the related organisation, as invitees to discuss the progress of PMRY, category of units benefited and suggestions for improvement. The District Industries Promotion Committee (DIPC) meetings at the District level under the chairmanship of the District Collector are convened every month by the DICs to review the progress of the PMRY at the district level. All these measures are aimed to make the objective of the scheme i.e to provide employment to educated unemployed youth of the society for whom the scheme is formed.

Check Your Progress II

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

b) Check your answer with the possible answer provided at the end of the Unit.

1) Name the main implementing agency for the PMRY at the District level.

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2) Can you sponsor an existing unit for assistance under PMRY? (Please tick mark)

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Yes ☐ No ☐

Check Your Progress III

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

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

1) Does a PMRY beneficiary get the benefit of subsidy at the start of the Project and why?

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2) Name three members of the District level PMRY Committee.

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2.5 LOAN PROCEDURE

2.5.1 Project Idea and Preparation of a Project Report

Candidate desiring to get loan should have complete knowledge about the project proposed to be set up. The entrepreneur is free to seek the advice of developmental agencies like SISI and DIC, which has specially prepared viable project profiles

for PMRY beneficiaries. Guidance and clarifications regarding the selection of project are also provided by these organisations.

The project idea is the most important step for availing PMRY loan. Based on the project idea the entrepreneur has to prepare a project report. A project report is a statement which contains the details of the proposed project like fixed assets, raw materials required, other contingencies like rent, wages/salaries, other expenditure etc., total cost of production, sales, profit, break-even analysis, profitability ratios, repayments schedules etc. This project report would reflect at a glance the details of capital required, cost of production, profit and various parameters of viability of the proposed project. SISIs and DICs have prepared project profiles for PMRY beneficiaries on various viable schemes, which can be adopted. Assistance, guidance can also be provided for new / updating of the project profiles.

2.5.2 Applying for PMRY Loan

After finalizing the project idea, along with the project profile the applicant has to fill the form and duly submit it enclosing the necessary documents and photographs at the DIC and/or at the local bank.

All the applications received at DICs and banks are thoroughly scrutinized and selected applicants are called for interview. In order to facilitate the applicants, the interviews are planned at major convenient places of the district so that candidates can attend the interviews at a place that are near to their place of residence.

It has been observed that most of the prospective entrepreneurs desiring to avail the benefits of this scheme fail to utilise it, due to lack of proper guidance and awareness about the modalities and formalities to be followed to avail the scheme. With an aim to fill this void a step by step guidelines are explained about the eligibility relating to age, minimum educational qualifications, family income, resident proof and cast certificate for SC/ST/BC either by DIC/SISI/local banks. A person willing to apply for PMRY should checkout all these aspects and should produce proof for all these parameters while applying for the scheme.

One can apply any time during the year. But the best time would be between April to June of the year. The normal practice is to hold PMRY interviews in three phases in a year in all the districts. The Task Force Committee conducts the interview and select the candidates for the bank loan.

2.5.3 Bank Clearance for the Project

After receiving the intimation letter of selection and allotment of bank, the applicant is advised to discuss the viability of the proposed project with the allotted banker regarding the aspect of the proposed project like alterations, changes and other financial aspects. After complying with all the required formalities with the banker the applicant can start the implementation of the project.

2.5.4 Training

Selected Applicants are called for training. After the successful completion of the training the candidates are awarded certificates which they have to produce to the bank to get the sanctioned loan. The DIC and Bankers helps in the grounding of the project and supports for success of the project.

2.5.5 Grounding of the Unit

Now the applicant is financially prepared for grounding the proposed project. Before grounding the unit certain statutory and mandatory formalities are to be complied with which are as follows:

- Arranging for the margin money as per the PMRY guidelines which could be 5% to 16.25% of the project cost.
- Arranging for collateral security if required by the bankers and for projects costing more then Rs. one lakh per person.
- Taking permission from the local body like Panchayat or Municipality as the case may be for starting the unit.
- Getting the Pollution Control Board clearance, if required.
- Getting the sales tax registration.
- Registering with DIC as a tiny sector unit to avail the State Government incentives.
- Getting other statutory clearances like Factories Act, Labour Act, Boilers Act and Central excise if the unit is covered under these legislation.

In order to facilitate the Small entrepreneurs to get all the required clearances the District Industries Centre (DIC) has started the single window system where DIC would get all these clearances on behalf of the entrepreneur. The entrepreneur can avail these facilities.

2.6 REPAYMENT OF LOAN

After the unit is grounded and starts its commercial production the repayment of the loan along with the interest is to be paid. The repayment schedule is worked out by the banker and intimated to the applicant which depends on the PMRY guidelines for repayment which are between 3 to 7 years with initial moratorium worked out as the case may be.

THE ENTREPRENEUR HAS TO FURTHER REMEMBER THAT HE HAS BEEN PROVIDED WITH A LOAN THAT HAS TO BE REPAID WITH INTEREST PROMPTLY IN TIME. IN CASE OF DEFAULT, THE BANK ALONG WITH THE DIC HAS BEEN PROVIDED POWERS TO RECOVER THE OUTSTANDING LOAN ALONG WITH INTEREST DUE BY SEEKING THE ASSISTANCE OF REVENUE DEPARTMENTAND POLICE DEPARTMENT.

Efforts are on to cover this loan under Revenue Recovery Act as was the case with CMEY programme. Hence, sincere efforts are to be made by the entrepreneur to ground the unit and make all out efforts for repayment of the loan with interest in time.

Check Your Progress IV

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

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

1) What is the provision of training envisaged for PMRY entrepreneurs?

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2.7 LET US SUM UP

The PMRY is an important employment generation programme in the country today. It has had its own share of problems pertaining to finance, quality of entrepreneurs, marketing, etc. The problem of unemployment is also so vast that such progammes are only able to make a small dent in the overall context. However, it is extremely important to be focused on this and other similar programmes for developing small and tiny enterprises, as the success of these enterprises will form the basis for a successful rural non-farm sector in the country.

2.8 KEY WORDS

PMRY : The scheme was launched on the auspicious day of 2nd October, 1993, the birth Anniversary of Mahatma Gandhi all over the country. The main objective of the PMRY scheme was to provide easy subsidized financial assistance to educated unemployed youth for starting their own enterprises in manufacturing, business & service and trade sectors. Initially the scheme was aimed at providing self-employment to one million educated unemployed youth in the country.

2.9 REFERENCES AND SUGGESTED READINGS

Annual Report of the Ministry of Agro & Rural Industries, 2008-09.

Annual Report of the Ministry of Agro & Rural Industries, 2008-09, can be accessed at www.ari.nic.in

Report of the Committee on India Vision 2020, Planning Commission, December, 2002.

2.10 CHECK YOUR PROGRESS - POSSIBLE SOLUTIONS/ANSWERS

Check Your Progress I

1) 35 years for all educated unemployed youth.

   40 years for NE States, Himachal Pradesh and J&K State.

   45 years for SCs/STs/Ex-servicemen/Physically Handicapped and women.

2) Rs. 1 lakh for Business Sector.

   Rs. 1 lakh for Industry/Service Sector

3) Rs. 12,000/-

Check Your Progress II

1) The District Industries Centre

2) No.

Check Your Progress III

1) No. The benefit of the subsidy I given to the applicant only when he repays the final installment of the loan.

2) The District-level PMRY committee comprises:

District Collector/Dy. Commissioner	-	Chairman
CEO, DRDA	-	Member
District Employment Officer	-	Member
Lead Bank Manager	-	Member
Chairman, Task Force Committee	-	Member Secretary

Check Your Progress IV

1) There is a 15-20 days' training programme for entrepreneurs in the Industry Sector and 7 to 10 days' programme for entrepreneurs in the Service/Business Sector.

UNIT 3 RASHTRIYA MAHILA KOSH (RMK)

Structure

3.0 Objectives

3.1 Introduction

3.2 Rashtriya Mahila Kosh (RMK) : Programme Brief

- 3.2.1 Need for Micro-finances
- 3.2.2 Establishment of RMK
- 3.2.3 Objectives of RMK
- 3.2.4 Important Functions of the RMK
- 3.2.5 Organisation and Management of RMK

3.3 Main Loan Scheme

- 3.3.1 The Scheme
- 3.3.2 Eligible Organizations
- 3.3.3 Purpose of the Loans
- 3.3.4 Maximum Amount of Loans
- 3.3.5 Repayment
- 3.3.6 Rate of Interest
- 3.3.7 Incentives on Interest Rates
- 3.3.8 Margin Money to be Contributed by Borrowers

3.4 Procedure for Availing RMK Loans

- 3.4.1 Terms and Conditions Related to Loans

3.5 Promotional and Other Innovative Schemes

3.6 Let Us Sum Up

3.7 Key Words

3.8 References and Suggested Readings

3.9 Check Your Progress – Possible Solutions/Answers

3.0 OBJECTIVES

After studying this unit you will be able to:

- explain the main features of RMK;
- describe the mode of operation of the Kosh;
- appreciate the need for micro-finance for women; and
- understand the concept and features of micro-finance as a tool for empowerment of women.

3.1 INTRODUCTION

It has been felt for sometime that the credit needs of the poor especially women and particularly those in the unorganised sector, have not been adequately addressed by the formal financial institutions of the country. The vast gap between demand for and supply of credit in the sector established the need for a national credit fund for women. Rashtriya Mahila Kosh (RMK) is a step in this direction. In this unit, we would like to acquaint you with the scheme for Rashtriya Mahila Kosh (RMK), which addresses micro-finance needs of women and is expected to serve as a tool for empowerment of women

3.2 RASHTRIYA MAHILA KOSH (RMK): PROGRAMME BRIEF

In order to understand and appreciate the basic philosophy behind establishment of the RMK, it will be important for you to know the need for microfinance. It is an established fact that the credit needs of the poor especially women and particularly those in the unorganised sector have not been adequately addressed by the formal financial institutions of the country.

3.2.1 Need for Micro-finance

Since the 1950s, various governments in India have experimented with a large number of grant and subsidy based poverty alleviation programmes. Studies show that these mandatory and dedicated subsidized financial programmes, implemented through banking institutions, have not been fully successful in meeting their social and economic objectives.

Experiences with these programmes have revealed that they were often not sustainable. They perpetuated the dependent status of the beneficiaries; depended ultimately on government employees for delivery; led to misuse of both credit and subsidy; and were treated at best as poverty alleviation interventions. Banks too never really looked on them as a profitable and commercial activity.

In India the formal financial institutions have not been able to reach the poor households, and particularly women, in the unorganised sector.

This gave rise to the concept of micro-credit for the poorest segment along with a new set of credit delivery techniques. With the support of NGOs, an informal sector comprising small Self Help Groups (SHGs) started mobilizing savings of their members and lending these resources among the members on a micro scale. The potential of these SHGs to develop as local financial intermediaries to reach the poor has gained recognition due to their community-based participatory approach and sustainability-recovery rates have been significantly higher than those achieved by commercial banks inspite of loans going to poor, unorganised individuals without security or collateral.

The poor in India define the micro-finance market. During 1993-94 the Planning Commission estimated 36 percent of the population or 320 million people living below the poverty line. Accordingly, there was about 140-150 million women alone living below the poverty line. Assuming that only 30 percent of the country's poor women were ready to adopt micro-finance as a method of poverty alleviation, it was estimated that 40-45 million poor women would need credit.

3.2.2 Establishment of RMK

Thus, in order to fulfill the need for a formal quasi-formal credit delivery mechanism which is client-friendly, has simple and minimal procedures, disburses quickly and repeatedly, has flexible repayment schedules, links thrift and savings into credit and has relatively low transaction costs both for the borrower and the lender, Government of India established the Rashtriya Mahila Kosh (RMK) known as the National Credit for Women in 1993. RMK is an independent registered society by the Department of Women and Child Development in Government of Indias' Ministry of Human Resource Development with an initial corpus of Rs. 310,000,000 with an aim to supplement the effort of banking sector by filling the gap between what the poor need and what the banking sector offers.

3.2.3 Objectives of RMK

The main objectives of RMK are to:

- Promote or undertake activities for the promotion of credit as an instrument of socio-economic change and development through a package of financial and social development services for women.
- Promote and support schemes for improvement of facilities for women for:
  - sustenance of their existing employment,
  - generation of further employment,
  - asset creation,
  - asset redemption, and
  - tiding over consumption, social and contingent needs.

Demonstrate and replicate participatory approaches in the organization of women's groups for effective utilization of credit resources leading to self-reliance; promote and support experiments in the voluntary and formal sector using innovative methodologies to deliver credit and other social services to disadvantaged women; sensitize existing government delivery mechanisms and increasing the visibility of poor women as a vital and viable clientele with regard to the conventional financial institutions.

3.2.4 Important Functions of the RMK

The RMK discharges the following important functions for the furtherance of its objectives:

i) The RMK seeks to enable women to achieve economic independence. It strives to go beyond credit delivery and provides services for integrated development centered around the needs of poor women. Credit is linked mainly to production and economic activities.

ii) Education of credit management is integrated with the provision of credit, along with literacy and skill training for individual women, leadership training among groups for self-management, etc.

iii) Accessibility of credit to poor women has been improved in terms of physical distance, simplification of procedures, flexibility and other measures conducive to increased utilization, etc.

iv) The RMK has a policy and advocacy dimension in its working which provides a basis for revisions in the formal system.

RMK- Focus on Poor Women

- Among the poor, the *women* are the most disadvantaged - they are characterized by lack of education and access to resources, both of which are required to help them work their way out of poverty and for upward economic and social mobility.
- The problem is more acute for women in countries like India, despite the fact the women's labour makes a critical contribution to the economy – this is due to low social status and lack of access to key resources.
- Evidence shows that groups of women are better customers than men – they are better managers of resources - benefits of loans are spread wider among the household if loans are routed through women - mixed groups are often inappropriate in Indian society – record of all-male groups is worse than that of all – women groups, everywhere.

3.2.5 Organisation and Management of RMK

A Governing Board of sixteen members consisting of senior officials of Central and State Governments and specialists and representatives of organizations active in the field of micro-credit for women is administering the RMK. The Executive Director is the Chief Executive Officer of the RMK responsible for the proper administration of the affairs of the RMK under the overall supervision, direction and control of the Governing Board.

Check your Progress I

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

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

1) Mention the two main activities of RMK.

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2) What are the reasons for RMK focusing on poor women?

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3.3 MAIN LOAN SCHEME

Let us now understand the features of the main loan scheme of the RMK. In this section you will know how the scheme is operated, who are the eligible organizations, purpose of loans, maximum amount of loans, repayment, rate of interest, incentives on interest rates and margin money to be contributed by the borrowers.

3.3.1 The Scheme

The Main Loan Scheme aims to provide credit to poor women both in rural and urban areas for income generation activities. Women below the poverty line are eligible for support under this scheme. The credit facility is channelised through eligible organizations to needy women in a simple/flexible manner without insistence on any type of collateral.

3.3.2 Eligible Organizations

RMK disseminates credit mainly through the following organizations:

3.3.2.1 Non Govt. Organizations (NGOs)/Social Organisations (SOs)/Voluntary Agencies (VAs)

The general requirements and eligibility norms are as follows:

General Requirements

i) The NGOs/SOs/VAs should have broad-based objectives, serving the social and economic needs of the community as a whole and women and weaker sections in particular. It should have an outreach of services in its operational area and it must not work for profit.

ii) The NGOs/SOs/VAs should have the necessary flexibility, professional competence, basic financial management capability and organizational skills to implement the lending programme.

iii) The office-bearers of the NGO/SOs/VAs should not be elected members of any political party.

iv) The NGO/SOs/VAs should not have a proper system of maintaining accounts which should have been audited and published every year and there should not have been any serious irregularities.

Eligibility Norms

NGOs/SOs/VAs meeting the above general requirements may apply directly to RMK as per prescribed format for loan application.

3.3.2.2. Women's Development Corporations (WDCs)

Womens' Development Corporations (WDCs) running on sound lines and having adequate experience in thrift and credit administration of at least three years will be eligible to borrow under the Main Loan Scheme.

3.3.2.3 Co-operative Societies

The eligibility norms are:

i) Cooperative Society(s) having at least 1/3 women members in its/their General Body and also adequate representation of women on its/their Managing Committee will be eligible for borrowings from RMK.

ii) Loans obtained from RMK are to be given by the Society to eligible women members only.

iii) The society should be working in profit at least for the last two years.

iv) All other norms of eligibility as in case of SOs/VAs will be applicable for Co-operative Societies.

3.3.2.4 Indira Mahila Block Samitis (IMBSs)

Indira Mahila Block Samitis (IMBSs) registered under Indira Mahila Yojana (IMY) are eligible to borrow from RMK for onward lending to SHGs/poor women members.

3.3.2.5 Suitable State Government Agencies

Suitable State Government Agencies such as DRDAs, Dairy Federations, and Municipal Council etc. will be eligible to avail assistance from RMK for lending to poor women for income generation activities.

3.3.2.6 Refinance to Mahila/Urban Co-operative Banks

RMK provides 100% refinance assistance to Mahila/Urban Co-operative Banks on finances provided by them to poor women either directly or through SHGs within the norms of the RMK Main Loan Scheme as applicable from time to time.

3.3.3 Purpose of the Loans

The loans drawn from RMK will be used by the borrowers for undertaking income generation activities unless specifically sanctioned for other purposes.

3.3.4 Maximum Amount of Loans

The maximum amount of loan that can be given to an individual borrower under the Main Loan Scheme is Rs.15,000/- per borrower depending upon the activity to be undertaken. However, a borrower can avail repeat loan or higher loan within the above ceiling after satisfactory repayment of the previous loan.

3.3.5 Repayment

Loans drawn from the RMK by the organizations are repayable within a period of 36 months in 8 -10 quarterly instalments with an initial gestation period of 6 months.

However, NGOs/SOs/VAs/Organisations may fix suitable repayment schedules and recover the dues from the borrowers even before the repayment period depending upon the level and period dues from the borrowers even before the repayment period depending upon the level and period of income generation. Any amount recovered in advance from SHG/Members by the NGOs/SOs/VAs/Organisations may be utilized/recycled for providing loans to fresh beneficiaries/s/VAs/ Organisations may be utilized/recycled for providing loans to fresh beneficiaries/ SHGs/ but it should not in any way affect the repayment to be made by the SOs/ VAs/Organizations to RMK.

3.3.6 Rate of Interest

The rate of interest for finance sanctioned by RMK will be such as may be determined by the RMK from time to time. At present, the rate of interest applicable is as under:

i) RMK to NGOs/SOs/VAs Organization 8%.

ii) The NGOs/SOs/VAs/Organizations shall charge interest not exceeding 18 p.a. on reducing balance method.

iii) SHGs will take their own decision on the rate of interest to be charged to the borrowing members, which in any case shall not exceed 18% per annum as per present norms of RMK.

3.3.7 Incentives on Interest Rates

Besides the interest spread of 4% available to the NGOs/SOs/VAs/Organizations to meet their transaction cost, the following performance-linked incentives are admissible to the NGOs/Sos/VAs/Organizations–

i) For timely disbursement amount equal to 1 % of the loan amount disbursed by the SOs/VAs/Organizations to SHGs/Members within the stipulated period (i.e. within 30 days from the date of release of funds by RMK o NGOs/SOs/ VAs/Organizations) will be refunded by RMK.

ii) For conducting training and education programme for SHG/development and up gradation of skill of the borrowers: Amount equal to 1% of total loan amount disbursed by RMK to the GOs/SOs/VAs/Organizations will be refunded.

iii) If the NGOs/SOs/VAs/Organizations repay to RMK the installment as per the repayment schedule, 0.5% of the amount repaid will be refunded.

3.3.8 Margin Money to be contributed by Borrowers

SOs/VAs/SHGs/ultimate borrowers are required to contribute a margin of 10% of the total credit to be availed from RMK.

3.4 PROCEDURE FOR AVAILING RMK LOANS

You should familiarize yourself with the following procedure laid down by RMK for availing loans under the scheme.

- The loan application in the prescribed format from the eligible organizations along with requisite documents mentioned therein is scrutinized for its eligibility.
- The application for drawing funds and other documents filled in properly and completed in all respects, as per instructions contained in the prescribed form is sent to RMK.
- On receipt of the drawl application complete in all respects with required documents, etc. the first installment of the loan as per the conditions of the sanction letter is released.
- The organizations are expected to adhere to the repayment schedule indicated in Disbursement advice to get the benefit of incentive and also avoid penal interest.
- On nearing the successful completion of the first cycle of availing RMK loan sanction, disbursement, utilization, repayment etc. the organizations may apply for a repeat loan in the prescribed application form which will be sanctioned on the basis of part performance/monitoring study reports. Thus, the process of recycling of funds to women continues.

3.4.1 Terms and Conditions Related to Loans

Maximum amount of loan under the Main Loan Scheme/Loan Promotion Scheme of RMK is Rs.15,000/- per borrower. The loans can be given repeatedly, if necessary, to bring the women above the poverty line. The NGOs and other organizations are given loans at 8% p.a., the interest to be charged on reduced balances. The NGOs can charge a rate of interest maximum upto 12% from the borrowers directly financed by the NGOs or from the Self Help Groups (SHGs). The SHGs can decide the rate of interest to be charged from its members subject to the ceiling that the interest rate should not exceed 18 per cent.

Check Your Progress II

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

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

1) What are the eligibility norms for the following to apply for loans under the RMK schemes?

a) NGO

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b) Women Development Corporations

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3.5 PROMOTIONAL AND OTHER INNOVATIVE SCHEMES

The Kosh has taken a number of promotional measures for popularizing the concept of micro-financing, thrift-credit, formation and stabilization of self help groups and also enterprise development for poor women.This section is aimed at familiarizing with some of the promotional and other innovative schemes of RMK which are as under:

a) Loan Promotion Scheme

The Loan Promotion Scheme has been designed to promote the activities of thrift and credit among smaller but potentially capable NGOs/organizations who do not meet the requirement of three year's experience in thrift and credit management. The requirement of experience under the Loan Promotion Scheme has been reduced to one year. However, other eligibility norms are the same as in the case of RMK Main Loan Scheme. The maximum loan amount given to an NGO/Organisation under this scheme is Rupees five lakh.

b) Micro-credit for Education and Skill Up gradation

Another scheme developed by RMK is Micro-Credit for Up gradation of Skills and education. The focus would be on exploiting newly emerging opportunities in the I T Sector, Call Center Attendants, Cyber Cafes, Data Entry Operators) as well as skills in traditional service sectors (e.g. house keeping, garment designing/ fabrication). It is also proposed to support credit programmes for education linked to a professional educational programme which is likely to result in income enhancement/generation.

c) Support for Crop Credit and All-Form Activities for Women

RMK has recently approved the eligibility of women borrowers to avail credit facilities for raising agricultural crops which may require inputs like seeds, fertilizers, pesticides, etc. as also for land development and various off-farm activities. This component will receive greater thrust in future within the Main Loan, Loan Promotion and Revolving Fund Schemes. RMK will also reserve a significant portion of its corpus to support off-farm livelihood activities among women's SHGs. This support will be focused in districts with a high percentage of landless families. RMK will partner agencies with training, marketing and other linkages in these sectors to channelize credit under this head to State Government agencies, cooperative bodies and NGOs, etc. eligible for assistance for lending to SHGs.

d) Support for Small Consumption Loans

It is a common knowledge that women besides requiring credit for income generation activities also require small quantities of money from time to time for various emergent consumption needs such as buying food grains, paying for education of children, medical treatment of family members or in case of extreme

poverty, even clothing etc. Out of the total proportion of RMK credit facilities, 0.5 percent of the amount sanctioned can be utilized for meeting such needs. It is also proposed to build in a component of consumption credit as an incentive to disciplined recovery behaviour. SHG members with a clean track record of repayment of their loan for six months will be automatically eligible for consumption loan (presently to be pegged at a maximum of Rs.500/- per borrower) for personal needs.

e) Food Credit Scheme (FCS)

Food Credit Scheme mobilized cash savings as a resource and leveraging the same to raise credit, the SHG collects food and in turn leverage a larger volume of the same for distribution among its member - FCS is a SHG of women from the lowest income group. Once the SHG is constituted with the help of an NGO/DRDA, it nominates 2-3 persons to manage the SHG. Each member makes an annual deposit of 5 Kg of food grains into the food bank (in 5 equal installment allowed) to begin its activities. The critical issue is that only the deposit entitles the family to draw up to 10 times the quantity deposited. Thus the total entitlement of each family to draw from the food bank would be 50 kg (@ 10 x 5 kg). However, at any given time, even a 1 kg deposit would entitle the family to with draw up to 10 kg food grain.

The members of the SHG will have the option to repay the grain loan in kind or its cash equivalent to the food bank maintained by the SHG. The SHG uses the cash as a reserve to increase its stock of grains and/or to keep apart some of the money for repayment. This is the fulcrum on which the entire success of the idea hinges. It does not matter if the grain being replenished against the food loan is different than the one drawn.

f) Credit Facilities for Land Purchase, Land Redemption and Land Leasing Activities

It has been felt that availability of land for shelter or a small piece of land for undertaking land based activities like vegetable growing, horticulture, piggery, poultry etc. which can bring better returns has been a major constraint faced by women who are attempting to improve their economic status and supplement their family income. RMK has included the acquisition of land by individual group women or by SHG members collectively as an approved purpose of RMK credit facilities within the individual ceiling of loan eligibility.

The SHG may avail such loans for undertaking lease of a common plot of land/ pond/waste land or similar properties from Panchayati Raj Institutions (PRIs)/State Govt. or from any individual for the purpose of cultivation/horticulture/fisheries/ waste-land development or any other income generating group activities.

g) RMK's Information, Education and Communication (IEC) Scheme

RMK is spending up to 5 percent of total sanctioned on its IEC activities. This creates more awareness of the micro-finance concept in general and RMK schemes in particular. RMK's IEC Scheme includes both the market development role and advocacy role.

Under the market development role, RMK is currently undertaking training of new NGOs, other intermediate level partners; SHG leaders and borrowers; monitors; master trainers; nodal NGOs; ICDS/IMY staff; women; etc. and orientation of media, through conferences, exhibitions, fairs, etc.

h) Nodal Agency Scheme (NOA)

The Nodal Agency (NOA) Scheme was originally introduced in 1996-97 and subsequently revised in 1999 by RMK. The aim is to bring in larger numbers of new and small intermediate organizations into RMK hold to increase its outreach,

especially in under-covered areas. This is to be done by reorientation, training, capacity building and technology transfer.

RMK delegates the requisite functions to well established, tried and tested NGOs which possess the necessary infrastructure and experience in group dynamics and micro-finance such as identification of potential NGOs, pre-sanction studies, training, monitoring and processing of applications upto the stage when the new intermediate organization can be linked directly with RMK under its loan schemes. The Nodal NGO undertakes the above functions in a sequential and time-bound manner under the guidance of RMK.

i) Self Help Group (SHG) Development Scheme

The objective of this scheme is to help, reorient and train small IMOs who lack resources and who have very little or no experience of group dynamics and thrift and credit and provide them with the means to start formation and stabilization of groups. The scheme is applicable only to IMOs who are not eligible for any of the other loan schemes of RMK.

Under this scheme, RMK provides interest free loan up to Rs.100,000 for starting 25 SHGs @ Rs.4,000/- per group. This covers the cost of survey, identification of member, organizing meetings, training, stationary, local transport of IMO functionaries, etc. The loan given can be converted into a grant @ 25% of total savings generated by the SHGs from their own savings. The loan is repayable in 30 months. Any non-converted amount at the end of 30 months is recovered @ 8% rate of interest.

j) Revolving Fund Scheme

The Revolving Fund Scheme was introduced with a view to provide more flexibility to the NGOs implementing income generation programme of the Kosh. Under the scheme, credit limits up to Rupees one crore for each State and up to a maximum of Rupees three crores are sanctioned at a time, to identified and experienced organizations. The organizations are expected to revolve the funds by utilizing recoveries for providing credit to more self help groups or their members particularly in the uncovered areas. The repayment starts on completion of 12 months from the date of release of the loan, in four half yearly instalments. The total repayment period is 30 months.

As you can see from the box below, RMK has made major strides in the area of women's empowerment. It is now considered as one of the important schemes in the area of credit for women.

Achievements of Rashtriya Mahila Kosh

Since its inception on 30 March 1993 up to December 2002, RMK has achieved the following landmarks:

- Credit limit of Rs. 118 crore has been sanctioned
- 4,35,535 women have benefited under various schemes
- Alliance made with 1,066 NGOs throughout the country
- Rs. 89 crore disbursed under its various schemes

Check your Progress III

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

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

1) Mention the benefits of Loan Promotion Schemes.

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2) Which among the following schemes mobilizes cash saving as resources and leveraging the same to raise credit: (Tick mark the correct answer)

- Support for crop credit and off farm activities for women ☐
- Support for small consumption loans ☐
- Food credit scheme ☐

3.6 LET US SUM UP

In this unit we discussed about the Rashtriya Mahila Kosh (RMK) the premier micro-credit agency of the country, with its focus on women and their empowerment through the provision of credit for livelihood and related activities. At the outset we learnt about to need, concept and features for micro-finance in the country. We discussed the background in which the scheme was set up. We then went on to understand the aims, objectives, function and management of RMK. This was followed by focusing on the Main Loan Scheme in detail alongwith the procedure for applying for the loan. Then we had a look at the other promotional measures for popularizing the concept of micro-financing, thrift-credit, formation and stabilization of self help groups and also enterprise development for poor women. Finally, we looked at the achievement of RMK in the country.

3.7 KEY WORDS

Self Help Groups: A voluntary association of homogenous persons who work together for social and economic empowerment. In practice, SHG is a group of 10-20 people who meet at regular intervals, to pool in their savings and create a common fund. The money in this fund is lent out by the group to individual members, at an interest rate that is decided by the group.

3.8 REFERENCES AND SUGGESTED READINGS

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3.9 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress I

1) The two main activities of RMK are:

   - Micro-credit in the form of small loans primarily for income generation activities but also for consumption and contingency needs; and
   - Micro-savings in the form of thrift and small savings from borrowers own resources

2) The reasons are that poor women are the most disadvantaged by lack of education and access to resources. Also evidence shows that groups of women are better manager of resources and are good promoters.

Check Your Progress II

1) The eligibility norms to apply for loans under the RMK Schemes are:

   a) **NGO**

   - The organizations should be registered for more than three years
   - The application should clearly reflect the source of funds utilized earlier for credit
   - Recovery of loans should be of a high order (around 90 percent of demand)
   - There should be a proper and specific clause/provision in the bye-laws/memorandum of association of the organization having power to borrow or to raise loans from any outside agency
   - There should be an appropriate reflection in its audited accounts and balance sheet in respect of its experience in providing credit and recoveries etc. There should not be any loss or objectionable observations in its audit report

   b) **Women Development Corporations**

Women Development Corporations running on sound lines and having adequate experience in thrift and credit administration of at least three years and fulfilling the eligibility norms as for NGOs are eligible for obtaining credit from RMK

Check Your Progress III

1) The Loan Promotion Scheme has been designed to promote the activities of thrift and credit among smaller but potentially capable NGOs/Organisations who do not meet the requirement of three year's experience in thrift and credit management. They are eligible for the loan with one year of experience in thrift and credit, to a loan of Rs.5 lakh.

2) Food credit scheme.

BPR-003 : Panchayati Raj Institutions and Anti Poverty Programmes

Block-1: Programmes for Self-wage Employment and Rural Housing

Unit 1 Swarnjayanti Gram Swarozgar Yojana (SGSY)

Unit 2 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

Unit 3 Indira Awaas Yojna (IAY)

Block-2: Other Development Programmes

Unit 1 Backward Region Grant Fund (BRGF)

Unit 2 Prime Minister's Rozgar Yojana (PMRY)

Unit 3 Rashtriya Mahila Kosh (RMK)

Block-3: Area Based and Other Related Programmes

Unit 1 Drought Prone Areas Programme (DPAP) & Desert Development Programme (DDP)

Unit 2 Rural Sanitation

Unit 3 Wasteland Development and Social Forestry

NOTES :

About the Project

IGNOU through the Ministry of Panchayati Raj and under the sponsorship of United Nations Development Programme (UNDP) undertook a project on **'Capacity Building of PRIs Through a Multi-Mode Training Intervention'** as an attempt at empowering and capacity building of elected members of *Panchayats* and development functionaries. It also aimed at institutionalizing mechanisms to strengthen this capacity building intervention. The Project covered six northern states including **Bihar, Haryana, Madhya Pradesh, Rajasthan, Chhattisgarh** and **Uttarakhand** with the **Indira Gandhi National Open University (IGNOU)** as the implementing agency. The Project envisaged joint action by Government established institutions (SIRDs) and NGOs engaged in Capacity Building of PRIs.

In terms of strategy it involved developing a **suitable learning package through a balanced mix of distance learning and conventional training**; adapting the materials to local requirements and implementing the capacity building intervention through distance mode for the elected members of Panchayats and train associated development functionaries through face to face mode through a network of SIRDs and NGOs.

In terms of activities and output of the Project, the Project has been able to prepare a multi-media package consisting of 11 self-learning booklets and six video programmes for distribution among the *Panchayats*; undertook capacity building of Collaborating Institutions (CIs); published of local Governance updates in each participating state; conducted BDOs Symposia and orientation programmes for development functionaries. One of the major activities taken up by the above CIs was to undertake hardware mapping of *Panchayats* in 4 Districts in each participating State. The Diploma in Panchayat Level Administration and Development, planned and developed as a part of academic activities of the School of Continuing Education, was also sponsored under the above Project.

MPDD/ IGNOU/P.O.0.5/June 2015 (Reprint)

About IGNOU & SOCE

The **Indira Gandhi National Open University**, established by an Act of Parliament in 1985, has emerged as the largest Mega University in the democratic world. The University offers 486 Certificates, Diploma, Degree and Doctoral programmes through its 21 schools of Study, 12 Divisions, 14 Centres, 61 Regional Centres, over 3,000 Study Centres, 67 Partner Institutions spread across 35 countries. Additional help is also sought from about 6,000 experts from conventional universities and other organizations, and about 45,000 part-time academic counselors.

IGNOU caters to learners from rural and tribal areas, disability groups, jails and rehabilitation centres, government and non-governmental organizations, parents and home-makers, the employers and the employed.

One of the mandates of the University is to reach out to the disadvantaged by offering programmes in all parts of the country at affordable cost. IGNOU, the National Resource Centre for Open and Distance Learning with international recognition and presence, is expected to provide seamless access to sustainable ***and learner centric quality education, skill upgradation and training*** to all by using innovative technologies and methodologies and ensuring convergence of existing systems for massive human resource required for ***promoting integrated national development*** and global understanding.

The **School of Continuing Education (SOCE)** one of the oldest Schools currently has four disciplines assigned to it by the Academic Council. These include***: Rural Development, Nutritional Sciences, Child Development and; Home Science***. The School has currently on offer Ph.D programmes in three discipline areas, two Master's Degree level programmes, one Post Graduate Diploma, two Diploma Programmes, four Certificate Programmes and four elective and application oriented courses in the above mentioned disciplines.

ISBN - 978-81-266-5140-5