

Rural Development

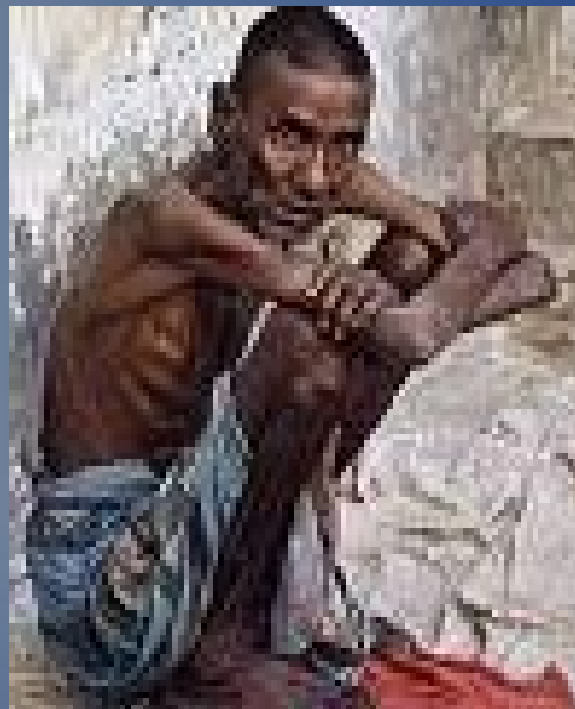
GOVERNMENT SCHEMES / SPONSORED PROGRAMMES

by

R.K. SRIVASTAVA

MAJOR PROBLEM

- **POVERTY IS THE BANE OF INDIAN ECONOMY**
- **POVERTY IN RURAL AREAS- 2400 CALORIES / PERSON /DAY**
- **POVERTY IN URBAN AREAS- 2100 CALORIES / PERSON /DAY**
- **AS PER OFFICIAL ESTIMATES, MORE THAN 26 % OF OUR POPULATION LIVES BELOW POVERTY LINE**



Poverty



POVERTY

- **HOWEVER, THE COMMITTEE SET UP UNDER THE CHAIRMANSHIP OF SRI SURESH TENDULKAR HAS ESTIMATED THAT 37.2 % OF OUR POPULATION LIVES BELOW POVERTY LINE.**
- **COMMITTEE'S METHODOLOGY INCLUDED INDICATORS FOR HEALTH, EDUCATION, SANITATION, NUTRITION AND INCOME.**

India

Electricity consumption in 2008



Electricity consumption in 2008



Source: Ministry of Power, Government of India

MAJOR REASONS OF POVERTY

- **UNEMPLOYMENT / UNDEREMPLOYMENT**
- **LACK OF DEVELOPMENT IN AGRICULTURE**
- **ILLITERACY AND LACK OF SKILLS**
- **INCREASING POPULATION**

TACKLING THE PROBLEMS

- **INDIA BEING A DEMOCRATIC AND WELFARE STATE HAS ADOPTED MULTI-PRONGED APPROACH.**
- **PROVIDING SELF EMPLOYMENT OPPORTUNITIES**
- **PROVIDING WAGE EMPLOYMENT OPPORTUNITIES**
- **CREATING ROAD CONNECTIVITY**

Statewise Poverty Situation

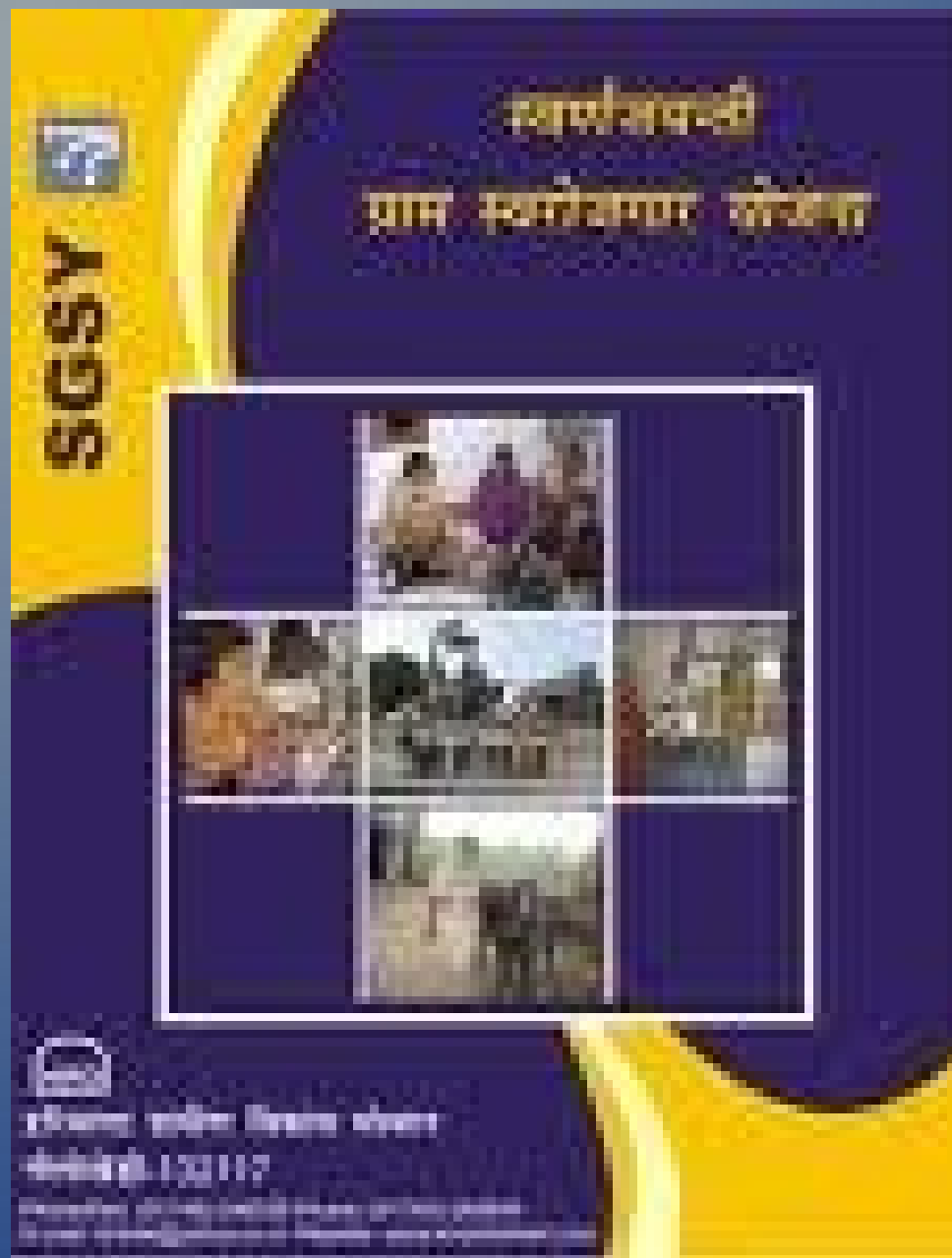


MAJOR GOVERNMENT SCHEMES / PROGRAMMES

- SWARN JAYANTI GRAM SWAROJGAR YOJNA (SGSY)
- PRIME MINISTER EMPLOYMENT GUARANTEE PROGRAMME (PMEGP)
- NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (NREGS)
- PRADHAN MANTRI GRAM SADAK YOJNA (PMGSY)

SGSY-GENESIS

- **LAUNCHED ON 1 APRIL 1999 BY THE MINISTRY OF RURAL DEVELOPMENT BY MERGER OF FOLLOWING SCHEMES**
 - **Integrated Rural Development programme (IRDP),**
 - **Development of women and children in rural areas (DWACRA),**
 - **Training of Rural youth for Self Employment TRYSEM**
 - **SITRA, GNAGA KALYAN YOJNA AND MILLION WELLS SCHEME**



SGSY-OBJECTIVE

- **THE OBJECTIVE OF SGSY IS TO BRING THE ASSISTED RURAL POOR FAMILIES ABOVE POVERTY LINE BY ENSURING SUSTAINED INCREASE IN INCOME**
- **FAMILY NET INCOME AFTER THREE YEARS SHOULD BE RS. 2000.00 PER MONTH**



SGSY – KEY COMPONENTS

- **SOCIAL MOBILISATION- FORMING GROUP OF RURAL POORS**
- **TRAINING AND CAPACITY BUILDING**
- **INCOME GENERATING ACTIVITIES**
- **PROVIDING INFRASTRUCTURAL FACILITIES**
- **CREDIT AND SUBSIDY**

FORMATION OF GROUPS

- ONE PERSON FROM ONE FAMILY BELONGING TO BPL LIST
- HELP OF OUTSIDE PERSONS LIKE NGOS/ FACILITATORS FOR SOCIAL MOBILISATION
- GROUPS ARE REQUIRED TO MEET REGULARLY, INTERACT WITH EACH OTHER AND MAKE SAVINGS AND UNDERTAKE INTERNAL LOANING, MAINTAIN RECORDS



GROUP FORMATION

- **GENERALLY 10-20 MEMBERS**
- **IN CASE OF PHYSICALLY HANDICAPPED AND MINOR IRRIGATION GROUPS THE NUMBER CAN BE 5.**
- **ONE MEMBER SHOULD NOT BE MEMBER OF MORE THAN ONE GROUP**

TRAINING & CAPACITY BUILDING

- **ASSESSMENT OF MINIMUM SKILL REQUIREMENT (MSR) , OF TECHNICAL SKILLS BY LINE DEPARTMENT AND MANAGERIAL SKILLS BY BANKERS**
- **BASIC ORIENTATION PROGRAMME – AFTER SANCTION OF LOAN AND BEFORE DISBURSMENT OF LOAN (2 DAYS)**
- **SKILL DEVELOPMENT TRAINING- THE SWAROJGARIES WHO NEED ADDITIONL SKILL WOULD BE IMPARTED THIS TRAINING. THROUGH GOVT INSTITUTIONS, POLYTEHCNICS, NGOS (MAX 15 DAYS)**

INCOME GENERATION

- KEY ACTIVITIES
- CLUSTER APPROACH
- KEY ACTIVITIES- MAXIMUM 10 KEY ACTIVITIES WOULD BE IDENTIFIED PER BLOCK.
- THESE ACTIVITIES WOULD BE BASED ON RAW MATERIAL , MARKET AND SKILLS AVAILABLE.

INCOME GENERATION

- **CLUSTER APPROACH**
- **THESE KEY ACTIVITIES WOULD BE IMPLEMENTED IN CLUSTER SO THAT NECESSARY INFRASTRUCTURAL FACILITIES COULD BE MADE AVAILABLE.**
- **BLOCK LEVEL SGSY COMMITTEE TO SELECT FEW VILLAGES EVERY YEAR THESE ACTIVITIES CAN BE IMPLEMENTED**

REVOVLING FUND

- THE GROUPS ARE BEING TRAINED FOR HANDLING MONEY. HENCE A COMPONENT OF COMPULSORY SAVING HAS BEEN BUILT UP IN THE SCHEME.
- THE GROUP MEMBERS USE THESE SAVINGS FOR LENDING WITHIN THE GROUP TO THEIR OWN MEMBERS.
- BASED ON THE ASSESSMENT OF THEIR FUNCTIONING WHICH IS CALLED FIRST GRADING, THE GROUPS ARE ENTITLED FOR CC LIMIT.

REVOLVING FUND (contd...)

- CC LIMIT IS BASED ON THE CORPUS OF THE GROUP, WHICH INCLUDES SAVINGS, INTEREST ON SAVINGS AND INTERLOANING AND REVOLVING FUND.
- REVOLVING FUND IS GIVEN BY DRDA (MIN RS.5000.00 MAX RS.10000.00)
- CC LIMIT CAN BE MAXIMUM 4 TIMES OF THE CORPUS.
- BANKS DO NOT CHARGE INTEREST ON REVOLVING FUND

BANK LOAN CUM SUBSIDY

- **CREDIT AND SUBSIDY**
- **CREDIT REQUIREMENT FOR FARM SECTOR ACTIVITIES BASED ON UNIT COST APPROVED BY NABARD**
- **FOR NON FARM SECTOR –UNIT COST TO BE DECIDED BY DISTRICT SGSY COMMITTEE**
- **SUBSIDY-**
 - **UNIFORM SUBSIDY @30 % OF PROJECT COST MAX. RS.7500.00**
 - **SC/ST CANDIDATES - @50 %OF PROJECT COST MAX. RS.10000.00**
 - **FOR SHGS-@50 %OF PROJECT COST MAX. RS.1.25 LAKH**

GRADING

- **FIRST GRADING AT THE TIME OF SANCTION OF REVOLVING FUND ,GENERALLY AFTER 6 MONTHS OF EXISTENCE.**
- **SECOND GRADING BEFORE SANCTION OF BANK LOAN FOR INCOME GENERATING ACTIVITY (GENERALLY AFTER 6 MONTHS OF 1st GRADING)**

SUBSIDY

- **BACK ENDED SUBSIDY**
- **MINIMUM LOCK IN PERIOD- 3,4,AND 5 YEARS IN RESPECT OF LOANS HAVING REPAYMENT PERIOD OF 5,7, AND 9 YEARS.**
- **SUBSIDY KEPT IN SEPARATE SUBSIDY RESERVE FUND AND ADJUSTED AGAINST LAST FEW INSTALMENTS**
- **NO INTEREST ON SUBSIDY AMOUNT**

SAFE GUARDS (reservations)

- 50% FOR SC/STS
- 40% FOR WOMEN
- 15 % FOR MINORITIES
- 3% FOR PHYSICALLY HANDICAPPED

MARKETING SUPPORT

- **SARAS MELA AT STATE LEVEL/
NATIONAL LEVEL**
- **SPONSORSHIP FOR PARTICIPATION IN
OTHER MELAS**
- **SARAS SHOWROOM AT DISTRICT LEVEL**

PROGRESS AT A GLANCE

YEAR	TARGET	ACHIEV	TARGET	ACHIEV
	SWAROJG ARIES	SWAROJG ARIES	CREDIT MOBILISE D	CREDIT MOBILISE D
2007-08	13.53 LAKHS	16.99 LAKHS	3744 crore	2760 crore
2008-09	17.63 LAKHS	18.62 LAKHS	3930 crore	3530 crore
2009-10	18.22 Lakhs	3.06 lakhs June 09	4444 crore	330 crore June09

ISSUES AND CONCERNS

- **HIGH ATTRITION RATE –**
 - - ONLY 65 % SHGS PASS GRADE-1
 - ONLY 29% SHGS PASS GRADE –II
 - ONLY 23 % TAKE UP IGA
- **ISSUES RELATING TO CREDIT ACCESS - LACK OF STAFF AND FAR FLUNG BRANCHES AND COMPLICATED PROCEDURE HAVE AFFECTED THEIR ACCESS TO CREDIT**

ISSUES AND CONCERNS_(contd..)

- **LACK OF CAPACITY BUILDING AND TRAINING**
- **LACK OF SHG FEDERATIONS AT DIFFERENT LEVELS**
- **RISK COVERGAE FOR BENEFICIARIES IN THE FORM OF LIFE, HEALTH AND ACCIDENT COVERAGE HAS BEEN MINIMAL**

RESTRUCTURING OF SGSY (contd..)

- **SGSY IS BEING RESTRUCTURED AS NATIONAL RURAL LIVELIHOOD MISSION (NRLM)**
- **Would be implemented upto 12 Five year plan period (2016-17)**
- **The mission will have defined outputs and outcomes**

NRLM- OBJECTIVE

- **THE OBJECTIVE OF MISSION IS TO REDUCE POVERTY AMONG RURAL BPL THROUGH PROMOTION OF DIVERSIFIED AND GAINFUL SELF EMPLOYMENT AND WAGE EMPLOYMENT OPPORTUNITIES TO PROVIDE APPRECIABLE INCREASE IN INCOME ON SUSTAINABLE BASIS**

OUTPUT AND OUTCOME TARGETS

- **A TOTAL OF 28 LAKH BPL FAMILIES TO BE COVERED UNDER SHG FORMATION BY 2016-17**
- **NO OF RURAL YOUTH TO BE PROVIDED SKILL DEVELOPMENT TNG - 75 LAKH BY 2016-17**
- **16 LAKH SHGS WOULD REACH MICRO ENTERPRISE LEVEL BY 2016-17**
- **75 LAKH RURAL BPL YOUTH WOULD BE PROVIDED PLACEMENT**

WHAT IS NEW IN IT ?

- **INCREASED REVOLVING FUND – RS. 15000.00**
- **INCREASED CAPITAL SUBSIDY- 15000.00 FOR GENERAL CATEGORY/ RS.20000.00 FOR SC/ST AND MAX. RS.2.50 LAKH**
- **INTEREST SUBSIDY- DIFFERENCE BETWEEN ROI CHARGED BY BANK AND 6%**
- **PROVISION FOR WAGE EMPLOYMENT**

WHAT IS NEW IN IT? (contd..)

- UNIVERSALISATION OF SHGS BY 2014-15
- ONE TIME GRANT FOR CREATION OF FEDERATIONS AT VILLAGE, BLOCK AND DISTRICT LEVEL
- CONVERGENCE WITH OTHER GOVERNMENT PROGRAMMES





NREGS

- NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME IS **100 DAYS OF GUARANTEED WAGE EMPLOYMENT IN A FINANCIAL YEAR TO EVERY HOUSEHOLD WHOSE ADULT MEMBERS VOLUNTEER TO DO UNSKILLED MANUAL WORK.**
- THE SCHEME IS GOVERNED BY NATIONAL RURAL EMPLOYMENT GUARANTEE ACT, 2005.
- THE SCHEME HAS BEEN RENAMED AS MAHATAMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (MNREGS)

NREGS- COVERAGE

- **ALL THE DISTRICTS OF THE COUNTRY EXCEPT WHICH HAVE 100 % URBAN POPULATION**



NREGA



SALIENT FEATURES OF THE SCHEME

- **Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat**
- **The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost**
- **The Job Card should be issued within 15 days of application.**

SALIENT FEATURES OF THE SCHEME (contd...)

- A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought
- The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates.
- Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States.

SALIENT FEATURES OF THE SCHEME(contd..)

- **Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses**
- **Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notifies a wage rate which will not be less than Rs. 60 per day. Equal wages will be provided to both men and women.**

SALIENT FEATURE OF THE SCHEME_(contd..)

- Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case
- A 60:40 wage and material ratio has to be maintained. No contractors and machinery is allowed
- At least 50% of works will be allotted to Gram Panchayats for execution

Payment of unemployment allowance

- **If the work is not provided within 15 days of the demand :**
 - The worker is entitled to $\frac{1}{4}$ th of wages for first 30 days
 - Thereafter $\frac{1}{2}$ of the wages
- **He can make a claim to gram panchayat or block officials for the same.**

PERMISSIBLE WORKS

The Act indicates the kinds of works that may be taken up for this purpose. As per Schedule I of the Act, the focus of the National Rural Employment Guarantee Scheme (NREGS) shall be on the following works:

- (i) water conservation and water harvesting;
- (ii) drought proofing, including afforestation and tree plantation;
- (iii) irrigation canals, including micro and minor irrigation works;

PERMISSIBLE WORKS (contd..)

- iv) provision of irrigation facility, plantation, horticulture, land development to land owned by households belonging to the SC/ST, or to land of the beneficiaries of land reforms, or to land of the beneficiaries under the Indira Awas Yojana/BPL families
- (v) renovation of traditional water bodies, including de-silting of tanks;
- (vi) land development;
- (vii) flood-control and protection works, including drainage in waterlogged areas;

Top performing states

States	% of total full range being paid through savings accounts
Kansas	100
Georgia	100
Arkansas	99
Mississippi	98
Alabama	98

Worst performing states

West Virginia	10
Delaware	4
Idaho	18
Michigan	12
Utah	9

PERMISSIBLE WORKS (contd..)

- (viii) rural connectivity to provide all-weather access. The construction of roads may include culverts where necessary, and within the village area may be taken up along with drains. Care should be taken not to take up roads included in the PMGSY network under NREGA. No cement concrete roads should be taken up under NREGA. Priority should be given to roads that give access to SC/ST habitations;
- (ix) any other work that may be notified by the Central Government in consultation with the State Government.

TRANSPARENCY MEASURES

- **Documents:** Job Cards recording entitlements (in the custody of workers) written application for employment, Muster Rolls, Measurement Books and Asset Registers
- **Processes:** Acceptance of employment application, issue of dated receipts, time bound work allocation and wage payment, Citizen Information Boards at worksites, Vigilance Monitoring Committees, regular block, district and state level inspections and social audits

PARADIGM SHIFT FROM WAGE EMPLOYMENT PROGRAMMES

- NREGA provides a statutory guarantee of wage employment
- It provides a rights-based framework for wage employment. Employment is dependent upon the worker exercising the choice to apply for registration, obtain a Job Card, and seek employment for the time and duration that the worker wants
- There is a 15 day time limit for fulfilling the legal guarantee of providing employment

PROGRESS AT A GLANCE

<u>Particulars</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Household demanding employment	2.12 crore	3.43 crore	4.54 crore
Employment provided to households	2.10 crore	3.39 crore	4.50 crore
Person days	90.51crore	143.68crore	216.04 crore

BUDGET ALLOCATION

<u>YEAR</u>	<u>AMOUNT IN RS. CRORE</u>	<u>% INCREASE</u>
2007-08	12000.00	-
2008-09	16000.00	33% OVER PREVIOUS YEAR
2009-10	39100.00	144% OVER PREVIOUS YEAR

IMPACT OF NREGA

- WAGES ARE HIGHER THAN THEY USED TO BE
- DELAY IN WAGE PAYMENTS ARE SHORTER
- WOMEN WORKERS ARE GETTING WORK NEAR THEIR HOME
- NREGA STRESSES TRANSPARENCY THROUGH RTI AND SOCIAL AUDIT

IMPROVEMENTS

- NREGA NOW INCLUDES ASSET BUILDING SCHEMES LIKE CONSTRUCTING SCHOOLS AND HOSPITALS.
-
- DEVOTAILING OF FUNDS CAN TAKE PLACE FROM OTHER GOVERNMENT SCHEMES

PMGSY ROAD CONNECTIVITY



Pradhan Mantri Gram Sadak Yojana

- Programme launched on 25th Dec. 2000 as 100% Centrally Sponsored Scheme
- The Primary Objectives:
 - ☁ **All 500+ Unconnected Habitations to be connected by 2007**
 - ☁ **For Hill & NE States, Desert and Tribal Areas 250+ unconnected habitations also to be connected.**
 - ☁ ***Secondary Objective: To upgrade existing roads to ensure all weather farm-to-market connectivity.***
- Total Investment : Rs 1,32,000 crore*
- Eligible Habitations : 1,73,000*
- * AS per Core Network estimates (revised from the original Rs. 60,000 crore and 1,40,000 habitations)



PMGSY (contd..)

- Rural Road Connectivity is a key component of Rural Development
- For promoting access to economic and social services and thereby generating increased agricultural incomes and productive employment opportunities in India.
- It is estimated that about 40% of the Habitations in the country are still not connected by All-weather roads.

Key Definitions

- The unit for this Programme is a Habitation and not a Revenue village or a Panchayat. A Habitation is a cluster of population, living in an area, the location of which does not change over time. Desam, Dhanis, Tolas, Majras, Hamlets etc. are commonly used terminology to describe the Habitations.
- **An Unconnected Habitation is one with a population of designated size located at a distance of at least 500 metres or more (1.5 km of path distance in case of Hills) from an All-weather road or a connected Habitation.**
- The population, as recorded in the Census 2001, shall be the basis for determining the population size of the Habitation. The population of all Habitations within a radius of 500 metres (1.5 km. of path distance in case of Hills) may be clubbed together for the purpose of determining the population size. This cluster approach would enable provision of connectivity to a larger number of Habitations, particularly in the Hill / mountainous areas.

Key Definitions_(contd..)

- The population, as recorded in the Census 2001, shall be the basis for determining the population size of the Habitation.
- The population of all Habitations within a radius of 500 metres (1.5 km. of path distance in case of Hills) may be clubbed together for the purpose of determining the population size.
- This cluster approach would enable provision of connectivity to a larger number of Habitations, particularly in the Hill / mountain areas.



PMGSY (contd..)

- The PMGSY envisages only single road Connectivity to be provided. If a Habitation is already connected by way of an All-weather road, then no new work can be taken up under the PMGSY for that habitation.
- A Core Network is that minimal Network of roads (routes) that is essential to provide Basic access to essential social and economic services to all eligible habitations in the selected areas through at least a single all-weather road connectivity

PMGSY (contd..)

District rural road plan

- The District Rural Roads Plan would indicate the entire existing road network system in the District and also clearly identify the proposed roads for providing connectivity to Unconnected Habitations, in an economic and efficient manner in terms of cost and utility.
- **The Core Network will identify the roads required to assure each eligible Habitation with a Basic Access (single all-weather road connectivity) to essential social and economic services.**
- Accordingly, the Core Network would consist of some of the existing roads as well as all the roads proposed for new construction under the PMGSY.

PMGSY (contd..)

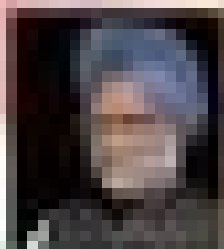
- **The Rural Roads Plan and the Core Network would constitute the basis for all planning exercises under the PMGSY**

PMGSY PROGRESS

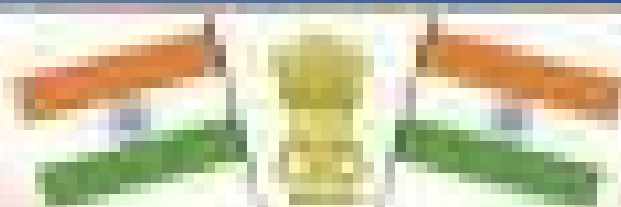
- **DURING 2008-09, 24026 KMS OF NEW CONNECTIVITY AND 48668 KM ROADS HAVE BEEN UPGRADED**
- **11398 HABITATIONS HAVE BEEN LINKED DURING 2008-09 AND AS ON MARCH 2009, 31927 HABITATIONS HAVE BEEN COVERED .**

PMEGP

- Prime Minister's Employment Generation Programme (PMEGP) is a credit linked subsidy programme of Government of India.
- It has been introduced by merging the two schemes, namely, Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP).
- The scheme was launched on 15th August, 2008



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Source: *Author's calculations*.

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Figure 1



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PMEGP- Objective

- To generate employment opportunities in rural as well as urban areas of the country through setting up of new self employment ventures/projects/micro enterprises.
- To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
- To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

Subsidy & beneficiary contribution

Categories of beneficiaries under PMEGP	Beneficiary contribution of project cost	Rate of subsidy of the proejet cost	
Area / location of the project		Urban	Rural
General Category	10%	15%	25%
Special (including SC/ST/OBC/ Minorities/women/ physically handicapped/ NER/Hill / Border region	05%	25%	35%



PROJECT COST & BANK LOAN

- The maximum cost of the project / unit admissible under manufacturing sector is Rs. 25 lakh.
-
- The maximum cost of the project / unit admissible under business/service sector is Rs. 10 lakh.
- The balance amount of the total project cost excluding subsidy & beneficiary's contribution will be provided by Banks as term loan

PROJECT COST

- Project cost will include Capital Expenditure and one cycle of Working Capital. Projects without Capital Expenditure are not eligible for financing under the Scheme.
- Projects costing more than Rs.5 lakh, which do not require working capital, need clearance from the Regional Office or Controller of the Bank's Branch and the claims are required to be submitted with such certified copy of approval from Regional Office or Controller, as the case may be

ELIGIBILITY CONDITIONS

- Any individual, above 18 years of age
- There will be no income ceiling for assistance for setting up projects under PMEGP.
- For setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business /service sector, the beneficiaries should possess at least VIII standard pass educational qualification.
- Assistance under the Scheme is available only for new projects sanctioned specifically under the PMEGP.

ELIGIBILITY CONDITIONS

- **Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme), Institutions registered under Societies Registration Act, 1860, Production Co-operative Societies and Charitable Trusts are also eligible for assistance under PMEGP.**
- **Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are not eligible.**

IMPLEMENTING AGENCIES

- The Scheme will be implemented by Khadi and Village Industries Commission (KVIC), Mumbai, a statutory body created by the Khadi and Village Industries Commission Act, 1956, which will be the single nodal agency at the national level.
- At the State level, the scheme will be implemented through State Directorates of KVIC, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres in rural areas. In urban areas, the Scheme will be implemented by the State District Industries Centres (DICs) only.

AGRICULTURE DEBT WAIVER AND DEBT RELIEF SCHEME , 2008

Scope of the Scheme

- All direct agriculture loans
- Extended to small & marginal farmers & other farmers
- Issued by all banks-
 - 🏦 Scheduled commercial banks (CBs)
 - 🏦 Regional rural banks (RRBs)
 - 🏦 Cooperative credit institutions including urban cooperative banks
 - 🏦 Local area banks

Direct agriculture loan

- **Short-term production loans & investment loans provided directly to farmers for agricultural Purposes**
- **Would also include loans provided to groups of individual farmers (e.g: Self Help Groups & Joint Liability Groups)**

Short term production loan

- A loan given for raising crops which has to be repaid within 18 months
- Also includes working capital loan not exceeding Rs.1 lakh for traditional & non-traditional P&H
- Gold loans issued for agri. purposes

Investment loans

- Term loan for direct agri. activities like deepening of wells, sinking of new wells, installation of pump sets, purchase of tractors/bullocks, Land Development, Plantation & Horticulture etc.
-
- Term loan for allied activities like dairy, poultry, goatery, piggery, sheep, fisheries, bee-keeping, bio-gas & greenhouses

Accounts not eligible

- Advances against pledge / hypothecation of agri. Produce
- Agri. finance to corporates, partnership firms, other cooperative societies & any other similar institutions
-
- Prudentially written off accounts

Eligibility conditions

- **Marginal farmer** : farmer cultivating agril. land up to 1 hectare
- **Small farmer** : farmer cultivating agril. land more than 1 hectare & up to 2 hectares
- **Other farmer** : farmer cultivating agril. land of more than 2 hectares
-
- **In case of allied activities**
 - where the principal loan amount does not exceed Rs.50,000, is SF/MF
 - Where the principal amount exceeds Rs.50,000, is other farmer

Debt waiver and debt relief

- **Debt waiver** - In the case of SF/MF, the entire eligible amount will be waived
- **Debt relief** - In the case of other farmers;
 - - there will be one-time settlement (OTS) under which the farmer will be given a rebate of 25% of the eligible amount
 - Subject to the condition that the farmer pays the balance of 75% of the eligible amount by 31.12.2009

Eligible accounts

- **ST loans** : the amount of principal together with applicable interest
 - Disbursed from 01.4..1997 up to 31.3.2007 & overdue as on 31.12.2007 & remaining unpaid until 29.2.2008;
 - Only those direct agril loans which fulfill all the above 3 conditions were eligible for debt waiver / relief
 - Restructured & rescheduled by banks in 2004 & 2006 under central govt. packages, whether due or not
 - Loans restructured & rescheduled on account of natural calamities up to 31.3.2007 as per applicable RBI / NABARD guidelines

ELIGIBLE ACCOUNTS

- **LT loans** : installments of such loans that are overdue together with applicable interest on such installments
 - Disbursed from 01.4.1997 up to 31.3.2007 & overdue as on 31.12.2007 & remaining unpaid until 29.2.2008
 - Restructured & rescheduled by banks in 2004 & 2006 under central govt. packages,
 - Loans restructured & rescheduled on account of natural calamities up to 31.3.2007 as per applicable RBI / NABARD guidelines

Implementation Process

- Every branch of eligible institution covered under the scheme shall prepare 2 lists
 - One consisting of SF/MF who are eligible for debt waiver
 - Second consisting of other farmers who are eligible for debt relief
- The list shall include particulars of land holding, eligible amount & amount of debt waiver/relief proposed to be granted
- The list shall be displayed on the notice board of the branch/society on or before 30.6.2008

Nodal Agency for Implementation

- **RBI for**
 - Scheduled commercial banks
 - Urban cooperative banks
 - Local area banks
- **NABARD for**
 - RRBs
 - Cooperative credit institutions

PROGRESS UNDER THE SCHEME

- Government has implemented the Agricultural Debt Waiver and Debt Relief Scheme, 2008 under which about **3.68 Crore farmers** have been benefited involving debt waiver & debt relief to the tune of **Rs. 65,318.33 crore.**

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