

## Frequently Asked Questions (FAQ) on Swarnjayanti Gram Swarozgar Yojana (SGSY)

- 1) What is the aim of the Swarnjayanti Gram Swarozgar Yojana?
  - SGSY is a self-employment programme of Ministry of Rural Development that aims at providing assistance to the BPL rural poor for establishing micro-enterprises through bank credit and government subsidy to acquire an income-generating asset.
  - Self Help Groups (SHGs) are formed through a process of social mobilization, with their training and capacity building, infrastructure build up, technology, credit and marketing enabling them to take decisions on all issues concerning poverty eradication.
- 2) How do I form a Self Help Group, or participate in one such group?
  - Under SGSY, the individual beneficiaries and members of SHGs are called swarozgaris.
  - Generally a self Help Group (SHG) consist of 10-20 persons. In difficult areas like deserts, hills and areas with scattered and sparse population and disabled persons, this number may be 5-20.
  - Focus on vulnerable groups- SC/STs at least 50% of swarozgaris; Women-40% and disabled 3%.
  - List of BPL households identified through BPL census, duly approved by Gram Sabha forms the basis for identification of families from which the members of Self Help Groups (SHGs) are drawn.
  - DRDAs initiate and sustain the process of social mobilization for formation, development and strengthening of SHGs through facilitators viz. NGOs, CBOs, Banks, Community Coordinators, Animators and SHPIs.
- 3) How do I identify an activity which can generate income for the group?
  - Emphasis under SGSY is on the cluster approach. About 10 key activities are identified for each block based on the resources, occupational skills of the people and availability of markets, out of which focus is on 4-5 activities which are identified for training and micro enterprise development in a cluster approach for a larger number of groups.
  - Selection of key activities will be with the approval of the Panchayat Samitis at block level and DRDA / ZP at the district level.
  - As per SGSY Guidelines, the Block level SGSY committee based on consultation process, may identify about 8-10 activities in the order of preference. This list should then be placed before the general body of the Panchayat Samiti (Block Panchayat) for recommendations. The list of selected key activities, along with the recommendations of the Panchayat Samiti should then be forwarded by the BDO to the District SGSY committee for consideration. The District SGSY committee should scrutinize the proposals for each key activity separately in consultation with the concerned experts including the line department officials.
  - For each key activity there should be a project report indicating various elements such as training, credit, technology, infrastructure and marketing.

- 4) Are there any rules on who can be members of Self-Help Group?
- Generally all members of the group should belong to BPL families. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, upto a maximum of 30% of the members of group may be taken from marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group.
- 5) How much credit will I get?
- Financial assistance to swarozgaris under SGSY comprises of two components viz. loan and subsidy. SGSY is a credit linked scheme and credit is the key element. The major part of investment consists of bank credit from financial institutions comprising commercial banks and regional rural banks. The size of loan for a project depends on the nature of the project. SGSY has no investment ceiling other than the unit cost (i.e. investment requirement) worked out for the project.
- 6) Who will give us loans?
- Loans are given by the financial institutions comprising commercial banks, cooperative banks and regional rural banks. The loan amount would be equal to the total project cost including the amount of subsidy admissible to the swarozgaris. Interest rates for SGSY loans will be as notified by RBI/ NABARD from time to time.
- 7) How much of subsidy I will get ?
- Subsidy under SGSY will be uniform at 30% of the project cost, subject to a maximum of Rs.7500/-. In respect of SC/STs and disabled persons, however, these will be 50% and Rs. 10000/- respectively. For groups of swarozgaris (SHGs), the subsidy would be at 50% of the project cost subject to per capita subsidy of Rs. 10000/- or Rs. 1.25 lakhs, whichever is less. There will be no monetary limit on subsidy for irrigation projects.
- 8) Can I be a member of more than one Self Help Group?
- No.
- 9) Will my Self Help Group get any training?
- Yes, SGSY lay emphasis on skill development through well designed training courses. The design, duration of training and the training curriculum which includes exposure visits of SHG members is tailored to meet the needs of the identified activities. 10% of the central allocation has been earmarked for training of SHG members and Training of Trainers (ToT) functionaries during 2008-09.
- 10) Will we get any support in marketing and technology of our products?

- SGSY provides for promotion of marketing of goods produced by the SHGs/ Swarozgaris which involves provision of market intelligence, development of markets, consultancy services and institutional arrangements for marketing of the goods including exports.

11) What are Special Projects under SGSY?

- The Projects which involve different innovative strategies to provide long term sustainable self employment opportunities in terms of organization of the rural poor, provision of support infrastructure, technology, marketing, training etc., or a combination of these to bring a specific number of BPL families above poverty line.
- Special Projects endeavour to validate alternative models of generating self employment for replication under the normal SGSY.
- 15% of the funds under SGSY are laid for Special Projects.

12) What is SARAS?

- SA-RAS is a brand name given by the Ministry to the exhibitions organized in New Delhi and major cities of the country for marketing of the rural products made by rural BPL swarozgaris under SGSY.

13) How do I improve the quality of my product?

- Under SGSY, each DRDA is given separate funds for improving the marketing support to SHGs for their rural products which includes among other things tie up with reputed institutions for improving the quality of products, branding and packaging. Besides, during the SARAS Fairs, rural swarozgaris are given the opportunity to participate in the workshops conducted by eminent institutes organized by the Ministry in quality improvement of the products, packaging, accounting etc.

14) What are the provisions for weaker sections, minorities and person with disabilities under the SGSY?

- SC/STs at least 50% of swarozgaris; Women-40% and disabled 3%; Minorities 15%.
- Subsidy is uniform at 30% of the project cost, subject to a maximum of Rs. 7500. For SC/STs and Disabled these are 50% and Rs. 10000 respectively. However, as per guidelines, for groups of swarozgaris (SHGs), the subsidy would be at 50% of the project cost subject to per capita subsidy of Rs. 10000/- or Rs. 1.25 lakhs, whichever is less. There will be no monetary limit on subsidy for irrigation projects.

15) What are the items on which financial assistance is provided to Swarozgaris under SGSY?

- Financial assistance is provided for Training for capacity building of swrozgaris, establishment of Infrastructure, Revolving Fund to SHGs and Subsidy for economic activities.
- 16) How much amount is provided for Infrastructure Development?
- For success of any micro enterprise, proper infrastructure is essential which may be required for production, quality testing, storage, design development, value addition, diversification of products or marketing for which provision of 20% (25% in case of NE States) of SGSY allocation of funds for each district has been made under the Scheme.
- 17) What is the criteria for release of Revolving Fund to SHGs formed under SGSY?
- There is a system of grading SHGs into Grade-I and Grade-II for assessing the achievements of SHGs towards maturity level as per the norms stipulated under SGSY Guidelines.
  - SHGs that are in existence for about six months and become Grade-I as per the stipulated norms under SGSY Guidelines are eligible for getting Revolving Fund from DRDA and Banks as cash credit facility.
- 18) When do the SHGs become eligible for getting Bank Loan and Subsidy?
- SHGs that are in existence for about six months as Grade-I and have demonstrated the potential of a viable groups become Grade-II as per the stipulated norms under SGSY Guidelines are eligible to receive the assistance for Economic Activity in the form of bank loan and subsidy.
- 19) What is the role of NGOs and CBOs in the implementation of SGSY?
- Play the role of Facilitators in the formation of SHGs.
  - Help in training and capacity building of Facilitators used by DRDAs as well as SHGs.
- 20) What are the facilities for marketing of SHG products at District/ State level?
- Ministry has been requesting the State Governments to provide land free of cost for construction of permanent marketing centers in State Capitals and District Headquarters for which 100% funds will be released by the Ministry under SGSY (Special Projects).
  - So far 11 such marketing centers have been sanctioned by the Ministry in the States of Andhra Pradesh, Goa, Gujarat, Himachal Pradesh, Madhya Pradesh, Rajasthan, Tamil Nadu, Uttar Pradesh and Uttarakhand.
  - Ministry also organizes SARAS Fairs in major cities of the States for display and sale of the products made by the rural swarozgaris.