
CHAPTER - VII

**PROBLEMS AND DIFFICULTIES FACED
BY THE IMPLEMENTING AGENCY AND
THE SAMPLE BENEFICIARIES IN THE
STUDY DISTRICT**

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Successful implementation of any programme highly depends upon the active co-ordination and co-operation between the implementing agency and the supporting agencies. Any mismatch between the implementing agency and the supporting agencies may adversely affect the performance of the programme. In addition to that, to make the programme a successful one there is need of proper identification of beneficiaries who are enthusiastic to accept the benefit of the programme, enthusiasm or zeal of the concerned officials to work with greater involvement, active support of the financing banks, allocation of government fund in time, proper utilisation of fund, adequacy of fund, effective supervision and monitoring by the bank and implementing agency and active participation of other development departments. However, in the practical field, there are always some hindrances/constraints in proper implementation of the programme for which the implementing agencies as well as the beneficiaries have to face certain problems which hamper in smooth implementation of the programme.

Keeping these various aspects in mind an effort was made by the researcher to find out the various problems and difficulties faced by the implementing agencies as well as the sample beneficiaries of SGSY. While discussion was made in field survey with the implementing agencies and the sample beneficiaries they reported positively about their problems.

The various difficulties and problems faced by them are discussed below.

A. DIFFICULTIES FACED BY THE IMPLEMENTING AGENCIES

As Swarnajayanti Gram Swarozgar Yojana (SGSY) is implemented by the Gram Panchayat (GP), Block Office, District Rural Development Agency (DRDA) and banks, so the achievement of the programme depends to a large extent upon the co-ordination among these agencies. Gram Panchayats and Development Blocks are the co-ordinating and policy making agency while DRDA and financing banks are the executing agencies. Therefore, co-ordination among these agencies is very much essential for better performance of the programme.

Thus, in this part of analysis, an attempt has been made to analyse the various difficulties faced by these agencies.

7.1 Difficulties faced by the Block officials

As per guideline, the field level execution of the SGSY programme rests upon the Panchayat and Block level officials. Block Development Officer (BDO) is the controlling officer of the programme at block level who is assisted by one Extension Officer of Credit (EOC).

The EOC in consultation with the panchayat workers has to identify the BPL families of the block at the initial stage of the programme. After identification of the BPL families or individuals, necessary advice and support has been provided to them for formation of SHG and makes them

eligible to assist under SGSY. The EOC also verifies the feasibility of the project of the applicants and acts as a liaison officer between DRDA and banks in providing assistance to the applicants. After implementing the scheme, these officials are need to visit the beneficiaries at frequent interval to provide necessary advice for effective implementation of the programme.

While asking the officials regarding any difficulty faced by them in implemting the programme, their opinios were as follows.

7.1.1 Wrong information about the family income

Most of the officials say that the beneficiaries generally provide wrong information about their annual income from various sources. This is a common phenomenon among all the villagers. They never want to disclose the various sources from which their family members generate the income. Although, one single family member of their family is engaged in any job or activity (partly or fully), they try to show him/her as an unemployed person at the time of selection the beneficiaries. Thus it creates problem for the implementing agency in identifying the bonafied families who are living below poverty line.

7.1.2 Non-completion of formalities

Non-completion of formalities by the applicants/groups is one of the major problems faced by the officials. This is mainly due to the illiteracy of the SHG members of the BPL families. Although training is given to the

SHGs to maintain loan ledger, records of accounting and writing procedure of proceedings of the monthly meetings, some groups are found to be a complete failure in maintaining of these, specially during the initial stage of evolution. As all these aspects are required by the implementing agency for getting a scheme under SGSY, so it creates problems for the officials to forward the loan applications to the financing banks in time.

7.1.3 Problem created by members of SHG.

The SHGs formed by the family members of the richer section of the society also creates problem for getting the scheme under SGSY. Although, as per SGSY guideline there is a provision that 20 per cent members of the SHG may be from the above poverty line (APL) families, but cannot act as a president, secretary or treasurer. As the members of the APL families are found more active and clever than the members of the BPL families, they always try to hold these posts to make influence over the group. Thus, this has made it possible to enter such members into the list of the target group families.

7.1.4 Problem of identification of group members

As per guideline of the programme, each member of a SHG cannot be a member of another group, and members of each SHG should be from different families. But, as reported by the officials many SHGs are formed with the members of the same family. This happens generally in the case of joint families particularly in SC and ST population groups. While

applying for the assistance under SGSY or other than SGSY programme, the same joint family is shown as several single families. This creates problem for the officials in selecting the beneficiaries and that is why, physical verification of the SHG by the officials can not be ignored.

7.1.5 Preference to subsidy

Majority of the SHGs are found more interested only in receiving the Government subsidy rather than the loan amount. However, there is a norm in the programme that the subsidy amount is to be released with the last instalments of the bank loan based on the satisfactory utilization of the related loan amount. That is why, many SHGs show their preference to take up those economic activities which are already exist in their families (e.g. poultry, piggery, duckery, goatery, handloom, fishery etc.) As a result the programme failed to achieve its desired targets.

7.1.6 Interference of local political leaders

Interference of the local political leaders in many times, compel the officials to act against the norms of the programme. It was observed during the period of field visit that out of 200 sample beneficiaries, nine beneficiaries were from APL families whose annual household income is more than Rs. 1 lakh. When the resarcher made an interaction with these members they said that as they had a good relationship with the local MLAs, so, there was no problems to be member of the SHGs and to get the benefit of the programme.

7.1.7 Problem of communication

Remoteness and lack of all weather roads causes an another problem for the officials in making visit and meet the beneficiaries in frequent interval. Due to heavy rainfall in the district, specially during the rainy season, regular visit can not be made by the officials for effective monitoring and supervision. Thus, for half of the year, there is almost no contact between the beneficiaries and officials.

7.1.8 Problem from bankers

While sending the loan proposals to the financing banks, it takes a longer period of time for sanctioning the loan proposals. Most of the branch managers cannot spare sufficient time to deal with the SGSY proposals for disbursement of loan due to their work load and lack of sufficient staff. Moreover, the individual bank branches cannot lend beyond the target as fixed by the annual credit plan. The branch managers have not been delegated adequate sanctioning power by the head office so that loan proposals received by them can be cleared within a short period of time without forwarding the same to the regional or, zonal or local head office.

7.1.9 Out dated course curriculum in the training programmes

To enhance the skill and efficiency of the DRDA and Block officials, State Institute of Rural Development (SIRD) and National Institute of Rural Development (NIRD) have organized training programmes for effective implementation of SGSY. It is true that, as reported by the

officials, these training programmes are helping them in improving their skills and knowledge. However, according to them it needs certain modifications in existing curriculum of training courses offered in these institutions. The course curriculum should be more field oriented rather than the theoretical in nature.

7.1.10 Non-co-operation of developmental agencies

For effective implementation of SGSY programme, better co-ordination and co-operation is very much necessary among the various Government agencies, sponsoring agencies and financing agencies. However in practice, the support of the many developmental agencies are not as encouraging as it is expected. It is due to their own limitations as well as more emphasis on the implementation of some other developmental schemes. It was found that due to lack of co-operation among the agencies, many times training facilities could not be provided to the SGSY beneficiaries at appropriate time on their respective activities which resulted in limited success of the programme.

7.2 Difficulties faced by DRDA

As it is known that Development Block and Gram Panchayats are the co-ordinating and policy making agency while District Rural Development Agency (DRDA) and Banks are the executing agencies of SGSY. The DRDA is to prepare Annual Action Plan for each block in consultation with the district SGSY committee and financing bank and fix

the physical targets in the form of numbers of families (SHGs) to be assisted as well as amount to be provided through subsidy and institutional credit.

While applications for SGSY scheme are submitted by the applicants to the block office, these are first received by the block officials and scrutinized. After forwarding by the BDO, these are submitted to the DRDA for approval and then to Banks for sanctioning of loan. After sanctioning the loan by the banks, the subsidy amount is released by DRDA to the concerned banks for disbursement. Completion of these formalities by DRDA and block officials in reasonable time helps the financing banks in fulfilling the target of the banks as fixed by the annual credit plan. But if there is delay in these formalities then it hampers in achieving the desired targets. The delay in process creates some difficulties faced by the DRDA officials which are mentioned below.

7.2.1 Time lag in sponsoring the applications

Steps taken towards the implementation of SGSY, on the part of the DRDA officials, depends upon the sincerity of the block officials in sponsoring the loan proposals. Sometimes, the block officials under the pressure of fulfilling the target during a short period of time, a large number of loan proposals are forwarded to DRDA without enclosing the necessary documents. The DRDA, after carefully scrutinizing the proposals, again send back the incomplete applications to the block officers for necessary inclusions or correction. The blocks have to resend

these applications to DRDA after making necessary inclusions. All these formalities need a long period of time to reach the proposals in the financing banks. During the period of study it was observed that the time lag in blocks, DRDA and financing banks was quite long which causes unnecessary delay in implementation of the programme.

7.2.2 Non-receipt of government fund in time

Non-receipt of government fund in time also put the DRDA into a difficult situation, for which it fails to release the subsidy to the financing banks for disbursement of loan quickly. The state Government often fails to release its matching grant (25%) to the implementing agencies in time. As a result, there is always a gap between the target and actual achievement. The concerned officials further reported that the fund received from government for implementation of the programme is much lower than the fixed annual allocation which restricts in achieving the desired target.

7.2.3 Problem in disbursement of fund

Another important problem faced by the DRDA is that the State Government generally releases the fund for implementation of SGSY at the last part of the financial year. This compels the officials to disburse the funds within a short period of time which leads the officials to work without fulfilling the all required formalities.

7.3 Difficulties faced by banks

When discussion was made with the financing banks about the implementation of SGSY, they pointed out the under mentioned difficulties :

7.3.1 Submission of incomplete applications

Submission of incomplete applications by the block officials is a common phenomenon in most of the cases, which creates an extra working burden for the bank officials to return the loan proposals for rescrutinization to the block offices. This problem is generally faced by majority of the bank branches.

7.3.2 Unviable projects

Sometimes, such type of loan proposals are sponsored by the block offices which are not found feasible to that particular locality. That is why, these proposals are to be returned to the block offices for resubmission with an appropriate scheme. Thus, the entire process takes a longer period of time for fulfilling the formalities.

7.3.3 Non-recovery of loans

Non repayment of loan instalments by the borrowers (other than SGSY beneficiaries) is one of the reasons for disappointment of the financing banks for further investment in scheme of SGSY.

7.3.4 Proposals for same type of activity

Another major problem faced by the banks is that most of the SHGs in a block prefer more or less to take up similar type of economic activity which restricts the financing banks to sanction more proposals on the same line of economic activity under SGSY.

7.3.5 Submission of applications in the last part of the financial year

Bank officials also reported that most of the applications are submitted to the banks by the sponsoring agency at the last part of the financial year. This causes the banks to reject some of the proposals not because of incompleteness of formalities but also lack of time for proper verification.

7.3.6 Delay in grading process

Under SGSY, after 1st grading, revolving fund is provided to the SHGs, and in the next stage of evolution of the SHG (i.e. after 2nd grading), bank loan is given for the implementation of SGSY. But, delay which is generally occurs in the grading process of SHG obstructs in many times for effective implementation of SGSY.

7.3.7 Pressure of work load

Pressure of work load in the banks due to lack of manpower, annual closing, audit inspection, organisation of recovery camps and implementation of various Government programmes etc. have hampered the bank staff to deal with SGSY activities. The implementation, inspection on proper utilization of loan amount in the respective activity, proper monitoring or making a visit to the assisted beneficiaries under SGSY are affected.

7.3.8 Non-receipt of subsidy in time

Another problem faced by the financing banks is that DRDA generally delays in releasing the subsidy amount of SGSY. Thus, non-receipt of subsidy amount from DRDA in appropriate time delays in disbursement of loan to the SHGs. It creates a gap between the receiving of loan instalments by the SHGs which causes diversion of fund from one activity to another activity resulting adverse effects on SGSY programme.

7.3.9 Non-co-operation of block officials

Any financial institution is willing to finance more when its recovery performance is found very satisfactory and is reluctant to finance more if its recovery performance is very bad. But in case of SGSY, although it is one of the duties of the block officials to attend the recovery camps organised by the banks, block officials generally do not attend these camps as reported by the bank officials. They reported that the block officials make regular contact with the banks at the time of sanctioning the loan proposals, but do not keep any contact after releasing the loan amount.

7.3.10 Attitude of the SHGs

One common problem as reported by the bank officials is that SHGs are more interested on subsidy component rather than the loan component. Majority of the SHGs prefer to accept the bank loan only for getting the subsidy amount, not to utilize the loan amount in economic activities. Thus, it shows the intention of the SHGs for misuse of Government fund which was observed under SGSY scheme.

B. PROBLEMS FACED BY THE BENEFICIARIES

In addition to the better co-operation and co-ordination among the different agencies, there is also need to tackle the various problems faced by the beneficiaries of SGSY for the success of the programme.

The performance of any scheme can also be measured with the response of public to such scheme. Keeping in view this objective in mind it was felt imperative by the researcher to find out the various problems faced by the beneficiaries of SGSY. Therefore, during the period of field survey, effort was also made by the researcher to identify the various problems of the sample beneficiaries that hindered in proper implementation of the programme.

It is observed that problems faced by the beneficiaries are the main cause for lack of success of SGSY programme. These difficulties/problems are faced by the beneficiaries at various stages of its functioning.

The various problems faced by the beneficiaries are discussed below.

7.4.1 Lack of proper knowledge

For majority of the beneficiaries (70%) the main problem is the lack of proper knowledge regarding the procedure of applying for assistance under SGSY. Even 40.5 per cent beneficiaries are not aware about the name of the programme under which they are assisted. The concerning officials also do not organize any camps or workshop to explain in details about the programme for selection of beneficiaries. This compels the

rural people to make personal contact with the concerned officials to get their applications approved. Moreover, most of the officials, as reported by the beneficiaries, do not come to the office regularly, and also in time. Besides, they generally stay in the office only for a few hours, which compelled the beneficiaries to visit the block offices for several times to meet the concerned officials.

7.4.2 Problem in sanctioning the proposals and bank loan

One major problem faced by the beneficiaries is that they have to make several visits to the block offices to approve their applications and the financing banks to get their loan amount. These frequent visits have brought a heavy expenditure on fooding and traveling. In view of these bitter experiences many poor families do not find it worthwhile to approach for a scheme under SGSY.

7.4.3 Problem of group formation

In the initial stage of evolution, the SHGs have to fulfill various formalities for getting assistance under SGSY. Formation of the SHG, selection of the group members with same attitude, taking decision on member's monthly contribution, opening of bank account, maintenance of cash book, loan ledger, writing of proceedings of the monthly meetings, dealing with block office etc. are a tough work for the illiterate poor people in the rural areas specially during the initial stage of formation of the SHG. Sometimes, this lengthy process of formalities discourage the poor people to form SHG for getting the assistance under SGSY.

7.4.4 Non-involvement of SHGs in selecting the schemes

Generally, a scheme should be provided to an individual or a SHG in which they are interested to perform the activity. But, in some cases, the beneficiaries could come to know about the scheme allotted to them only at the time of disbursement of the loan. This shows that in allotment of schemes, the beneficiary's skill training, aptitude, and other relevant factors were not taken into consideration. There was absolutely no involvement of the beneficiaries in selecting and framing the schemes. This is another problem faced by the beneficiaries under the programme of SGSY.

7.4.5 Problem of time lag

Another problem faced by the beneficiaries is that from the submission of the applications in the block offices and upto sanctioning the loan amount by the banks, it requires a longer period of time to implement the programme. Because, time lags are generally observed between (a) forwarding of loan proposals by block officials to the concerned bank through DRDA, and (b) sanctioning of the loan by banks and releasing the same. There was also unnecessary delay in sanctioning the subsidy to the financing banks by the DRDA. These delays deprives the beneficiaries in receiving the assistance in appropriate time to under the SGSY scheme. As reported by the beneficiaries, it took from six months to one and half year in between application and sanction of the loan and subsidy which ultimately affect the work spirit of the SHG members.

7.4.6 Inadequacy of loan

As reported by some beneficiaries (21 per cent), the amount provided by the banks as loan was not adequate to take up their economic activities like dairy, fishery, piggery etc. under SGSY scheme. Due to poor economic conditions of the beneficiaries, the financing banks do not want to take much responsibility to extend huge amount of loans to them on account of the threat of non-recovery of the loan amount. This intention of the banks deprives many SHGs in taking up of some demand based or high income yielding activities in spite of having great interest in that field of economic activities.

7.4.7 Problem of marketing

It is the duty of the implementing agency to organize exhibitions or mellas frequently in collaboration with the other Government departments like KVIC, KVIB, DICC, Handloom and Textiles etc. to sell the products of the beneficiaries. Most of the beneficiaries reported that the Government do not provide enough facility like arranging their participation in exhibitions, trade fairs and mellas for marketing their products. Some of the beneficiaries mentioned that they participated in some exhibitions organised by KVIB, DRDA and Handloom and Textiles Deptt., but the objective of these exhibitions was basically to display the products of the swarozgaris and not to sale them, and thus these exhibitions are of little utility to the swarozgaris.

7.4.8 In-adequate training facility

Any economic activity can give a better result if it is done in a scientific manner and persons with skilled and trained in that particular activity. Therefore, training should be provided to them for adopting appropriate technology to upgrade the methods of production. But under SGSY, although there is a provision of training and upgradation of technology, no steps have been taken by the implementing agency in these aspects except few veterinary training programmes organised in the study district. Thus, the beneficiaries of the SGSY are deprived of getting the actual benefit of the programme.

7.4.9 Lack of committment of the officials

Lack of committment of the officials is one of the reasons for the poor performance of SGSY in the district. Although it is one of the duties of the officials to make frequent visit to the beneficiaries for providing necessary advice for proper implementation of the scheme, but in practice, it was found that none of the officials of development blocks and bank branches made visit to the beneficiaries after sanctioning the scheme.

7.4.10 Exploitation by intelligent members

It was found that in case of a few units, intelligent members always try to capture the lions share of the profit of the group by exploiting the ignorant and illiterate members. As reported by the beneficiaries, many beneficiaries are not aware about the amount of bank loan, its rate of

interest, repayment schedule of the loan and monthly interest received from group members as well as from other borrowers who took loan from the group. Thus, in case of few SHGs (15%), strong members always try to perform the group activity by keeping aside the illiterate members.

7.4.11 Low return on investment

One common problem faced by most of the beneficiaries is that the rate of return from the economic activities undertaken by the beneficiaries is very low in comparison to the amount of investment. It is found in the study that on an average each beneficiary invested an amount of Rs. 18,619.00, but this amount of money could able to generate only Rs. 6857.00 per beneficiary in a year. This low amount of return from the economic activities is mainly due to not taking these activities on commercial basis.

7.4.12 In-adequate support from other developmental departments

Another major problem faced by most of the beneficiaries is that the support provided by the other Government departments in continuing the economic activities is not totally encouraging especially the support from the fishery, handloom and veterinary departments in the study district. That is why, majority of the beneficiarieries are not in a position to continue their activities or to upgrade their line of activities.

From the above analysis it can therefore be inferred that both the implementing agencies and the beneficiaries of SGSY are facing a lot of problems in implementation of SGSY programme which proves the **third hypothesis** of the study.