

## **CHAPTER – IV**

### **SPREAD OF SHGs, DEVELOPMENT OF CLUSTERS, FUNDING MECHANISMS AND EXPENDITURES FOR SGSY IN JALPAIGURI DISTRICT**

#### 4.1 Spread of SHGs under SGSY in Jalpaiguri.

The Swarnajayanti Gram Swarogari Yojona was launched in Jalpaiguri district in April 1999. In the initial year, the policy makers at the district level as well as concerned functionaries of this scheme were in dilemma as to whether another new scheme could be implemented and administered, specially in the atmosphere of high degree of poverty and unemployment in rural areas of this district. The bankers, government agencies and beneficiaries did not quite yet forget the experiences of previous antipoverty programmes like IRDP and DWCRA. At the time of implementation of SGSY a large number of IRDP defaulters lived in the district. Much time appears to have been absorbed in clearing the financial liabilities of the old schemes and rearranging the financial and administrative aspect of the new scheme. The concerned different functionaries had spent the year 1999-2000 to study, understand and imbibe the nuances of the entire mechanism of the scheme. A large number of meetings were held at all stage from state level to gram panchayat level with the Panchayats, NGOs, Government Agencies including line departments and banks. Formation of Self-help group under the Swarnajayanti Gram Swarogari Yojona just began in a few blocks in this year a number of erstwhile DWCRA groups were converted into self-help group. The task is easier said than was done because of a transition from one scheme to another with a large number of defaulters. Yet at the end of March 2000, 42 SHGs were formed. The following table describes the pattern of group formation in Jalpaiguri district since inception to till the end of 31-03-2007.

**Table No: 4.1.A**

##### **Yearwise formation of SHGs in Jalpaiguri district.**

<b>Year</b>	<b>No of Groups Formed (Cumulative figure)</b>	<b>Annual Rate of growth (%)</b>	<b>% Of total group formed</b>
1999-2000	42	-----	0.24
2000-2001	112	166.67	0.39
2001-2002	776	592.85	3.72
2002-2003	1850	138.40	6.01
2003-2004	4007	116.59	12.08
2004-2005	12009	199.70	44.81
2005-2006	14044	16.94	11.40
2006-2007	17855	27.14	21.34

*Source: Compiled from Annual Action Plans of DRDC (different years)*

The above table depicts a clear picture about the chronicle of amplification of SGSY programme in Jalpaiguri district since its inception. In the initial year, the DRDC, Block and panchyat officials with their combined great endeavour converted only five erstwhile DWCRA group into Self Help Group under Swarnajayanti Gram Swarojgar Yojana. The socio-economic condition of rural families of entire Jalpaiguri district were entangled by frightful poverty coupled with severe unemployment.

Above table shows that SGSY has started its journey in Jalpaiguri district in the year 1999-2000 with a very negligible numbers of erstwhile DWCRA converted groups .The total number of self-help group at the end of 31<sup>st</sup> March 2007 stood at 17855. In the 2<sup>nd</sup> year of its inception (2000-01) only 53 new groups were formed and 17 erstwhile DWCRA group has been converted Self Help Group under SGSY. During 2001-2002 a lot of time was spent for arranging all necessary organizational structure to gear up the new scheme. Total 664 new self-help groups were formed in this year, as a result total cumulative number stood at 776 which was 3.72% of the total group formed till the end of 31<sup>st</sup> March, 2007. Cumulative number of group formation during 2002-03 stood at 1850, which was 6.01% of the total numbers of group formed upto 31<sup>st</sup> March 2007. The rate of group formation got momentum in the year 2003 – 2004, total 2157 new women self-help group were formed during this year, which was double of last year. The status of SHG movement in this district will be recognised through the comparative analysis between group formation in India and Jalpaiguri. With this objective, growth rate of SHGs formation in Jalpaiguri and India is given in the following table.

**Table No: 4.1.B**  
**Yearwise distribution of growth rate SHGs in Jalpaiguri and in India.**

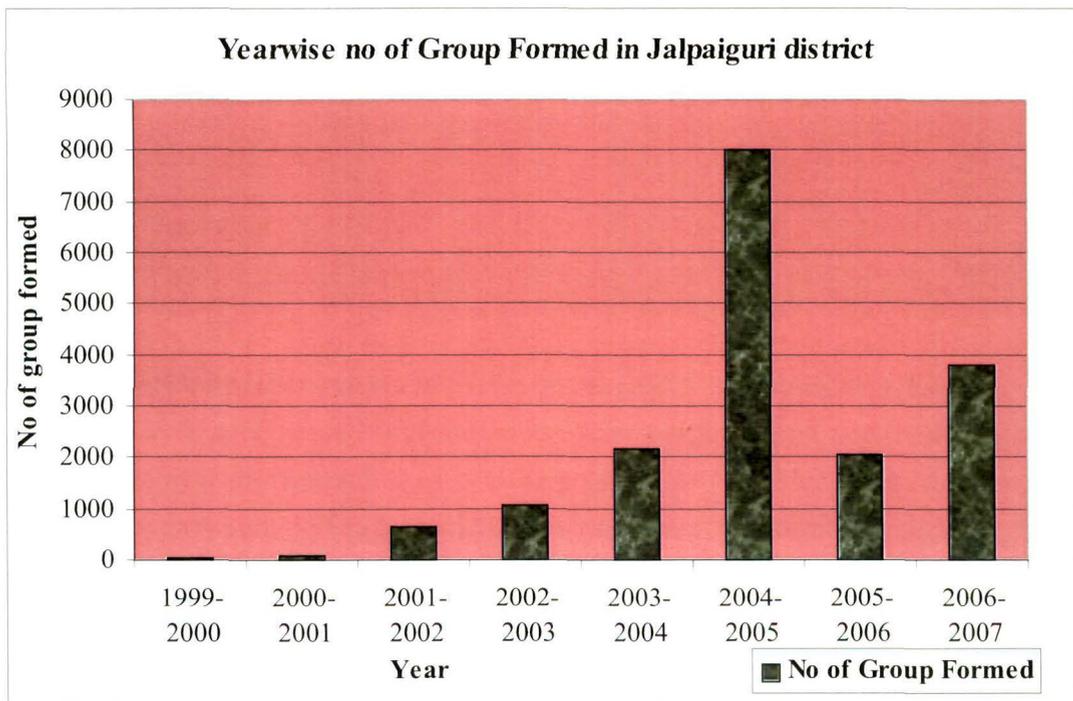
Year	No of Groups Formed (cumulative figure)		Annual Rate of growth (%)	
	Jalpaiguri	India	Jalpaiguri	India
1999-2000	42	292426	-----	-----
2000-2001	112	515691	166.67	76.35
2001-2002	776	950078	592.85	84.23
2002-2003	1850	1348951	138.40	41.98
2003-2004	4007	1740917	116.59	29.05
2004-2005	12009	2063763	199.70	18.00
2005-2006	14044	2263565	16.94	9.00
2006-2007	17855	2501623	27.14	9.52

*Source: Compiled from Annual Action Plans of DRDC & Annual Reports of SGSY (different years)*

The above table shows a comparative figure of growth rate of SHG formation in Jalpaiguri as well as in India. It shows that the growth rate of SHG formation in Jalpaiguri is much higher than that of the growth rate of SHG formation in India as a whole. Highest number groups were formed in Jalpaiguri during 2004-05. Where as, highest numbers of new groups were formed in India during 2001-02. Due to regional disparity and administrative difficulties in the different states, the SHG movement in India had grown at with slow speed. Where as, due to socio economic feature and demographic peculiarity of Jalpaiguri district, the SHGs were formed in this district at an amazing speed.

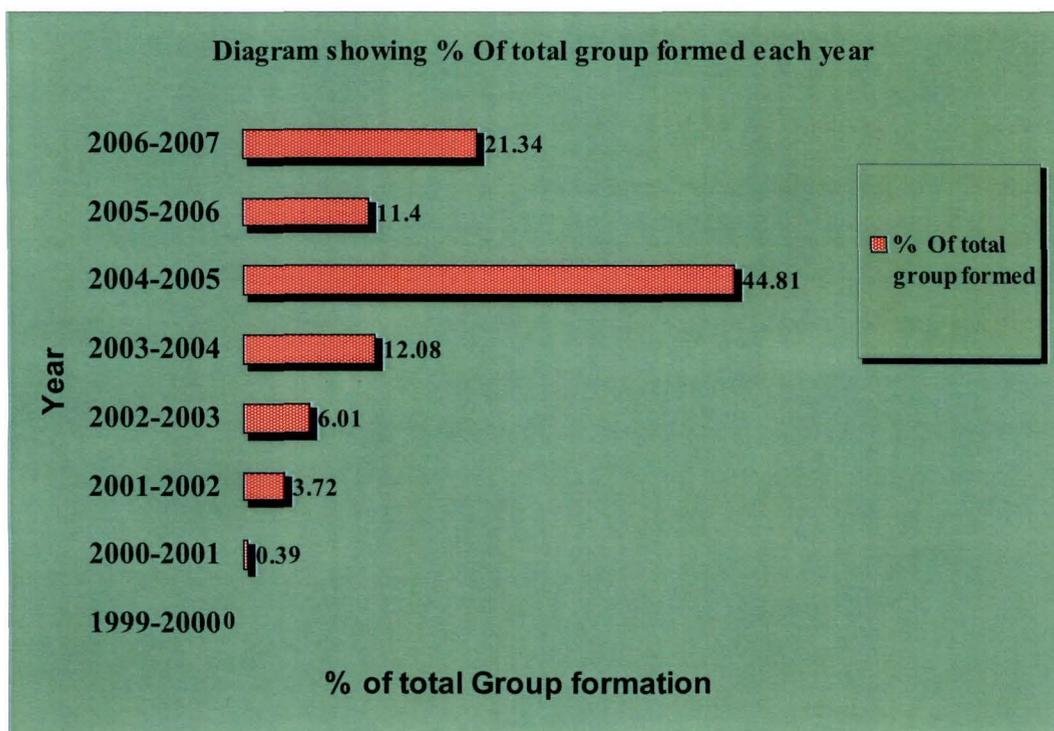
Group formation in Jalpaiguri district had grown at an exponential rate. In some cases it had grown more than the exponential rate. Consequently, significantly large numbers of groups were formed during 2004, 2005 and 2006. Sen (2004) stated that number of group formation will grow at an exponential rate and accordingly he has made a district wise projection of SHG formation for 2004, 2005 and 2006. Where as the number of actual groups were much higher than the projected figure.

The following diagram shows a bar graph of number of group formed.



During the year 2004-2005 total 8002 new SHG has been formed, which in turn cumulative figure had reached at 12009, i.e. 44.81% of total groups. Growth rate of SHG formation in that year had reached at 199.7%, which was 71.28% more than the growth rate of 2003-04. A graphical representation of year wise growth rate is given below.

During 2005-06, 2035 new SHGs were formed which was 16.94% of total group of the district upto 31 March, 2007. The following graph depicts the proportion of group formed in different year.



#### 4.1.1 Blockwise Distribution of SHGs under SGSY in Jalpaiguri District.

Micro Finance movement started its journey in Jalpaiguri district since first 1<sup>st</sup> April 1999 with the formation of Self-help group in four blocks e.g. Maynaguri, Sadar, Dhupgury and Malbazar block. DRDC of Jalpaiguri district had initiated group formation especially in Maynaguri block as a pilot project. This block had been selected by the DRDC as one of the pilot project blocks in the West Bengal. The blockwise group formation in different year in cumulative figure is given in the following table (No: 4.1.C).

**Table No: 4.1.C**  
**Block wise SHGsformed since inception**

Block	Years							
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Sadar	22	20	114	64	170	617	218	500
Rajgang	5	4	17	80	80	640	144	149
Maynagury	12	21	193	106	468	691	174	500
Dhupgury	0	2	82	146	295	916	127	233
Mal	3	3	9	25	366	649	118	124
Matiali	0	1	11	78	10	373	139	163
Nagrakata	0	0	16	12	32	353	162	78
Falakata	0	0	22	201	212	1011	150	448
Madarihat	0	0	6	17	82	601	120	300
Kalchini	0	10	111	84	153	333	176	135
Ali-1	0	3	27	71	93	652	182	396
Ali-ii	0	4	21	99	86	671	160	282
Kumargram	0	2	35	91	110	495	171	497
Total	42	70	664	1074	2157	8002	2035	3811

*Source: - Action Plans of DRDC, Jalpaiguri, for different years.*

The above table depicts that due to the combined effort of DRDC & Block officials and Gram Panchayat, total 42 SHGs had been formed out of which 22 were in Sadar, 5 were in Rajgang, 12 were in Maynaguri and 3 were in Malbazar block in the initial year. In 2000-01, it has been started in all the blocks of this district except three blocks- Nagrakata, Falakata, Madarihat. During this year, total 70 SHGs have been formed in Jalpaiguri district. Sadar block contributed a large extent, which accounted for 60% of total group formed. In Maynaguri block 33 SHGs have been formed which was the second largest contribution for that year. In the third year since its inception, group formation has been started in all the blocks in this district.

In the third year (2001-2002) of SHG movement in Jalpaiguri district, total numbers of 664 new SHGs had been formed which was 3.72% of cumulative figure (17855) of entire district. Highest numbers (226) of SHGs had been formed in the Maynaguri block which represents 27.25% of total of group formation during that

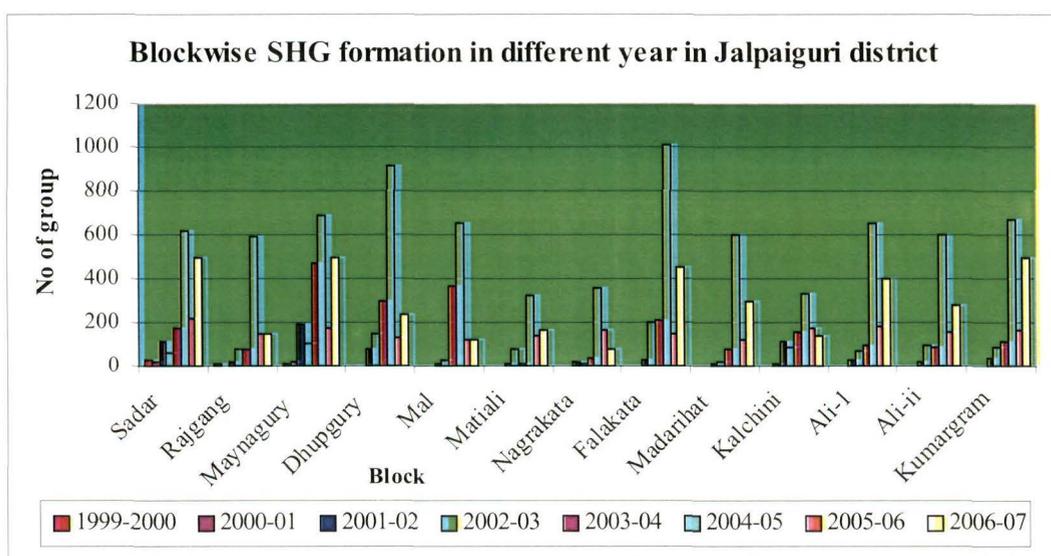
year. Group formation has been initiated in Madarihat block in 2001-02. Only six groups had been formed in its initial year. A significant number (111) of new groups had been formed in Kalchini block during that year. 92 (13.85% of total 664) groups had been formed in Sadar block in that year. In the Rajgang block 12 (1.81% of total 664) SHGs had been formed under the close supervision of DRDC and block officials and NGOs. In Dhupgury block 82 (12.35% of total 664) SHGs had been formed as a landmark of 2<sup>nd</sup> year of its journey in this block. It is important to note that only two SHGs had been formed in the previous year. Only 9 SHGs had been formed in the Malbazar block whereas that number was 11 in the Matiali block in this year. In the Nagrakata block 16 SHGs had been formed and 22 SHGs had been formed in the Falakata block. In the Alipurduar- 1 block 27 SHGs had been formed which was seven times of previous year. Whereas 21 SHGs had been formed in Alipurduar-11 which was more than five times of previous year. In the Kumargram block, as 2<sup>nd</sup> year of its journey 35 SHGs have been formed which was more than six times of previous year.

In 2002-03 total 1074 new groups had been formed in Jalpaiguri district which was 138.40% of previous year level. To constitute that number, the Falakata block had contributed significantly by 201 (18.71% of total 1074) SHGs. Dhupgury block occupied second position in respect of group formation. Total 146 SHGs had been formed in Dhupgury block which was 178.05 times of its previous year level. Though number of group formation had increased in nine blocks of this district, this number decreased in four blocks of this districts e.g. Sadar, Maynaguri, Nagrakata and Kalchini block.

In 2003-04 total number of new SHG has been increased by 1083, which was 100.84 % of previous year level. To build this amount, the contribution of Maynaguri block was significant (21.70% of total 2157). The number of groups formed has been increased in eleven blocks of this district e.g., Sadar, Rajgang, Maynaguri, Dhupgury, Malbazar, Nagrakata, Madarihat, Falakata, Alipurduar-I, Kalchini and Kumargram block whereas this number has been decreased in remaining six blocks e.g., Matiali, Alipurduar-II block. Total 366 SHGs had been formed in Nagrakata block which represent 16.97% of total 2157. Whereas 295 SHGs had been formed in the Dhupgury block which was 13.68% of total group formation in that year.

The year 2004-05 has been marked as year of SHG revolution in Jalpaiguri district. The number of groups formed reached at a new peak of 8002 which represents 3.71 times of the number of groups formed in the previous year SHG level. At the end of 8<sup>th</sup> year since its inception total 17855 SHGs have been formed in Jalpaiguri district out of which 44.81% of the total number had been formed during the year 2004-05. The number of groups formed had increased in all the 13 blocks of this district at an amazing rate. The Government of West Bengal had given a target number of SHGs to be formed to all the DRDCs of respective districts in West Bengal. In order to attain that standard, the DRDC of Jalpaiguri district had designed a framework and action plan. According to that action plan a target has been given to every block. All the concerned functionaries e.g., DRDC, Bank, block officials and NGOs had been taken serious effort to meet the selected target. The highest number of groups had been formed in Maynaguri block which was 12.13 % of the total 17855 and 3.17 times of previous year (2003-04). Number of group formation has been increased to about six times of previous year for five blocks e.g., Rajgang, Madarihath, Alipurduar-1 and Alipurduar-11 Kumargram. Where as, number of group formation had been increased to about six times of previous year for Nagrakata block.

The year 2004-05 was therefore a landmark year for the SHG movement in Jalpaiguri. The high growth rate gave a vital push for spreading the microfinance programme throughout the length and breath of the district. The phenomenon of 2004 is shown in the following diagram.



In order to through more light on to the matter of discussion a table containing blockwise total groups formed, growth rate of SHGs formed and percentage of total group formed is given bellow.

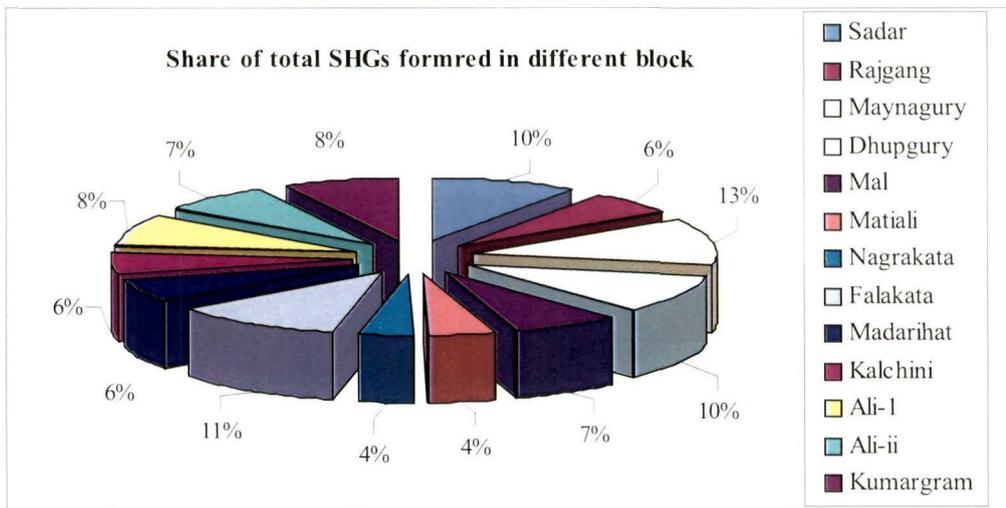
**Table No: 4.1.D**

**Blockwise percentage of total groupsformation upto 31-03-2007**

<b>Block</b>	<b>No of SHG formed since inception</b>	<b>% Of total SHG formed in Jalpaiguri</b>	<b>Growth rate of group formation</b>
Sadar	1725	9.66	70.84
Rajgang	1119	6.27	42.58
Maynagury	2165	12.13	71.87
Dhupgury	1801	10.09	58.42
Mal	1297	7.26	43.85
Matiali	775	4.34	33.92
Nagrakata	653	3.66	28.42
Falakata	2044	11.48	85.05
Madarihat	1126	6.31	54.16
Kalchini	1002	5.61	29.99
Ali-1	1424	7.98	66.24
Ali-ii	1323	7.41	55.85
Kumargram	1401	7.85	64.06
<b>Total</b>	<b>17855</b>	<b>100</b>	-----

*Source: - Compiled from Action Plan of DRDC, Jalpaiguri district, 2007.*

The above table (No: 4.1.D) shows that highest proportion of SHGs (12.13%) was formed in Maynaguri block. It is important to note that lowest proportion i.e. 3.66% of groups was formed in Nagrakata. In this respect, it can be highlighted that the proportion of group formation in the different blocks ranges from 3.66%-12.13%. The number of groups formed in the district continued to increase, but not at the pace of 2004-05. In the year 2005-06, 2035 groups were newly formed. At the end of 2006-07 the share of different blocks were as shown in the following diagram.

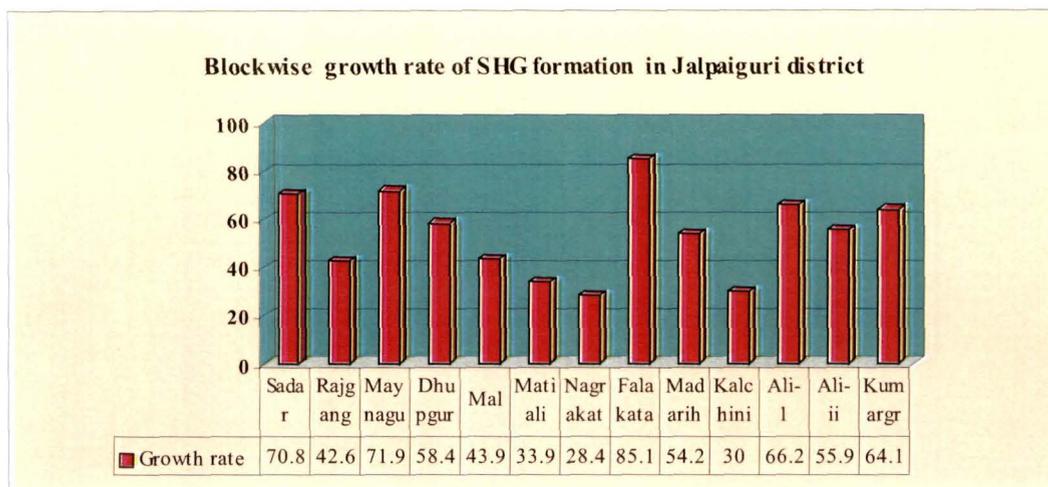


The above diagram and discussion clearly shows that the numbers of groups in all blocks are not uniform. This is because the growth rate was not uniform in all blocks. The discussions made above would be more transparent if the growth rate of group formation is calculated for the blocks individually. The annual growth rates were calculated using the following methodology

Growth rate of SHG formation was calculated on the basis of data on yearly group formation, which has given in table (No: 4.1.D). The reported growth rates have calculated through the use of time series analysis method with the help of SPSS software package.

The yearly growth rate of SHGs formation, as given in the above table, has shown highest percentage (85.05%) for Falakata block. On the other hand, the growth rate of SHG formation was significantly higher for Maynaguri block and Sadar block, which was 71.87% and 70.84% respectively. It is surprising to note that the growth rate of SHG formation was below 50% level for five blocks e.g. Rajgang, Malbazar, Matiali, Nagrakata and Kalchini. The growth rate of group formation was also lowest in this block.

Blockwise growth rate of SHG formation in Jalpaiguri district is shown in the following diagram.



The above table and figure shows that different blocks had different growth rates. This unequal growth rate of SHGs formed among the different blocks may be due to its atypical characteristic of different blocks in Jalpaiguri district. These are like as areas, number of female population, number of bank branches and number of GPs etc. The causal relationship among the above different factors with the number of groups formed is assessed in the following section.

**Table No: 4.1.E**

**Blockwise distribution of total SHGs formed upto 31-3-07, areas, female population, BPL families, No of bank branches, No of GPs.**

Blocks	No of groups	Geographical Areas (Hec.)	BPL families	Female population	No of bank branches	No of GPs
Sadar	1725	49715	21658	170984	16	14
Rajgang	1119	62924	24921	148758	11	12
Maynagury	2165	64384	33703	113598	11	16
Dhupgury	1801	55500	28750	166793	13	17
Mal	1297	53734	5502	120859	11	12
Matiali	775	20377	4150	45551	4	5
Nagrakata	653	27315	5886	49300	5	5
Falakata	2044	31385	15901	99487	11	12
Madarihat	1126	37606	9278	73684	7	10
Kalchini	1002	88166	16761	98677	7	11
Ali-I	1424	35908	19322	84065	8	11
Ali-II	1323	33186	19683	113370	10	11
Kumargram	1401	49817	15786	74080	7	11

Source: - Compiled from Action Plan of DRDC, Jalpaiguri district, 2007.

In order to find out whether the number of groups formed depended on the factors given in the table (No: 4.1.E), a regression equation was formed after a careful consideration of the relationship between the demographic factors and number of group formed. Number of groups formed, Y was taken as independent variable and explanatory variables were identified and defined as follows:

A = Geographical area per block.

W = Female population per block.

N = Number of bank branches per block.

G = Number of GPs per block

The hypothesis tested was

$H_0$  = No of groups formed does not depend on A, W, N, G.

$H_1$  = No of groups formed depends on A, W, N, G.

The numbers of BPL families were not included in the explanatory due to the following reasons – i) there were reported disputes and anomalies in the list and ii) there were some BPL families who had only male members and the groups were mainly women groups.

The regression equation as follows;

$$X = B_0 + B_1 A + B_2 W + B_3 N + B_4 G$$

All the explanatory variables have been logically combined to form above regression equation.

The calculated regression equation is given below;

$$Y = 62.544 - 0.0031 A - 0.0142^b W + 143.047^b N + 142.991^b G$$

(0.059)      (-5.576)      (-4.031)      (3.116)      (5.738)

- Figures in the parenthesis represent 't' values of the coefficients.
- $R^2 = 0.941$ ,       $F^b = 31.884$ .       $D.W. = 1.93$
- b = significant at 1%.

The value of coefficient of determination ( $R^2$ ) shows that the explanatory variables account for 93% of the variance in the number of group formed. However the regression coefficient for area is not significant and indicates that area of the blocks is not a determining factor for formation of SHGs.

The spread and outreach of SHGs in the different blocks of this district will be analysed with the help of different indicators. These indicators are – a) area per SHGs, b) population coverage per SHG, c) female population coverage per SHG, d) number of female population per SHG.

The outreach of SHGs in a block will be examined on the basis of its density, i.e. average area coverage of each SHG number of female population, number of bank braches etc. Blockwise different factors of outreach of SHGs is given in following table.

**Table No:4.1.F**

**Blockwise different factors of outreach of SHGs.**

<b>Block</b>	<b>Area per SHG (Sq Kms)</b>	<b>Share of Population per SHG</b>	<b>Share of female population per SHG</b>	<b>No of SHG per GP</b>	<b>No of BPL families per SHG</b>
Sadar	28.82	191.37	99.12	123.21	12.56
Rajgang	56.23	280.74	132.94	93.25	22.27
Maynagury	29.74	110.00	52.47	13.31	15.57
Dhupgury	30.82	191.76	92.61	105.94	15.96
Mal	41.43	193.05	93.18	108.08	4.24
Matiali	26.30	120.32	58.77	155.00	3.54
Nagrakata	41.83	155.86	75.50	130.60	9.01
Falakata	15.35	101.51	48.67	170.33	7.78
Madarihat	33.40	135.16	65.44	122.60	8.24
Kalchini	87.00	202.64	98.48	91.01	16.73
Ali-1	25.22	122.96	59.03	129.45	13.57
Ali-ii	25.08	177.84	85.69	120.27	14.88
Kumargram	35.56	109.84	52.87	127.36	11.27

*Source: - Compiled from Action Plan of DRDC, Jalpaiguri district, 2007.*

Above table depicts that the value of SHG density ranges from 15.87 and also highlighted that this density was very high in Falakata block meanwhile it was very low in Kalchini block. The most glaring cause behind low SHG density was the demographic peculiarity. The lion share of geographical areas of this block is covered by tea garden and forest. It can also be highlighted that the value of the density was same for Alipurduar-I and Alipurduar-II. On the other hand this level of density was near about equal (41.83%) for Malbazar and Nagrakata block.

Share of total population coverage per SHG as an important indicator is used to assess the depth of outreach of SHGs. The performance of outreach of SHGs is comparatively better if it covers comparatively lower amount of people. Above table shows that share of total population per SHG was comparatively very high in Rajgang block followed by Kalchini block. It signifies that there was ample scope to form new groups. Total population coverage per SHG was comparatively low in Falakata, Kumargram and Maynaguri block. It is interesting to highlight an important fact which depicts in field survey that a group in this district has on an average 12 members and they have 4-5 members in their family. This means that on an average 50-60 people may be linked with a SHG. It may be a standard that a SHG covers 50-60 people. It was evident that the share of total population per SHGs was much higher than 50-60 for all blocks in this district. Therefore lot of work has to be done to improve the situation.

The aim of group based modern microfinance programme is for feminisation of microfinance. To attain this goal, much effort had been taken to bring in more and more female member under the ambit of this industry through the development of women micro entrepreneurship in the rural areas. The guidelines of SGSY issued by the Ministry of Rural Development, Government of India, had also mentioned to form and more women SHGs in every block. As per this guidelines initiatives have been taken in different blocks in this district since 1999 to spread the outreach of SHG movement. Extent to which it was able to fulfil this objective will be assessed in the next section. Share of female population per SHGs in different blocks in this district is given in the above table.

The table (No: 4.1.F) depicts that this share of female population per SHG was comparatively very high in Rajganj block followed by Sadar, Kalchini Malbazar and Dhupgury block respectively. The field survey depicts an important fact that, on average a group has 12 members and each members' family has at least 3 women folk. Therefore, as a general phenomenon a SHG can covers at least 36 female in the society. Where as the above table shows that the share female member per SHGs for all the blocks ranges from 48-132. As it was stated earlier more than 98% of the SHGs formed were exclusively women groups. Therefore the figure calculated in the above table may increase if only female groups are considered for the analysis. Enthusiastically continuous effort is needed to increase the outreach of the microfinance movement through the reduction of share of female population per SHG.

Another limiting factor is used to assess the extent to which the SHG movement spread its cobweb among the BPL families in different blocks in this district. The guidelines of SGSY clearly described the maximum number of BPL members in a group. Therefore, out of a group of 12 members at least 8 members will be in BPL category. In this way, at least 8 BPL families is involved in a group. The table No (No: 4.1.F) Share of BPL families per SHG for five blocks were less than eight. Where as, the value of this share was comparatively higher in eight blocks in this district. In this case the SHPIs will have to take necessary steps to motivate the BPL family members to participate in the microfinance movement.

Another important factor is used to assess the extent of outreach of group formation in this district on the basis of SHG per GP. Blockwise number of SHGs per GP is given in the above table (No: 4.1.F). The table (No: 4.1.F) shows GP wise highest numbers of SHGs were formed in Falakata block followed by Matiali, Nagrakata Maynaguri block. This figure was comparatively low in Kalchini block. One of the glaring reasons behind this low performance was that, approximately 80% of the villages in this block are covered by tea garden. As it was stated earlier that SHGs formation in teagarden were started in 2006-07 and a very minimum number of groups were formed so far. Considerable amount of effort have to be taken for implementation of SGSY at full fledge in this block. All the concerned SHPIs have to

be taken aggressive steps to solve all kinds of administrative difficulties regarding group formation in the tea garden areas.

## 4.2 Cluster & Federations of SHGs in Jalpaiguri District

The status of clusters in Jalpaiguri district is discussed in the following section. The SHG based microfinance movement had been initiated in Jalpaiguri district in 1999. Till 31<sup>st</sup> March 2007, total number of SHG in this district have mounted to 17855. Effective monitoring and supervision is very much essential for the upliftment of the condition of the SHG members. In order to ensure effective monitoring of SHGs in the same locality, a formal organisation is formed. Cluster formation has started in Jalpaiguri district in 2003-04. As a pioneering effort, cluster formation was started in Maynaguri and Dhupgury block in this district. Yearwise cluster formation in different blocks is described below.

**Table No: 4.2.A**

### Blockwise distribution of clusters in different years

Block	Year				Total
	2003-04	2004-05	2005-06	2006-07	
Dhupgury	4	8	3	13	28
Maynagury	5	2	26	7	40
Falakata	0	0	5	6	11
Malbazar	0	0	11	2	13
Matiali	0	0	5	1	6
Alipurduar-I	0	0	0	6	6
Alipurduar-II	0	0	0	6	6
Kumargram	0	0	0	4	4
Rajgang	0	0	0	5	5
Sadar	0	0	0	2	2
Kalchini	0	0	0	2	2
Madarihat	0	0	0	2	2
Nagrakata	0	0	0	5	5
<b>Total</b>	<b>9</b>	<b>10</b>	<b>50</b>	<b>61</b>	<b>130</b>

*Source: - Action plans of DRDC, Jalpaugiri, (Different years).*

Above table shows that, till the end of 31<sup>st</sup> March 2007, total 130 clusters have been formed in all the blocks of this district. Most of the blocks in this district have started to form clusters in 2007, though it had started in two blocks since 2003-04. The following table depicts that total 2920 SHGs become the members of clusters. Total 31677 beneficiaries in this district become the general members of clusters. The following table also depicts about 16.35% of total SHGs in this district have been working under different clusters. Among the all blocks in this district, highest number of SHGs of Maynagury block have been able to form clusters. Where as lowest number of cluster have formed in Sadar block, Kalchini and Madarihat blocks. In response to the query as to why these blocks were lagging behind in cluster formation, the concern block officials have stated that a large number of clusters are under process and will be formed very soon.

**Table No: 4.2.B**

**Blockwise comparison between total SHGs and cluster member SHGs**

<b>Block</b>	<b>Total SHGs formed since inception</b>	<b>Total cluster member SHGs</b>	<b>Cluster members SHGs as % of total SHGs</b>
Dhupgury	1801	675	37.48
Maynagury	2165	961	44.39
Falakata	2044	246	12.04
Malbazar	1297	258	19.89
Matiali	775	127	16.39
Alipurduar-I	1424	121	8.50
Alipurduar-II	1323	121	9.15
Kumargram	1401	80	5.71
Rajgang	1119	104	9.29
Sadar	1725	42	2.43
Kalchini	1002	41	4.09
Madarihat	926	41	4.43
Nagrakata	853	103	12.08
<b>Total</b>	<b>17855</b>	<b>2920</b>	<b>16.35</b>

*Source: - Source: - Action plans of DRDC, Jalpaiguri, 2006-07.*

**4.2.1 Operational Dynamics of Cluster**

As per the guidelines, each member SHG has selected 2 representatives for the cluster. Those representatives have selected 11 members for the executive committee, except Dhupgury which has 9 members in their clusters. Field survey disclosed that, the executive committees of all clusters are very active in supervising the operation of

SHGs. The SHGs in a cluster are located in different mouzas of a Gram Samsad. On the other hand, in most of the cases block office and other concerned offices are far away from the residence of SHG members. So for effective communication and supervision it involves time and cost. For the purpose, DRDC has given Rs. 7500/= per cluster as supervision expenses. Executive committee of most of the cluster argued that this fund was inadequate.

Cluster of this district operate in the rural areas through its hierarchical network. The executive committee use this network to spread the information among its member beneficiaries. In the same way, the members are able to fixed their information needs. The field survey highlighted that each cluster meet regularly to share the views and ideas. As per the mutual consent, all the groups pay their annual subscription to their cashier. Most of the groups in this district have settled their amount of annual subscription to Rs50 where as few others have fixed it to d Rs 150. The amount of admission fees for most of the clusters is Rs50 and Rs 100 for few SHGs.

As mentioned earlier in this chapter, a cluster may consist of 20-30 SHGs: It also proclaimed that, this number could be increased or decreased according to needs and situation.

The composition of cluster in Jalpaiguri district is discussed in the following section.

**Table No: 4.2.C**

**Composition of clusters in Jalpaiguri district**

<b>No of SHGs in a cluster</b>	<b>No of clusters</b>
Less than 20	3 (2.3%)
20-22	68(52.3%)
23-25	20(15.3%)
26-28	19(14.6%)
29-31	17(13.0%)
More than 32	3(2.3%)
<b>Total</b>	<b>130</b>

*Source: - Action plan of DRDC, Jalpaiguri 2007-08. (% Shows in the parenthesis)*

The above table depicts that maximum number of total cluster in this district has been formed with 20-22 SHGs. A few clusters have been formed with less than 20 SHGs. On the other hand only 2.35 of total clusters have been formed with more than 32 members. This means that 94% of the clusters in the district with 20 to 30 members. This practice is in line with the policies and norms of DRDC.

The guidelines stated that comparatively old edged and potential SHGs in a GP would be taken under a common shed to augment the sustainable development of its all members. The aim of this approach is to ensure the equitable development of all the groups in the same GP. The amended guidelines (2006-07) stated that instead of cluster at the GP level, sub cluster is to be formed at each Samsad where a GP has more than 100 SHGs. This guideline have only been implemented in 2007-08, so upto 31<sup>st</sup> March 2007 all the cluster have been formed at the GP level instead of sub cluster. The following table shows that maximum number of cluster has been formed with 2-3 years old aged group. On the other hand minimum number of cluster have been formed with more than 5 years old aged group. From the following table it can be concluded that most of the clusters have been formed with SHGs having 2-4 years vintage period.

**Table No: 4.2.D**

**Distribution of clusters on the basis of vintage of member SHGs**

<b>Vintage of member SHGs (on Average)</b>	<b>No of clusters</b>
Upto 2 years	20
More than 2-3years	72
More than 3-years	20
More than 4-5 years	9
More than 5 years	9
<b>Total</b>	<b>130</b>

*Source: - Action plan of DRDC, Jalpaiguri, 2007-08.*

As per the guideline of SGSY, every cluster has to open a bank account with the local bank branch as per their convenience. Banks play catalytic role in fostering cluster base SHG movement. Bank is instrumental to sensitise and stabilise the SHGs

so that every member can act as an effective stakeholder of cluster. The performance of different banks in Jalpaiguri district is examined with the help of following table.

**Table No: 4.2.E**  
**Bank wise distribution of clusters**

Name of the bank	No of cluster
SBI	26
CBI	24
UBKGB	52
PNB	4
SYND	7
UBI	4
UCO	9
ALLB.	4
<b>Total</b>	<b>130</b>

*Source: - Action plan of DRDC, Jalpaiguri, 2007-08.*

Total 149 branches of 18 banks are operating through in this district in different blocks. As stated in the Bank Linkage chapter that every branch has a sizable number of SHGs but only eight banks have been involved in cluster formation so far. The table depicts that highest number of clusters in this district have been linked with the UBKGB. On the other hand, five banks e.g. Punjab National Bank, Syndicate Bank, United Bank of India, UCO Bank and Allahabad bank has very few clusters. The banker of respective banks has argued that a large number of applications for cluster formation is pending and lies in the hand of bank branches. It will be cleared as soon as possible.

Cluster formation is a new phenomenon in this district. The aim is to form horizontal integration of SHGs. It has been observed that very few clusters have initiated economic activities, most of them are acting as a coordinating bodies for social activities. Since economic activities are diversified even within a GP, it is somewhat difficult to horizontally integrate the SHGs. However, success stories of social activities of clusters can now be heard. For example, Mangaldeep cluster of Jharalta II GP in Dhupgury block have given the members required confidence to get

involved indifferent social activates like pulse polio programme and sanitation works. Organised efforts of women beneficiaries of clusters have stopped liquor and drug trading in the villages on several occasions. They remain ever vigilant against the possibility of occurrence of any social evils. Other clusters like Akashdeep and Subhadeep clusters also extended helping hand to the society in the form of organisation of blood donation camps, conducting blood test in the malaria prone areas in this district.

As a lager integrating body of SHGs only two federations were formed in Jalpaiguri – one in Maynagury and another in Dhupgury block. The federation in Dhupgury block consisted of 110 SHGs with 2332 beneficiaries and the federation in Maynagury block consisted of 121 SHGs with 2826 beneficiaries. The executive committee of the federation organised meetings on the 7<sup>th</sup> day every month at the Federation House which has been established by out of the infrastructure development fund of this districts. Rules and standards have been established by the executive authority with the consultation of DRDC Jalpaiguri. These federations operate on the basis of defined standards and norms. Executive body collects yearly subscription at their annual general meetings which they use to keep in bank in the name of federation. As per the recommendation of executive body and demand from the beneficiaries, the federations provide loan to the beneficiaries / SHGs for their social and economic activities. The federations are however only in an infant stage and not been able to initiate and integrate the economic activities of SHGs on large scale.

### **4.3 Funding Pattern and Financial procedure**

The spread and success of the SGSY cannot be comprehensively assessed if the funding pattern and expenditure patterns are taken into consideration. The government of India has been stressing on this programme and allocating increasing amount of funds for spread of more and more SHGs in India. SGSY has taken 3 years of the Ninth Plan and the full Tenth Plan period to reach the existing level of progress. Total allocation during Tenth Five Year Plan period towards this scheme Rs 5,954 crore, out which central allocation and state allocation was Rs 4,468 crore and Rs. 1,486 crore respectively. Total investment during 10<sup>th</sup> plan was Rs 12,363 crore, of which credit disbursement was Rs 8,229 crore and Subsidy disbursed - Rs. 4,034 crore (Tenth Five year Plan document)

The guidelines of SGSY (issued by the Ministry of Rural Development, Government of India, dated 28-05-2002) describe that Swarnajayanti Gram Swroozgar Yojana is a centrally sponsored scheme and the financing of the programme will be shared between the Centre and the States in the ratio of 75: 25. The central allocation earmarked for the state will be distributed in relation to the incidence of poverty in the States. However, additional parameters like absorption capacity and special requirement will also be taken into consideration during the course of the year. Devolution of funds to the district will be indicated by the states and approved by the Government of India. Government of India will release the funds directly to the DRDCs. Devolution to the blocks may be decided by the governing body of the DRDC based on level of poverty and other local factors. Re allocation may be made by the DRDC within a district. This can be made during January for the remainder of the financial year.

Concentrating on Jalpaiguri it is encouraging to find that that the funds have been increasing as evident from the table.

**Table No : 4.3.A**

**Yearwise release of funds from different sources (Rs. In Lakhs)**

Release	Years							
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Opening Balance (1 <sup>st</sup> April)	497.941	602.57	536.144	553.934	499.734	331.694	24.59	14.6
Release	7.393	Nil	Nil	Nil	Nil	68.20	119.80	126.58
Misc. Receipts	4.888	Nil	Nil	Nil	28.42	10.15	Nil	34.91
Central Release	173.32	Nil	50.38	Nil	Nil	123.60	329.42	379.75
<b>Total</b>	<b>683.542</b>	<b>602.57</b>	<b>586.524</b>	<b>553.934</b>	<b>528.154</b>	<b>533.644</b>	<b>473.81</b>	<b>555.84</b>

*Source: - Compiled from Annual Reports of DRDC, Jalpaiguri (Different years)*

In the initial year (1999-2000) total available fund for Jalpaiguri district was Rs. 683.542 lakh with the opening fund Rs 497.941 lakh which mounted to 72.84% of total available fund. This opening balance was composed with the unused funds of previous antipoverty programmes like IRDP, MWS etc those were converted into

SGSY fund. Total Rs180.713 lakh was contributed by the Centre and state during 1999-2000 in the ratio of 23.44: 1. The first year of SGSY ended with the closing balance of Rs.602.57 lakh. In the initial year, due to lack of proper planning about the flow of funds, a huge amount of available funds became idle. Which in turn, nothing has released by both of the authority in the second year i.e. 2000-2001. As a result all expenditure in second year has been made with the unused fund of first year i.e. Rs. 602.57 lakh. Improper financial management at the takeoff stage in the 2<sup>nd</sup> year resulted into a big amount of unexploited funds. Third year (2001-2002) of journey of SGSY in Jalpaiguri district begun with the opening balance of Rs.536.144 lakh. A very small amount was released by the Central Government to run this scheme as smoothly as possible.

Total expenditure made in the year 2001-2002 was not up to the level to use the released fund of earlier years, as a result of which total closing balance at the end of 2001-2002 mounted to Rs. 553.934 lakh.

The entire activities of SGSY in the Jalpaiguri district have been performed in 2002-03 with the available opening balance which has not been used in the previous year. Nothing had been released by both of the authority; central as well as state, as SGSY fund for this district during 2002-2003. It is important to note that the total expenditure of that year could not consume the total fund available for the same. The total available fund for the next year i.e. .in 2003-2004 stood at Rs.528.154 lakh which included Rs 28.42 as interest on deposit and remaining amount Rs 449.734 lakh as opening balance. The journey of SGSY in Jalpaiguri district for the year 2004-2005 begun with the opening balance of Rs 331.694 & ended with the closing balance of Rs 24.59 lakh. Total available funds during 2005 –2006 stood at Rs. 473.81 lakh. Year wise vivid information about the different heads of expenditure with its share in total expenditure is given in the following table.

**Table No: 4.3.B****Yearwise different heads of expenses (Rs. In Lakhs)**

Heads of Exp.	Year								Total
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
<b>Revolving Fund</b>	Nil	7.300 (11)	9.300 (28.5)	11.289 (20.83)	80.37 (28.7)	108.49 (20.64)	188.05 (36.89)	217.29 (40.61)	622.089 (30.09)
<b>Subsidy</b>	36.88 (45.5)	4.523 (6.8)	7.400 (22.7)	10.108 (18.65)	21.44 (7.65)	63.34 (12.05)	38.67 (7.58)	52.52 (9.81)	234.881 (11.36)
<b>Infra. Dev.</b>	0.970 (1.2)	12.40 (18.7)	12.31 (37.7)	13.510 (24.92)	139.62 (49.81)	106.12 (20.19)	54.91 (10.77)	125.13 (23.39)	464.97 (22.49)
<b>Training/BOP</b>	0.101 (0.12)	3.071 (4.6)	3.080 (9.4)	3.540 (6.53)	10.15 (3.62)	176.5 (33.58)	162.25 (31.82)	101.47 (18.96)	460.162 (22.26)
<b>2<sup>nd</sup> Dose</b>	Nil	Nil	Nil	Nil	11.60 (4.14)	25.3 (4.81)	Nil	Nil	36.9 (1.78)
<b>Misc. Exp.</b>	0.576 (0.71)	0.109 (0.2)	Nil	Nil	16.84 (6.00)	45.86 (8.73)	27.54 (5.40)	38.67 (7.23)	129.595 (6.27)
<b>Adm. Exp.</b>	36.486 (45.04)	38.98 (58.7)	NA	15.753 (29.2)	NA	NA	27.20 (5.34)	NA	118.419 (5.73)
<b>Total Exp.</b>	<b>81.01</b>	<b>66.38</b>	<b>32.59</b>	<b>54.20</b>	<b>280.3</b>	<b>525.61</b>	<b>509.74</b>	<b>535.08</b>	<b>2067.01</b>

Source: - Compiled from the Annual Reports of DRDC, Jalpaiguri (different years)

\* Figure in the parenthesis shows percentage of total expenditure

The table shows that in 1999-2000, lion share of SGSY fund was spent as Subsidy and Administrative expenditure. Though, SGSY guidelines have clearly stated the phase of subsidy disbursement. According to it, subsidy will be disbursed to the 2nd graded SHGs. Where as, full amount of subsidy i.e. Rs 36.88 lakh was disbursed to the erstwhile DWCRA groups for their revival. The purpose of subsidy for the 2000-01 was same, i.e. it was also for the revival of erstwhile DWCRA groups. It can be highlighted from the above table that 11.36% of the aggregate expenditure of eight years was spent as subsidy.

Revolving fund, interest free financial assistance, is provided to 1<sup>st</sup> graded groups under SGSY in order to increase their resource base. The SGSY guidelines have defined the maximum ceiling of provision for revolving fund i.e. 10% of the allocation. Proportion of Revolving Fund as a percentage of total expenditure per year was ranging from 11%-30.09%. It was reached at its peak during 2006-07 with 40.61%. It was because of large number of SHGs had been passed their 1<sup>st</sup> grading test during the last quarter of 2005-06. As a result, revolving fund had issued to them during 2006-07 and quantum of revolving fund was increased.

There is a provision of training fund under SGSY for the upgradation of skill of the swarozgaries. The guidelines of SGSY has described that 10% of the SGSY fund will be allocated for training expenditure. It is shown from the above table that the share of training expenditure to total expenditure in Jalpaiguri was within the range of 0.12%- 3.62% during the first five years. DRDC and other SHGs monitoring agencies were unable to arrange training programme for the beneficiaries. They were mainly busy to form new groups to fulfil the proposed target. The qualitative aspect of SHG movement was not in focus. Later on, it had given more emphasis on the sustainability of SHG movement from 2004-05 and afterward. Nodal agency of SGSY and other monitoring agencies had given aggressive step to make arrangement for the training. They had selected various training organisation for skill development training and also identified resource persons for imparting training in different places. The share of training expenditure to aggregate total expenditure of eight year stood at 22.26%. It was quite higher than the quantum of expenditure that was specified in guidelines. Details in this regard have given in the training chapter of this study.

The significant point to note that after 2004-05, despite the increase in central & state releases, the closing balance declined, indicating that the fund received was expended for different purposes under the Yojana. It would therefore be interesting to explore into the volume and pattern of expenditure made for operation of SGSY in the district.

#### **4.3.1 Pattern of Expenditure for SGSY in Jalpaiguri district**

Questions are often raised as to whether the funds released are appropriately utilized. There are two dimensions related to the answer to the question. The first deals with the volume of expenses made as a % of total fund available and the second

dimension deals with the facts whether the expenses have been appropriated in the guidelines. Regarding the first dimension, following table analyses the % of expenditure to total funds available.

**Table No: 4.3.C**  
**A distribution of yearwise expenditure on the basis of total available funds**

Year	Total available fund	Total expenditure	% Of total available fund
1999-2000	683.542	81.01	13.44%
2000-2001	602.57	66.38	11.5%
2001-2002	586.524	32.59	5.24%
2002-2003	553.934	54.20	9.41%
2003-2004	528.154	280.3	33.9%
2004-2005	533.644	252.61	91.24%
2005-2006	473.81	509.74	88.44%
2006-2007	555.84	535.08	96.26%

*Source: - Annual Report of DRDC, Jalpaiguri (Different years)*

The table reveals that, in the initial year, only 13.44% of total available fund were used for the different heads of expenditure. This proportion came down to 5.24% in the third year i.e. in 2000-2001 and raised the eyebrows of mans. The volume of total expenditure has taken an upward trend since 2003-04 and onwards. The rate climbed to 91.24%in 2004-05, 88.44% in 2005-06 and 96.26% in 2006-07 respectively showing that with maturity of the scheme, the utilization of the funds were being made to the full. Regarding the second dimension i. e. appropriation of fund under different heads and their utilization the following discussion would be of considered weight.

Ordinarily DRDCs are expected to take prompt action for the judicious allocation of funds towards the different heads of expenditure among the different blocks. To allocate the fund among the different blocks, DRDC of Jalpaiguri district prepares budgets/ action plans regularly in advance for the next financial year.

Funds are required for training and capacity building including basic orientation, skill development entrepreneurship development, revolving fund for SHGs, subsidy for economic activities, infrastructure development and various type of administrative expenses. Among the different heads of expenditure, basis of priority of expenditure may vary from state to state because of heterogeneity of socio

economic status among the states. The amended guidelines of SGSY (28th May2002) should be highlighted in this regard.

The guidelines of SGSY clearly stated few eligible items of expenditure. To describe these, the guidelines pointed out that; each DRDC may incur expenditure on the following items only from the funds provided for SGSY.

- 1) SGSY Training Fund.
- 2) SGSY Infrastructure Fund.
- 3) Provision for revolving fund to SHGs.
- 4) Subsidy for economic activities.

For administration, separate funds through a distinct centrally sponsored scheme of 'DRDC administration' will be provided.

The amended guidelines stated that the DRDCs may prioritize the expenditure on different components i.e. training on capacity building, revolving fund and subsidy for economic activity, based on the local requirements and different stages of group formation.

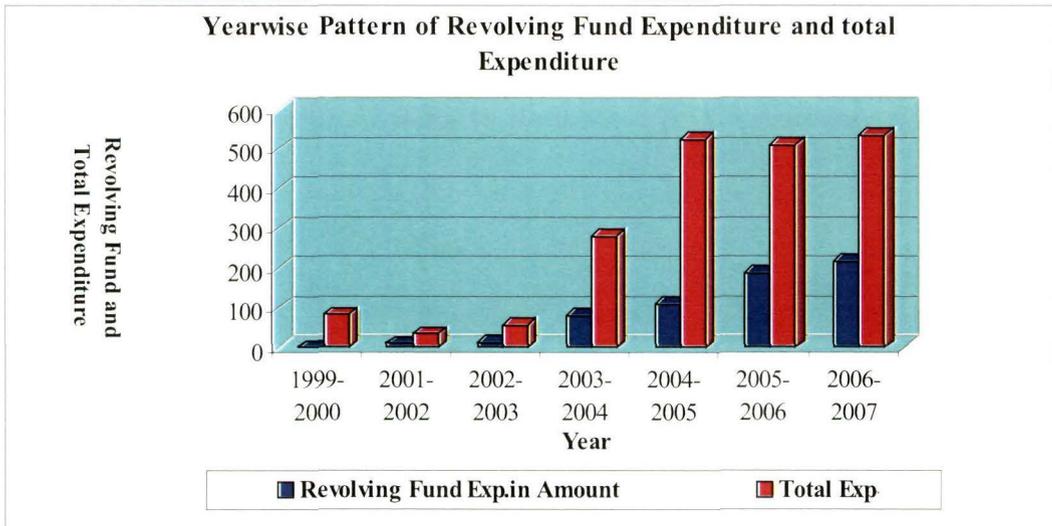
The DRDCs may, however, ensure that there is a balance between the expenditure proposed for different items. The prioritization may be done at the commencement of the year and the expenditure monitored on the basis. However, the expenditure on infrastructure will not exceed 20 % of the total annual allocation. Asset creation for the Swarozgaris is one of the core objectives of the SGSY. The prioritization of expenditure on the various items should therefore be done in such a manner that the amounts earmarked towards subsidy for asset creation are not only sufficient to meet the requirements of the SHGs which are ready for economic activities but also of the individual Swarozgaris whose home viable projects have been identified. An amount up to Rs 5 lakhs annually may be spent from the funds available under the scheme on management of professional input related to marketing research, value addition or product diversification or any other input which would facilitate marketing of the procedure ultimately in additional income to the Swarozgaris.

The different heads of expenditure needs to be discussed in detail so as to bring out the utility of making expenses under these heads. Attempt will be made to explore the relationship between the fund expended and the proportion of groups.

#### **4.3.2 Revolving fund**

Every SHG that is in existence at least for a period of six months and which has demonstrated the potential of a viable group receive a revolving fund. Amount of this fund is issued by the DRDC to the respective bank. The quantum of revolving fund was Rs 10000/- initially. This trend had continued to the end of the year 2004-2005. The quantity of this fund had been revised in the amended guidelines, which was issued by the Government of India. The new guidelines established a relationship between group corpus and quantum of revolving fund. The maximum ceiling of revolving funds for a group became Rs 5000. This quantity will be less if the quantity of group corpus is less than Rs5000. As a result, during the first few years, comparatively larger amount had been spent as revolving fund to cater the lesser number of groups. At this juncture it is important to highlight the status of revolving fund in the Jalpaiguri district.

In the initial year, only a handful of new SHGs had been formed and a negligible number erstwhile DWCRA group had been converted into SHG under SGSY. The functionaries of SGSY were busy to formulate the plan for future activities. There was no first graded group during 1999-2000 in this district. Virtually there was no question of Revolving Fund in that very year. First grading of SHGs has been initiated in this district during 2000-01 and lead to granting of revolving fund. Share of this expense out of total expenses in 2001-2002 had reached at the peak level with 28.536% (noted in Table No: 4.3.B). The quantum of revolving fund expenditure increased gradually and reached at highest level in 2006-07 with Rs. 217.29 lakh. As total expenses in 2006-07 became highest (Rs. 535.08 lakh) the amount of revolving fund expenditure also climbed up. The following figure describes the pictorial representation of pattern of Revolving Fund expenditure.



In the above figure, we have taken yearwise total amount of Revolving Fund expenditure and the proportion of Revolving fund out of total expenditure of each year. It is clear from the above figure that total amount of revolving fund expenditure was lower than the proportion of total expenditure. It signifies that, comparatively lower amount has been spent on RF during the first three years but the proportion of RF to total expenditure was higher in the later year.

Yearwise distribution of amount Revolving Fund, total 1st Graded Groups and Total available Funds is given in the following table (No: 4.3D)

**Table No :4.3.D**  
**Yearwise distribution of amount Revolving Fund, total 1st Graded Groups and Total available Funds (Rs. in lakh)**

Year	Revolving Fund	No of 1 <sup>st</sup> graded group	Total available fund
1999-2000	0	0	683.542
2000-2001	7.3	123	602.57
2001-2002	9.3	276	586.524
2002-2003	11.289	460	553.934
2003-2004	80.37	1061	528.154
2004-2005	108.49	2027	533.644
2005-2006	188.05	3838	473.81
2006-2007	217.29	4346	555.84

Source: - compiled from Annual Report of DRDC Jalpaiguri (Different year)

Out of different heads of expenditure, subsidy as another head of expenditure is discussed in the next section

Since, revolving fund is given to the 1st graded groups only, it can be presumed that as the number of groups with 1<sup>st</sup> grading increase the amount of expenditure under this head also increases. To test this, the following hypotheses were formulated.

**Null Hypothesis:** The quantum of Revolving fund does not depend upon the number of 1<sup>st</sup> graded groups and total available fund.

**Alternative Hypothesis:** The quantum of Revolving fund depends upon the number of 1<sup>st</sup> graded groups and total available fund.

#### Regression analysis results

Explanatory variables	Beta co-efficient	( t )	R-Square	F*
Number of 1st graded groups	0.966*	12.607	0.983	144.553
Total available funds	-0.038*	-0.499		

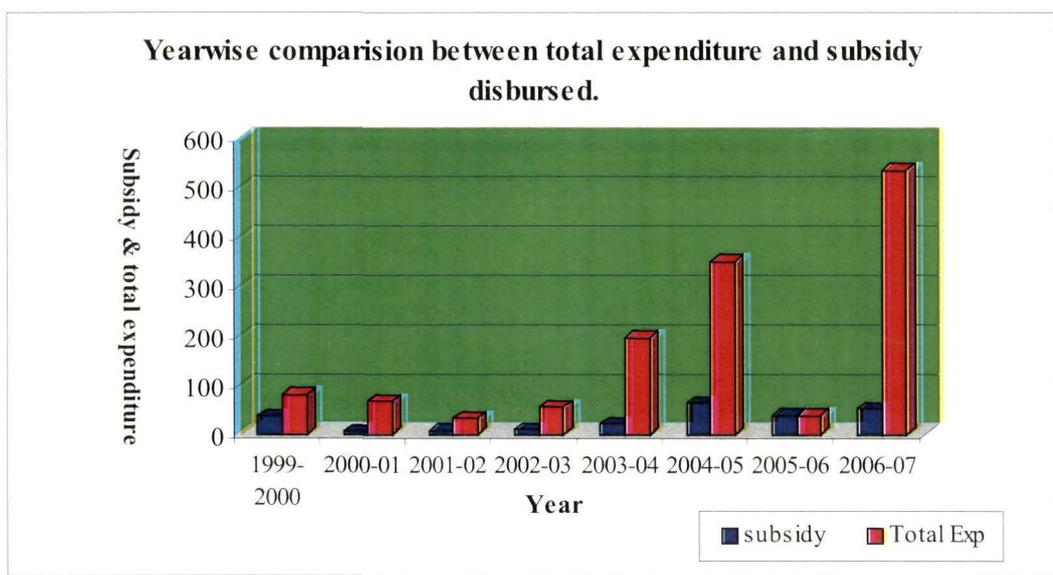
\* Significant at 5% level

Taking the number of 1<sup>st</sup> graded groups and total available funds as the independent variables and the amount of revolving funds as the dependent variable, regression analysis was carried out taking the total sample SHGs. The results are given above in the table form. The results shows that the  $\beta$  co-efficient is negative for total amount of funds indicating that with the rise of total available funds, amount of revolving fund expenditure decreases. Where as  $\beta$  co-efficient is positive for total numbers of 1<sup>st</sup> graded groups indicating that amount of revolving fund depends on the numbers of 1<sup>st</sup> graded group. R- square point out that more than 98% of the variation in amount of revolving funds is explained by the amount of total available funds and total number of 1<sup>st</sup> graded groups which is significant.

#### 4.3.3 Subsidy

The SGSY provides subsidised financial assistance to the legitimate beneficiaries. A group will be entitled to consume subsidy after successful completion of its 2<sup>nd</sup> grading, which is the litmus test of viability. The group has to put forward a

project proposal that they desire to start and it is noted in time of 2<sup>nd</sup> grading. Subsidy under the SGSY for group of Swarozgaris (SHGs) would be 50% of the project cost subject to per capita subsidy of Rs 10000/-or Rs125000/-whichever is less. There is no monetary limit on subsidy for irrigation projects. The following table (No:4.2.E) depicts the pattern of a disbursement of subsidy in the different year in the district. It is clear from the above table that highest amount of subsidy disbursed in the initial year as Rs36.880 lakh. This amount disbursed mainly to the individual Swarozgaris because there was no second graded group in that year. Afterward this amount ranges between Rs 4.52 lakh to Rs 63.34 lakh. The mount of subsidy disbursed in 2001-02 stood at Rs 7.4 lakh. Out of the all years, highest amount of subsidy had been described in 2004-05 which was Rs.63.34 lakh. The following diagram depicts the comparison between the pattern of total expenditure and subsidy disbursed.



Subsidy, a financial support, provides to the 2<sup>nd</sup> graded SHGs so that they will be capable to run microenterprises smoothly.

The causal relationship among the quantum of subsidy and number of groups as well as amount of total available fund will be established in the following section. The yearwise distribution of amount of subsidy and number of 2<sup>nd</sup> graded group is shown in the following table.

**Table No: 4.3.E**  
**Yearwise distribution of amount of subsidy and total amount of available fund and number of 2<sup>nd</sup> graded group**

Year	Subsidy (Rs. in lakh)	No of 2 <sup>nd</sup> graded SHGs	Amount of available fund (Rs in lakh)
1999-2000	36.88	0	683.542
2000-2001	4.523	0	602.57
2001-2002	7.400	0	586.524
2002-2003	10.108	1	553.934
2003-2004	21.44	18	528.154
2004-2005	63.34	94	533.644
2005-2006	38.67	86	473.81
2006-2007	52.52	811	555.84

*Source: - Compiled from Annual Report of DRDC Jalpaiguri (Different years)*

Since, subsidy is given to the 2nd graded groups only, it can be presented that as the number of groups with 2nd grading increase the amount of subsidy also increases. On the other hand the amount of any expenditure is logically based on availability of funds. Base on the above premises, the following hypotheses was framed.

**Null Hypothesis:** The quantum of subsidy does not depend upon the number of 2nd graded groups and total available fund.

**Alternative Hypothesis:** The quantum of subsidy depends upon the number of 2nd graded groups and total available fund.

Regression analysis was carried out taking numbers of 2<sup>nd</sup> graded groups and amount of total funds available funds as independent variable and amount of subsidy as dependent variable.

#### Regression Analysis Results

Explanatory variables	Beta co-efficient	( t )	R-Square	F*
Numbers of 2 <sup>nd</sup> graded groups	0.433*	1.106	0.237	0.778
Total available funds	-0.191**	-0.487		

\* Significance at 1% level. \*\* Significant at 5% level

The results are given above in the table form. The results shows that the  $\beta$  co-efficient is negative for total amount of funds indicating that with the rise of total available funds, amount of subsidy decreases. Where as  $\beta$  co-efficient is positive for total numbers of 2<sup>nd</sup> graded groups indicating that amount of subsidy depends on the numbers of 2<sup>nd</sup> graded groups. R- square point out that only 23% of the variation in amount of subsidy is explained by the amount of total available funds and total

number of 2<sup>nd</sup> graded groups. But the results are not significant and the null hypothesis is accepted.

#### **4.3.4 Infrastructure development**

The success of Micro Enterprises depends upon a very essential component that is proper and effective infrastructure. The infrastructure may be either for production, processing, quality testing, storage or marketing. It should be noted that the funds available for providing infrastructure support under SGSY are primarily to bridge small gaps in infrastructure which can make the programme implementation more effective. Funds for infrastructure development should, in no case be used to augment resources of the state government for development of general infrastructure. In order to meet expenditures on such infrastructure, SGSY will provide for a fund, which will be known as SGSY infrastructure fund. The DRDCs are advised to utilise this fund to generate additional funding wherever feasible.

The table (No:4.3.F) depicts the pattern of expenditure on infrastructure development in Jalpaiguri district. At the beginning, the quantum of this expenditure was very minimum because of initialization of this project in the district. The total expenditure in 1999-2000 was Rs 81.013 lakh whereas expenditures on infrastructure development stood at the Rs 0.970 lakh which was 1.2% of total expenditure. Initially the policymakers at the district level were in dilemma to pave the way for future. The above table shows that this expenditure fluctuated in different years since inception of this scheme. This expenditure reached the summit in 2004-05 with Rs 139.62 lakh followed by Rs 125.13 lakh in 2006-07. It is important to note that, the highest proportion of total expenditure made on this head in 2003-04 with 49.81 % followed by the 37.7 % in 2001-02. The amount of expenditure was approximately same in 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> year. Huge amount of fund was spent in 2003-04 and 2004-05 to provide infrastructure facility to the Swarozgaris as construction of training hall, Swambhar Vaban, laboratories for mushroom spawn and others purposes and to provide marketing support to the beneficiaries. A detail of infrastructure development under SGSY in different blocks is shown in the following table.

Table No: 4.3.F

## Blockwise infrastructure development under SGSY ( Rs in Lakh)

Block	Swayambhar Bhawan		Hat Shed, Stalls & Wayside Amenities Centers				Picnic Spot	
	No	Amt	Hat (No)	Stalls (No)	Am. Centre (No)	Amt	No	Amt
Sadar	2	12.00	2	2	2	8.00	0	0
Rajganj	2	12.00	1	1	3	12.00	0	0
Maynaguri	2	12.00	2	2	2	8.00	3	17.00
Dhupguri	3	18.00	1	1	2	8.00	0	0
Mal	2	12.00	2	1	3	12.00	1	3.50
Matiali	2	12.00	2	1	1	4.00	1	4.00
Nagrakata	2	12.00	1	1	2	8.00	0	0
Falakata	2	12.00	2	2	1	4.00	1	2.00
Madarihat	2	12.00	2	1	2	8.00	1	6.00
Kalchini	2	12.00	1	1	1	4.00	0	0
APD-I	2	12.00	2	1	1	4.00	2	5.97
APD-II	2	12.00	2	1	0	--	0	0
Kumargram	2	12.00	2	1	0	--	0	0
Total	27	162.00	22	16	20	80.00	9	38.47

Source: - Compiled from Annual Report of DRDC Jalpaiguri (2006-07).

Above table shows that at least two Swayambhar Bhawans were constructed in each block in this district so far as to provide infrastructure support to the SHGs. All the SHGs have been using this infrastructure for their meetings, workshop and training programmes etc. To provides marketing support, total 22 hats and 16 stalls has been constructed so far. Nine picnic spot has been developed by the different groups in this district with the help of infrastructure fund. In most of the cases, 10 to 15 groups jointly have been initiated this type of venture.

#### 4.3.5 SGSY Training Funds

The success and sustainability of any kind of self-employment depends to a large extent on the skills of the beneficiaries. SGSY provides a number of measures for upgrading the capacity of Swarozgaris both in individual as well as group oriented activities. It involves a two fold training system. The Swarozgaris are put through a basic orientation programme after the loan is sanctioned and before it is disbursed. This mandatory programme may be organised at the block headquarters, not far from the place of residence. This basic orientation seeks to familiarize the Swarozgaris with

SGSY and its objectives, the responsibilities of Swarozgaris with the SGSY and its objectives, as well as the behavioural aspects. Training Expenses like training material, honorarium to resource persons, travel and food expenses of Swarozgaris can be met by DRDC from SGSY Training Fund. The stipend for the Swarozgaris is not admissible in this Basic Orientation Programme under SGSY.

In the next stage, Skill Development Training provides to upgrade the skill and knowledge of the identified Swarozgaris those who want to start new economic key activities. The objective of this training is to ensure that the Swarozgaris possess the Minimum Skill Requirement (MSR). For this training Swarozgaris are entitled for financial assistance if they are required to undergo training or more than a week. The rate of assistance may be fixed locally. Government institutions like engineering colleges, ITI's, polytechnics, universities, and NGOs may be approached to imparting training. The DRDC is authorised to meet the expenses, incurred by the training institution for conduct of the training programme, from out of the SGSY- Training Fund, but such expenses should not exceed Rs 15 per trainee per day.

The guidelines clearly defined that, upto 10% of SGSY funds will be set aside as training fund and will be utilised to provide both orientation and training programmes to the Swarozgaris. The DRDC is entitled to meet the expenses, incurred by the training institutions through the basic orientation and skill development training from out of the SGSY-Training Fund in the following manner: --

(i) The institutional training cost may be fixed at Rs 15 per day per trainee only for imparting training, if no boarding and lodging facility is provided to the participants, and at Rs 25 (amended to Rs 35 from 2002) per day per trainee in case the institution provides boarding and the lodging also with training.

(ii) If the institution does not provide boarding and lodging then the participants may be paid Rs 15/- (amended to Rs 25 from 2002) per day per trainee to meet the cost of boarding and lodging.

(iii) Swarozgaris may be allowed one time to and fro travelling cost from their place of residence to the Training Institute.

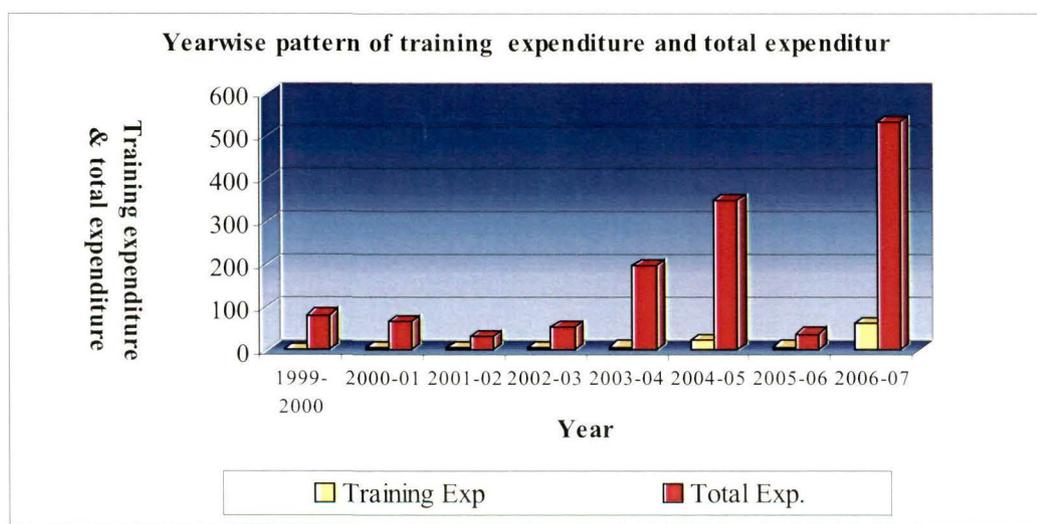
(iv) Duration of skill development training will be decided by the state government depending upon the activities and in order to ensure uniformity of the duration of training for all the districts.

The amended guidelines have made few additions to the existing one. According to this DRDC may incur an expenditure of Rs 200/- per trainee per month for

Payment of honorarium to master craftsman engaged for imparting skill development training to Swarozgaris identified and selected for economic activity and Rs100/- per month per trainee, as allowance for raw materials required for the training. However, the total expenditure on basic orientation and skill development training will not exceed Rs 5 000/-per trainee.

The table (No: 4.2.G) depicts the pattern of training expenditure in this district. In the initial year, the training expenditure was minimum as compared to all other years. The volume of expenditure increased gradually over the different year. This expenditure reached its highest level in 2004-05 by Rs. 22.32 1lakh which was 6.378% of total expenditure and 5.837% of total available fund for that year. The number of groups formed was also maximisation in that very year. The DRDC officials stated that the lion share of training expenditure was made towards the upgradation of skills of Swarozgaris required for performing identified key activities.

A large chunk of groups qualified second grading test and all these qualified groups submitted project proposal which they wanted to take as economic activities. To upgrade the skill and knowledge of the swarozgaris, the different batches of selected Swarozgaris were send to different training institutes. The following graph may convey better information about the pattern of training expenditure in this district as compared to the total expenditure.



The above graph shows that the training expenditure was minimum upto the end of 31-03-2003. The amount of training expenditure during 2000-01, 2001-02 &

2003-04 years was apparently constant. Though amount of total expenditure decreased during 2001-02, but the amount of training expenditure was same as before. Total expenditure as well as training expenditure reached the summit during 2005-06. Amount of training expenditure depends on many factors. The degree of association between the amount training expenditure and total number of group formed is examined in the following section. Yearwise distribution of amount of training expenditure and total groups, total number of members trained and amount of available fund is given following table.

**Table No: 4.3.G**

**Yearwise distribution of amount of training expenditure, total groups, total number of members trained and total amount of available fund**

Year	No of SHGs formed	Total amount of available fund (Rs in lakh)	No of members trained	Amount of Training Expenditure (Rs in lakh)
1999-2000	42	683.542	12	.101
2000-2001	70	602.57	42	3.071
2001-2002	664	586.524	171	3.080
2002-2003	1074	553.934	640	3.540
2003-2004	2157	528.154	1210	10.15
2004-2005	8002	533.644	4488	176.5
2005-2006	2035	473.81	15540	162.25
2006-2007	3811	555.84	11897	101.47

*Source: - Compiled from Annual Report of DRDC Jalpaiguri (Different Years).*

Training under SGSY is given to the beneficiaries to upgrade their skills and knowledge which is required for smooth functioning of groups and for their income generation through microenterprises. Various factors affect the amount of training expenditure. The causal relationship among the above different factors with the amount of training expenditure is assessed by forming regression equation by taking amount of training expenditure, Y as independent variable and the following as explanatory variables:

F = Amount of total available funds.

L = Number of members trained.

P = Total number of SHGs formed.

The regression equation is as follows;

$$Y = B_0 + B_1 F + B_2 L + B_3 P$$

It was hypothesised that;

$H_0$  = Training expenditure dose not depend upon total available funds, number of members trained and total SHGs formed.

$H_1$  = Training expenditure depends upon total available funds, number of members trained and total SHGs formed

The calculated regression equation is given below;

$$Y = 38.775 - 0.0949 {}^c F + 0.01745 {}^b P + 0.07034 {}^b L$$

(0.460)                      (-0.603)                      (4.014)                      (3.700)

- Figures in the parenthesis represent 't' values of the coefficients.
- $R^2 = 0.924$ .       $F^c = 16.151$
- b = significant at 5%.      c = significant at 10%

The value of coefficient of determination ( $R^2$ ) show that the explanatory variables account for about 93% of the variance in the number of group formed. The above table is significant and accept the alternative hypothesis.

#### 4.3.6 Administrative Expenditure

Implementation of SGSY in India and spread the concept of this new scheme to every parts of the country involve high degree of administrative effort. A combined endeavor of all the functionaries in administrative hierarchy is required to mould all the previous old concepts, belief & perception of past of antipoverty programmes to make them ready to accept the new scheme. From the desk of central government to GP level, different departments are involved to administer the scheme. Among them, DRDC of the respective district as a nodal agency play the pivotal role in the administrative mechanism. DRDC spends administrative funds under different heads. These heads of administrative expenses are listed below.

##### Expenses on Administration

(a) Salary and Allowances

- (b) Travelling Expenses
- (c) Rent, Rates and Taxes
- (d) Printing and Stationery
- (e) Publicity and Advertising
- (f) Postage
- (g) Telephone
- (h) Leave Salary and Pension Contribution
- (i) Motor Vehicles maintenance and repairs
- (j) Office contingencies
- (k) Dead Stock
- (l) Any other item related to administration of the said scheme.

#### **4.4 Conclusion.**

This chapter has dealt with growth and outreach of SHGs under SGSY in Jalpaiguri district. Spread of SHGs in this district was examined through the year wise growth, block wise growth in different years. The factors influencing the formation of SHGs was tested using regression analysis. The operation of clusters in Jalpaiguri district was also reported. This chapter also dealt with the funding mechanisms and pattern of expenditure under SGSY in this district, factors determining the amount of revolving fund training expenditure and subsidy was examined and corresponding hypothesis was tested.

Important findings of this chapter include a very high growth rate of SHGs in Jalpaiguri district specially after 2002-03. The number of SHGs in a block was influenced by the female population, number of GPs and number of bank branches. Area of each block was not found to be a determining factor, probably because a large part of the district is covered by forests and tea gardens. Clusters have been formed and have started operations, but more dynamism and operational mechanisms are needed to bring about horizontal integration of economic activities. The thrust on activity clusters is however easier said than done. The funding mechanisms need to be streamlined and regularized so that DRDC do not choke due to want of funds. On the

other hand a better control system is wanted for expenditures under different heads so that they are need based as well as they cater to the guidelines.

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SHG members assemble to discuss about cluster formation.



SHG members assemble at Kukurjan G.P. to have their groups graded.