

**GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:1152

ANSWERED ON:02.08.2010

RURAL LIVELIHOOD

Reddy Shri Magunta Srinivasulu

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether the Government is aiming to make a significant difference to rural livelihood with new concepts of micro finance relating to rural development ;

(b) if so, the details thereof; and

(c) the view of the State Governments, public and experts in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT(SHRI PRADEEP JAIN 'ADITYA')

(a) & (b): The Ministry of Rural Development has been implementing the Swarnjayanti Gram Swarozgar Yojana (SGSY) since 1999, which was a major self employment programme aimed at reducing poverty among the rural BPL. The basic strategy adopted under SGSY was of organizing the rural BPL into Self Help Groups through social mobilisation, encouraging intra group thrift and credit, providing them with training and capacity building and then linking them with Banks for making available credit for undertaking income generating activities. The credit from banks was subsidized through provision of back ended subsidy to the beneficiaries. SGSY has now been restructured and renamed as National Rural Livelihoods Mission (NRLM). Under NRLM, focus will be laid on making available credit to rural poor at easy rates for a variety of purposes including debt swapping, consumption needs and for livelihoods activities. Accordingly, an enhanced package of economic assistance has been approved under NRLM. The rate of Revolving Fund per SHG has been enhanced to Rs. 15,000/- from Rs. 10,000/- per SHG under SGSY. Similarly, the rate of capital subsidy has been raised to Rs. 20,000/- per swarozgari for SC/STs and Rs. 15,000/- per swarozgaris for general categories, subject to a maximum subsidy of Rs. 2.50 lakh per SHG as against Rs. 1.25 lakh maximum subsidy per SHG under SGSY. In addition, interest subsidy will be provided to ensure that the rural poor can avail credit from banks at 7% rate of interest. All this will enable the rural poor to access higher amounts of credit at reasonable rates. All financial support will be routed through the institutions of the poor i.e. through the SHGs and their federations.

(c) The restructuring of SGSY as NRLM has been done in consultation with State Governments, experts and all other stakeholders including financial institutions and the intended beneficiaries.