

**GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:998

ANSWERED ON:15.11.2010

DISBURSEMENT OF LOANS UNDER SJGRY

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Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether the Government is aware that banks are not providing loans under Swarnjayanti Gram Swarozgar Yojana (SJGRY);
- (b) if so, the action taken by the Government; and
- (c) the corrective measures taken by the Government for the easy disbursement of the loan?

Answer

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

(a): Swarnjayanti Gram Swarozgar Yojana (SGSY) is a credit-cum-subsidy scheme. The achievement of credit targets under SGSY has improved significantly over the period of time. At the time of inception of the SGSY i.e in the year 1999 the credit mobilisation achieved was only 32.96% of the target, while during 2009-10 100% of the credit mobilisation target was achieved. However, the credit subsidy ratio achieved over the same period has been only 2.27:1 as against the target of 3:1. Implementation experience under SGSY and also findings of evaluation studies have highlighted several reasons for poor SHG bank linkages resulting in low credit mobilisation. These include, on the one hand, insufficient capacity building of SHG members leading to poor quality of SHGs that are not seen as bankable clients by the Banks, and, on the other hand, poor banking infrastructure in rural areas and lack of sensitization of bankers regarding SGSY.

(b) & (c): In order to address all the gaps identified under SGSY the Ministry has restructured the SGSY as National Rural Livelihoods Mission (NRLM). NRLM, inter-alia, seeks to ensure universal financial inclusion of rural BPL households and to build a pro-poor financial strategy for making credit easily available to them through requirements by building a pro- poor financial sector through:

- i. Provision of Revolving Fund & Capital Subsidy and using the same strategically for leveraging credit for the poor
- ii. Introduction of Interest Subsidy for prompt repayment of loans
- iii. Strategic partnerships with banking sector
- iv. Leveraging IT and business correspondents models
- v. Providing financial literacy and financial counseling to SHG members
- vi. Micro insurance to cover life, health and assets