

Summary and Recommendations

An estimated 27 lakh people or 19.85 percent of the total state urban population in Rajasthan lives below the poverty line. The State reported a population of 12.06lakh persons or 16.18 percent people in 25 cities as living in under serviced /slum settlements.

Swarna Jayanti Shahari Rozgar Yojna (SJSRY) began in Rajasthan in December 1997 to reduce income-based poverty in all its cities. Its primary objective was to provide credit assistance to the poor for setting up individual enterprises or as DWACUA groups and build their capacities to engage in skilled employment. Targeting of services was to be managed through a process of community organization. In small towns, wage employment for the poor was to be generated through capital works contracted to community based associations. The process of community organization was to be facilitated through Community Organisers especially trained for the purpose through a network of state/city training institutions. CDS groups organised as Thrift and Credit groups were entitled to matching grants against savings.

The present study was conducted with the primary objective of assessing the impact of the programme on poverty alleviation in Rajasthan.

Data was gathered from Jaipur and Jodhpur among the Class I towns and Merta, Nimbahera and Raisingh Nagar among the Class II towns. Towns were selected from a list of cities drawn up by the Directorate, Local Bodies, Rajasthan and was based on presence of CDS, DWACUA and T&C structures present /created in the city. From among the selected cities, those where groups had been provided financial assistance were selected.

Major Findings and Recommendations

Estimates of urban poor

Incidence of urban poverty in the State of Rajasthan as per official estimates has declined although its estimates vary from 26.78 lakhs (Planning Commission) to 12.06 lakhs (Census of India survey of 25 cities). In the five cities selected for the study the number of poor was estimated as 56,360 in the five sampled cities which is 2.43 percent of the Planning Commission estimates. Incidence of slum based poverty generally being more visible in large towns, the comparison of the three databases suggests huge inaccuracy in estimation of and targeting under SJSRY.

Three data sets of people living in squatter settlements of Jaipur; Census 2001 (3.5lakhs), UBSP MIS report of 1997 (3.33lakhs) and SJSRY-BPL survey (25330 persons or 7.22% of city slum population) further confirms that the latter may have miscalculated the number of poor.

Recommendations

Estimates of urban poverty need to be revisited by the State using a more sensitive set of indicators that can assess vulnerability. Poverty line is not an efficient targeting instrument and needs to be seen in tandem with socio economic parameters in the study for reaching the poorest beneficiaries. State Urban Poverty line may be used for identification of poor only in case of small towns. In case of corporation areas, separate poverty lines may be set by the State in consultation with the Planning Commission.

SJSRY achievements at the State and in Sampled Cities

State achievements under the programme have been low, both for outreach and credit assistance. More males have received loans under the programme while more females have been provided skill training. Outreach in the sampled cities was only about 8 percent of the identified BPL in the city and just about 0.2 percent of the estimated city slum population.

Community structures (CDS) formed under the programme are largely at a city level without the basic building blocks (NHG and NHC) and have overlapping membership.

Achievements against proposed targets for training have ranged from hundred percent in Jodhpur to nil in Merta. In case of credit assistance, realization of targets has been less than desirable in all cities except for Jodhpur in the year 2000-2001. There is however a declining trend in target achievement in the three years of project implementation across all cities. With just about 9 percent of the identified BPL households reached under the programme universal outreach may take two Plan periods. Recounting the poor using vulnerability criteria and migration/internal city growth can only enhance the overall state target. Despite targets being set too low and without any rational basis, there is under achievement.

At present target setting appears to be based on ULB capacity to undertake community building activities which is insufficient even as per norms of the programme (1 CO for every 2000 households), rather than on numbers to be covered.

Recommendations

The State needs to set a time frame within which it will achieve universal coverage. This plan should be based on a more accurate assessment of the number of poor in each city. LSG would need to work in partnership with civil society groups and other agencies in the State to identify those below the poverty line. LSG may like to examine data with other departments/NGO groups working in low-income settlements to arrive at more realistic estimates. Partnership with well-reputed civil society agencies can help to reduce incidence of inaccurate targeting and inclusion of non-poor beneficiaries in the BPL lists.

Survey data may be updated as it is over four years since the survey was first undertaken and those provided loans under the programme de-listed. Before de-listing though there would be a need to make a household vulnerability assessment.

Municipal capacities, both in terms of staff and their skill in working with urban poor settlements needs to be enhanced.

Profile of Beneficiaries Provided Loans

More loans were disbursed in larger cities and more men received loans in smaller cities. SC/ST beneficiaries preferred to borrow under the more attractive lending scheme of the State Government with higher subsidy. Incidence of proxy loans by women on behalf of male family members was noted in one fifth of cases, particularly in small towns. Women on an average had received larger loans when compared with men. Most beneficiaries belonged between the ages of 18 and 45 years. One fourth of all loan beneficiaries had studied beyond matriculation, largely men from smaller towns, and were ineligible for receiving credit under the scheme.

Recommendations

Erroneous targeting for loans is a primary reason for fund leakage under the programme. Income based targeting must therefore be replaced by vulnerability based targeting and be the responsibility of neighbourhood groups. NHGs need to be strengthened to perform their roles in appropriate identification of beneficiaries using wealth-ranking techniques since CDS groups formed at a city level are hardly able to perform this function. Municipal functionaries need training on use of socio-economic parameters in selection of beneficiaries. Greater transparency loan sanctioning procedures is necessary which can only be possible when the neighbourhood community is involved in the process of selection.

Even while redeploying /rationalising excess staff from other projects, staff qualifications must be non-negotiable. In the case of Rajasthan surplus octroi staff has been sourced under the programme and were inappropriately qualified to work with poor

communities. Besides, they had also not been provided any training to equip them to handle the activities more sensitively.

Nature of Credit Assistance and Repayment

Financial intermediation in smaller towns is smaller because of low cost of enterprise. Most loans have been for setting up shops; general merchant, tea-stalls, welding, woodcutting, barber, gem cutting, tailoring, etc. the latter predictably more popular with female borrowers. Loan amounts have varied from Rs5000 to over Rs40000 with majority between Rs10000 and Rs.20000. An RBI circular has capped loan amount according to enterprise de linking it from individual need. Loan is provided both for capital costs and recurring expenses. Incidence of beneficiaries having applied for and received two loans was reported.

Majority of people were repaying loans regularly yet bank confidence vis-à-vis loan recovery remained low, reducing the efficiency of the loan release system already stressed by the delayed release of subsidy from the local office. Class II towns had greater share of people who were either defaulters or paid back irregularly. Average repayment rate per month per individual was Rs.557. Beneficiaries provided skill training had not initiated any income generating activity as they had been de-linked from the credit mechanism.

Recommendations

State/cities may develop a Management Information System to keep track of loans provided. Quarterly meetings with Bank Officials to share data about loan recovery need to be organised.

Targeting

Accuracy of targeting BPL families for credit assistance was high at nearly 88.5 percent. However, income estimates being based on reported incomes rather than socio-economic surveys are questionable when seen in tandem with household asset and housing profile. Majority of loanees lived in their own housing on legal land, largely pucca in nature with individual water supply and

personal toilets, and owned fans, cycles, television sets, gas stoves and sewing machines. Better house construction in cities suggests higher level of incomes than that reported as such housing improvements demand money in lump sums and security of tenure. Not sufficient time had elapsed since the loan was issued for families to build up savings and invest in housing.

A comparison of the asset profile of those provided financial intermediation and members of CDS / thrift and credit groups societies who had not applied for / granted loans suggests a higher housing and hence income status. Jaipur city had the lowest housing-asset-infrastructure status.

A significant change in income levels was noted with a drop in families below the poverty line following credit assistance. This change was more pronounced in class I cities, suggesting that poor in smaller cities may need more and different kind of support.

Per capita income before financial intermediation rose from to Rs.567 per month. Smaller towns witnessed larger changes in incomes even though they lagged behind Class I cities in terms of average household income. Both men and women benefited from the loan. Increase in income was dependent upon the size of the loan.

Majority of CDS members had received loans. Benefit of the programme was accruing to a small segment of key actors from the communities. CDS members who had not availed of credit assistance were from above poverty line families and disinclined to take loan.

Recommendations

Credit assistance has a significant impact in improving household incomes. However, under programmes like SJSRY, it is imperative that targeting be carefully managed so that benefits of the programme are not leaked away to upper income households. Socio economic surveys may therefore be undertaken using participatory tools such as wealth ranking by the community members themselves or with the assistance of active NGOs /academic institutions/ urban training institutions such as RIPA in the cities.

Surveys need to be regularly updated to include new migrants to the city.

As economic potential of cities tends to vary by their size class, it is suggested that a separate set of guidelines/norms be evolved for smaller towns in consultation with the poor based on the nature of poverty in these cities.

ULB staff in smaller cities must be trained to identify activities with greater economic potential and establish linkages with bigger cities /rural areas for marketing of products.

Survey data for Jodhpur needs to be reviewed as none of the BPL families were found to be from slum like settlements that are the hallmark of large cities. Since it has been over four years since the survey was first undertaken, it needs to be updated with the help of consultants/professional agencies. Non-economic parameters must be used in conjunction with economic criteria for identification of beneficiaries.

The new surveys must be undertaken in all low-income settlements rather than the whole town including unauthorized settlements, newly emerging settlements on city fringes or occupying central government lands.

Cities need to prepare a strategic plan for universal coverage based on which annual targets and budget allocations may be prepared. This plans need to take into consideration growth rate in the city on the basis of migration, in particular in the larger urban areas.

Overlapping schemes with different rates of subsidy targeting the same set of communities need to be merged into a single window programme to reduce resource wastage and duplication.

Training for Self-Entrepreneurship

Training component has been weak in the State vis-à-vis target, demand and choice of enterprises. Only women, that too in small numbers have been provided training, although in majority of cases loans had been applied for and sanctioned in the name of their male family members. Less than half the trainees continued in the profession in which training had been provided, one third switched to an alternate profession and one fifth were unemployed. While more people in class II towns were unemployed after training more had switched professions in class I cities except in Jodhpur, where sustainability was high due to better trade selection.

Reasons for poor utilisation of capacity building efforts may be due to poor connectivity between training and credit, inadequate level of skill, low-income potential of selected trade, absence of training in management and marketing, inadequate supervision of training agencies and funding limitations/delays. Lack of appropriate agencies in small towns is an added reason for lack of training in these cities. As in case of NRY people have used training as an income generating opportunity due to its substantial honorarium.

Recommendations

State needs to clearly articulate its strategy for capacity building in consultation with the cities and stakeholders to identify a much larger range of enterprises that has employment potential. The strategy must include linkages with rural and big city markets.

Private sector participation in on-the-job training would lead to better capacity and utilization, and needs to be explored. Training potential of small cities may be increased by use of master trainers (attached to the ULB) and local artisans for locally relevant skills.

Capacity of DWACUA groups to provide training may be explored. This may be treated as an enterprise with credit assistance. DWACUA groups may also be developed as marketing units to support marketing linkages as in Kerala with financial assistance.

An MIS needs to be developed under the programme to ensure better targeting and follow up of training/credit assistance and supervision of training agencies. ULB staff capacities need to be enhanced both in terms of manpower and skills for this task.

Urban Wage Employment Programme

Very few works have been undertaken under the wage employment programme. No record of person days /names of poor engaged in the civil works was available. Process of contracting under UWEP remains unchanged from NRY, with work contracted to private contractors without guaranteeing employment for the poor. Merta had not been provided funds under UWEP since 1999.

Wage employment is an intermittent activity with cycles of employment and unemployment and as envisaged in the programme is unable to make a sustainable impact on poverty.

Recommendations

UWEP needs a clear strategy for implementation. A scheme for civil works may be drawn up. Contracts for civil works should be awarded only to DWACUA groups (without the process of tendering) who should engage poor women/men from the community for the task and be supported with credit assistance as in Hyderabad.

ULBs will need to change civil work contracting norms for provision of basic services in under serviced/slum settlements accordingly and ensure greater transparency in contracting procedures to

ensure genuine groups are provided the contracts. Waivers may be granted to DWACUA groups with regard to minimum guarantee/ernest deposit.

Wage employment must be linked with skill training and financial intermediation to ensure that nature of employment changes from wage to entrepreneurship in due course.

Community Development Societies

CDS groups were formed using a top down, ULB driven, selection process with ward level representation. None of the cities, except for one in Jodhpur, had NHGs or NHCs and the city level CDS did not represent interests/needs of poor communities. None of the CDS groups were registered. No training had been imparted to CDS members who were largely unfamiliar with their roles and responsibilities. CDS was not seen as a means of women's empowerment and leadership building. Civil society partners were not engaged with in the process of CDS formation.

CDS Presidentship imbued women with additional powers over loan seekers, which they were found to be abusing.

CDS members met infrequently and had no knowledge of community development plans that were generally prepared by Municipal officials and only endorsed by the CDS president. Benefits under the programme were seen to be accruing primarily to group leaders/members.

CDS leaders were not repaying loans under the SJSRY.

Although Jaipur was a UBSP city and had a reasonable amount of success in community mobilization, no institutional memory of UBSP structures was retained in the city due to complete change in project team. Frequent changes in programmes lead to tremendous wastage of resources and talent pool that is generated. Redeployment of surplus revenue/octroi staff for a social development programme further erased UBSP memory.

While no UBSP institutional structures were noted in Jodhpur stability of community development staff, from education department had brought greater sensitivity to social concerns.

Lack of involvement of the senior officials in community organization and low priority given to development programmes was another reason for the poor success of the programme.

No convergence of sectoral efforts was visible in the cities.

Recommendations

Process of group formation and creating CDS community structures is not clearly understood by SJSRY officials. Officials engaged for organising community activities must have appropriate skills and attitude for working with poor communities. State must appoint community facilitators with appropriate qualifications and ensure that they are trained to manage the process of community building.

CDS groups may be re-formed at the settlement level with NHGs and NHCs clearly defined and not on a wards basis as being done at present. Leadership among women may be nurtured through the NHGs/NHCs. CDS groups may be formed only when the lower tiers are sufficiently strong.

CDS leaders must serve as models for loan repayment so that they can bring pressure upon the others. Defaulting CDS presidents should be removed from the group membership.

Need for leadership in the programme at the city level is evident. Senior officials who are deputed to manage such programmes must have some experience of the developmental sector.

Thrift And Credit Societies

Some SHGs have been formed in the State however, only a few had been provided matching funds leading to disintegration, as they had been lured by the prospect of government financial intermediation. Most women members did not belong to poor households and hence did not feel the need to save through such a savings group.

While groups in small towns had flexibility /choice over saving amount based on saving capacity, larger cities had fixed norms rendering it difficult for the poorest to participate.

None of the T&C groups had provided credit to members for addressing personal emergencies.

T&C, CDS and DWACUA groups overlapped with common membership, reducing further coverage under the programme.

Recommendations

Programme officers need to clearly understand the purpose behind T&C group formation.

Matching grant provision needs to be dispensed with as it leads to unsustainable groups.

Savings groups must be brought together to address small emergency needs and encouraged to give loans to individual members for small group enterprises.

Development Of Women And Children In The Urban Areas (DWACUA)

Only four DWACUA groups were found in the selected cities indicative of a dismal success rate. In most cases T&C or CDS groups had been upgraded into DWACUA groups and not all had started the enterprise/received loans for the project. Reasons for poor performance under DWACUA were:

lack of community confidence in working together, lack of awareness on choice of enterprise and its management, lack of skills in marketing, delay in fund release from the banks.

Recommendations

State needs to identify the bottlenecks with regard to formation of DWACUA groups and assisting groups in coming together and accessing loans. DWACUA groups organised on spatial or common interest networks would be useful as confidence building measures.

Problems with regard to financial institutions need to be sorted out by discussing with banks delay in loan releases.

Banks

Banking problems of NRY have persisted in the SJSRY programme; both vis-à-vis loan issue and opening SHG accounts in spite of reasonably high repayment rate. Bank officials feel that the scheme lacks teeth for loan recovery.

Procedure of sanctioning loans was tedious taking up to 3 to 4 months and 7-12 trips to the banks. Instances of bank officials demanding speed money/collateral for releasing loans were reported.

Delay in release of funds by banks is due to time lag in release of subsidy from Nagar Palika to the bank.

Recommendations

State must take initiative to resolve banking problems to speed up the process of loan releases, particularly for DWACUA groups.

Bank confidence can be enhanced through improved peer pressure for loan recovery. It is imperative therefore that NHG and NHC groups be organised along the lines envisaged under the programme rather than build city level CDS groups.

Capacity of ULB Functionaries

Capacity of ULB functionaries responsible for programme implementation was low both in terms of required staff, staff qualifications (Statistical assistants, LDC and redeployed octroi officials) and training to discharge their roles. Induction into the programme has not been backed by training that is largely managed through state decisions.

Recommendations

State must examine the qualifications of personnel deployed for managing SJSRY. Functionaries without masters in social work/extension should not be made responsible for managing poverty alleviation programmes.

All officials under SJSRY programme must be provided training in community organisation, identification of poor etc. RIPA may be involved in developing the course contents for training of project officers.

Community Organisers must be inducted into the programme using the proposed norm of 1 CO for every 2000 households to ensure more intensive intervention.

Involvement of NGOs

Smaller cities unlike Class I do not have NGOs to support training, SHG formation or employment generation activities under the programme. As a result capacity building activities have suffered in these towns.

Recommendations

State needs to prepare an action plan for NGO participation under the SJSRY programme. In the absence of local NGOs, NGOs from nearby Corporation areas may be assigned the task of working with poor on a sustained basis.

A SWOT analysis study may be undertaken for identification of NGOs followed by a rigorous training and networking process. NGOs must frequently meet with each other to share experiences and develop action plans. ULB cell at the city level must monitor NGO activity.

Monitoring of Programme Implementation

Monitoring is generally done by the ULBs along with Bank officials who meet on a monthly basis to discuss problems. None of the municipalities have computerised the information. The District Magistrate monitors provision of loans while banks monitor loan repayments.

Recommendations

There is a need to computerize the database under SJSRY and to develop a Management Information System to keep track of loans and make impact assessments.