

EXECUTIVE SUMMARY

1. *Since the majority of population in India lives in rural areas and there is widespread poverty in the villages, the development of the country depends on rural development. Alleviation of rural poverty has been the major objective of all the social sector programmes of the Government of India. In view of this; Ministry of Rural Development (MoRD) has launched various programmes to bring about rapid and sustainable development as well as socio-economic transformation in India.*
2. *To cover all aspects of self employment programmes, MoRD adopted a holistic approach and restructured the self-employment programmes by clubbing them together under "Swarnajayanthi Gram Swarojgar Yojana (SGSY)", with the broad objective to bring assisted BPL family above the poverty line by the end of the project period. Under SGSY scheme, 15 per cent of the funds have been earmarked for Special Projects to be taken up by the State / Districts depending on the availability of natural resources, raw materials, skills of people, etc.*
3. *For assessing weather these programmes are resulting in effective deliveries, MoRD has initiated Concurrent Evaluation studies of these Special Projects. The present study is one such effort of MoRD to ascertain weather the broad objectives of Special Projects are being fulfilled through the Special Project under SGSY to take up Income Generating Activities in Farm and Non-Farm Sector by Sri Kshetra Dharmasthala Rural Development Project (SKDRDP) in the Dakshina Kannada district of Karnataka State.*
4. *MoRD has awarded Centre for Symbiosis of Technology, Environment & Management (STEM), Bangalore, to undertake the Concurrent Evaluation of the Special Project with specific objective "To evaluate status and impact of the project particularly, in generation of employment opportunities for local people living below poverty line and improvement of their standard of living in Dakshina Kannada District.*
5. *To assess the effectiveness of the ongoing project in terms of deliveries and timeliness, the approach adopted by M/s STEM was two pronged. Firstly, the STEM team interacted with the concerned officials of the Zilla Panchayat, project officials of SKDRDP, which is the project implementation agency and secondly, undertook extensive field surveys to have direct interaction with the beneficiaries. Specific Schedules were developed and subsequently canvassed at the district, project and the beneficiary levels.*
6. **Proposed Project:** *It has been proposed To assist 30 per cent of the BPL population i.e., 11175 in the district to earn minimum of Rs.24000 per annum in the next three years, to review of the existing SHGs formed under SGSY scheme and facilitate them to start income generating activities, to strengthen existing SHGs by conducting need based trainings for capacity building and skill development, to create a brand image for the products produced by the beneficiaries and create suitable market, to socially and economically empower the families to be brought under the scheme and to assist the other organizations to replicate the programme in the other districts of the country.*
7. **Project Coverage:** *This project covers all the 5 taluks of Dakshina District in Karnataka. However, under the first year the project is implemented in the taluks namely Belthandi, Mangalore and Puttur. The taluks namely Sullya and Bantwal will be covered in the second year of the Project implementation.*
8. **Project Period:** *The proposed period for the implementation of the Special Project would be three years from the date of sanction of the project.*
9. **Commencement of Project:** *The project proposal was prepared jointly by the Zilla Panchayat, Dakshina Kannada District, Govt. of Karnataka and Sri Kshetra Dharmasthala Rural Development Project (SKDRDP) and was submitted to the Ministry of Rural*

Development (MoRD), Govt. of India on 14th August, 2002. However, based on the observations of the MoRD, the proposal was modified by the Technical Committee and the project was sanctioned on 11th March 2003. However, the project was commenced by SKDRDP in June 2003 after receiving the 1st installment of Centre share from Zilla Panchayat, Dakshina Kannada District.

10. **Project Implementation and Monitoring:** The project was conceived and prepared by SKDRDP and collaboration of Zilla Panchayat was sought for effective implementation and availability of funds and also selection of beneficiaries. The project is being implemented by SKDRDP and monitored by Project Implementation Monitoring Committee at the district and a similar committee at the State level. Accordingly, SKDRDP is submitting the annual plan of action to Zilla Panchayat requesting for release of funds. SKDRDP took up the implementation of the project activities as per the action plan based on the fund availability. The implementation agency has provided full assistance to the beneficiaries and the banks in arranging the loans, disbursing the same and recovery of the installments. The monitoring and evaluation of the project is done on a continuous basis by the project Implementation and monitoring committee. It is headed by the Executive director of SKDRDP and well supported by the project directors at taluk levels and other project staff and field investigators at the village levels. The monitoring by the Zilla Panchayat is done once in three months by the Chief Executive Officer.
11. **Project Cost:** The total project cost as envisaged by SKDRDP for the implementation of the project is Rs.1500 lakh. However, after reviewing the project proposal the MoRD, Govt. of India sanctioned the project cost of Rs.1456.50 lakhs, comprising of Bank credit of Rs.493.12 lakhs and beneficiaries contribution of Rs.27.93 lakhs. The total government share of Rs.935.45 lakhs is shared between the Centre and State in the ratio of 75:25 i.e., Central share is Rs.701.59 lakhs and State share is Rs.233.86 lakhs respectively.
12. **Funds Received:** The total funds received, as on 31st May 2005 was Rs.280.62 lakhs, which was the Centre Share of the first installment. However, the State share of Rs.93.54 lakhs has been released on 18th March 2005 to the Zilla Panchayat but still the State share has not been released from Zilla Panchayat to the implementing agency. The Centre share of Rs.280.62 lakhs, which was released on 11th March 2003 to the ZP, but the ZP released the amount to the implementing agency in two installments of Rs.206 lakhs and Rs.74.62 lakhs on April 2003 and March 2004 respectively. At the time of discussions of STEM team it was noted that action towards demand for release of the State share from Zilla Panchayat was in progress and the State share was released in June 2005 to the implementing agency.
13. **Utilization of Funds:** The total funds utilized under the project as on 31st May 2005 were Rs.515.36 lakhs. It can be noted that about 99.9 per cent of the total funds received from Centre has been utilized. As already stated that the State share, which was released on 18th March to the ZP, has not yet been released to the SKDRDP. The officials of SKDRDP are waiting for the release of the State share from ZP for the timely implementation of the project. It has been informed by the SKDRDP officials that the achieving the first year physical targets were hampered due to the delay in the release of the State share from ZP. However, on the day of discussions i.e., 10th June 2005, SKDRDP officials were informed that the ZP has released the State share. Hence, SKDRDP were about to start their activities under the project once again after a gap of 15 months.
14. **Physical Performance of Project:** This project has successfully developed a multi disciplinary model for promoting various activities undertaken by the rural poor. The total number of swarojgaris having taken up income generating activities under farm and non-farm sector is about 2252, which is about 20 per cent of the targeted population. However, the number of beneficiaries trained under different activities has been about 5245, which is about 47 per cent of the target population. This project has also thrown open opportunities in some of the new activities for the district like organic manure, ararpathi manufacturing, garment manufacturing, pickles manufacturing etc., which will have a lasting impact on the

economy of the district. The project has created a Centre for Rural Excellence for training the beneficiaries from all over the State. It is also providing opportunities for the beneficiaries to see livelihood activities being undertaken at various places. Of the targeted Apex level infrastructure to be set up under the project, 100 per cent is completed and of the targeted village level infrastructure to be set up under the project, 180 per cent has been achieved.

15. **Selection Criteria of Beneficiaries:** The eligibility criteria adopted for selection of beneficiaries was that they should be rural poor belonging to the BPL families (Yellow Card holders) and should preferably be engaged in farm and non-farm sector activities. Apart from that other BPL beneficiaries who are interested to take up the activities are also equally encouraged. Presently, SHGs have been functioning in the taluks of Belthangadi, Puttur and Mangalore. On them, the BPL beneficiaries are identified and are included under the project and they are currently taking up activities identified under the project. In the other two taluks i.e., Sullia and Bantwal the process of identifying the beneficiaries and formation of the groups have been completed.
16. **Composition of Beneficiaries:** Under the first year of the project the beneficiaries / SHGs assisted under the project belong to three taluks of the district i.e., Belthangadi, Puttur and Mangalore. Even the beneficiaries have been identified and SHGs formed in the other two taluks. However, they will be assisted under the project from the second year.
17. **Infrastructure:** Two types of infrastructure have been created under the project viz., Apex level infrastructure and village / cluster level infrastructure. The total expenditure made under setting up the infrastructure as on 31st May 2005 is about Rs.173.21 lakhs, of which the expenditure for apex level infrastructure is about Rs.73.52 lakhs and village / cluster level infrastructure is about Rs.99.69 lakhs.
18. **Training:** Under the project the capacity building of SHGs is undertaken by conducting orientation trainings, skill development trainings for farm sector activities and skill development trainings for non-farm sector activities. As on 31st May 2005 the total expenditure under the various training programmes is about Rs.8.4 Lakhs.
19. **Marketing:** For marketing of farm sector products produced under the project like vegetables, banana, flowers, stevia, milk organic manure, SKDRDP has made use of its existing stakeholders and available marketing infrastructure like milk producers cooperative societies, local shandies, market places etc. For marketing of agro-based products like organic manure, lime produced under the special project, the existing farmers in the district have helped. For marketing the non-farm sector products a separate company called Shri Dharmasthala Siri Gramodyoga Samsthe has been set-up. This company under the acronym 'Siri' is engaged in skill upgradation, purchase of raw materials in bulk, making the marketing arrangements and advertisement and brand creation. The marketing activities under the project are categorized under Market development activities, brand building advertisement & sales promotion and management development expenses. Under the project, as on 31st May 2005, the total expenditure incurred under marketing activities is about Rs.4.32 Lakhs.
20. **Impact on Beneficiaries (Field Survey Based):** In order to assess the impact of the project on the beneficiaries, a primary field survey was undertaken. For this, a well-designed questionnaire having details regarding sex, caste category, occupation, income etc was canvassed. A total of 75 beneficiaries were interviewed personally in three taluks namely; Belthangadi, Puttur and Mangalore.

Demographic Profile: The demographic profile of the interviewed beneficiaries is captured in terms of their sex as well as the caste category. It is observed that about 44 per cent of the beneficiaries are male and about 56 per cent are female. The composition in terms of their caste show that about 43 per cent represent SC category, 20 per cent represent ST category, 27 per cent represent OBC category and about 10 per cent constitute others.

Socio-economic Profile: The socio-economic profile of the interviewed beneficiaries is captured in terms of the literacy rate and the occupation of the beneficiaries before including them under the special project. It is observed that about 57 per cent of the beneficiaries interviewed are illiterate. The occupation of the beneficiaries before the start of the project is categorized under agricultural labourers, unemployed, undertaking same occupation and engaged in other activities. It is interesting to note that about 43 per cent of the beneficiaries interviewed were engaged in other activities and about 35 per cent were engaged as agricultural labourers and only about 7 per cent of the beneficiaries were undertaking the same activity before the start of the project. The reason for the high percentage of beneficiaries under other activities before the start of the project is because most of the beneficiaries were engaged in the beedi rolling activity.

Credit / Bank Loans: Under the project it was observed that of the interviewed beneficiaries, all were provided with bank loans for undertaking the activities.

Infrastructure provided: The infrastructure under the project is provided at two levels i.e., at the apex level and at the cluster level. The beneficiaries are directly being benefited with the setting up of the cluster level infrastructure at their villages and are indirectly getting benefited by the setting up of the apex level infrastructure at the district level. Hence, all the beneficiaries interviewed are provided with either type of infrastructure under the project.

Training provided: The specific trainings for the stipulated duration for different activities have been provided under the project to the beneficiaries. Of the interviewed beneficiaries it is observed that all the beneficiaries are provided with the different types of trainings like basic orientation and awareness programmes and also the skill development trainings for the activities they are pursuing.

Income Generation / Employment: The beneficiaries have started getting income under the project but because most of them are still under the process of repaying their bank loans availed, so the income is still not very encouraging and satisfactory to the beneficiaries. But the beneficiaries expressed that once their loans are repaid then they would start getting satisfactory incomes. Of the interviewed beneficiaries it was observed that about 35 per cent of them indicated that their monthly income is between Rs.500 to Rs.1000, about 48 per cent of them indicated between Rs.1000 to Rs.1500 and only 17 per cent of them indicated between Rs.1500 to Rs.2000.

Beneficiaries Perception: The beneficiaries are enthusiastic with the implementation of the project as they feel that with this project they started getting a fixed regular income on the activities pursued by them at their own villages. With all the different infrastructure setup both at the apex level and the village level, they are able to manufacture and market the products produced by them on a regular basis. But still they are not very satisfied with the income that they are earning since a major part of their income goes for the repayment of their loans. They expressed that once the loans are repaid then they would start getting healthy incomes to sustain their families and livelihood.

21. **Key Issues and Suggestions:** Based on the interactions with the beneficiaries and the officials of the SKDRDP and Zilla Panchayat, Dakshina Kannada district, the study team has observed some key issues and suggestions that need to be looked into for the effective implementation of the Special Project.

Progress of the Special Project: The project is presently in the 2nd year of its implementation. As per the project proposal the activities proposed for the first year like setting up infrastructure at apex level & cluster level, training & capacity building programmes for the SHGs, investments made on the farm & non-farm sector activities, management development and market development activities have almost been achieved. As on 31st May 2005, against the first year budget of Rs.546.94 lakhs, expenditure of about Rs.516.56 lakhs has been incurred, thereby achieving about 95 per cent of the first year targets. There was a severe delay of about one year for the release of a part of the 1st installment of the central share from the Zilla Panchayat to the implementing agency i.e., Rs.74.62 lakhs which was released only in March 2004. Moreover, the 1st installment of the state release was also delayed by about two years and was released from the State Govt. in March 2005 but it has been released from the Zilla Panchayat to the implementing agency only in June 2005. This led to severe inconvenience for the implementing agency in achieving their physical and financial targets of the 1st year.

Selection Criteria of Beneficiaries: The implementing agency is approaching the GP and based on the recommendation of the Grama Sabhas and the BPL list available with the GP, their project officials are selecting the beneficiaries under the project. However, it was observed by the Zilla Panchayat and also by the study team that the BPL list available was of the year 1998 and further updated list was still not available, hence there found some confusion in the selection process. So the implementation agency is selecting according to the BPL list available, which the Zilla Panchayat feels is not fully applicable as on the present day scenario. At present there is confusion about the identification of the BPL status of the family itself. The implementing agency intends that they may be allowed to pick up the beneficiaries from the list prepared by the food and civil supplies department for issuing BPL ration cards.

Present Activity Pursued by Beneficiaries: With the start of the special project, the beneficiaries are supported with the training and marketing of their products; hence they feel that with this support they are very positive in taking up this activity as a source of their income and employment. Since the project is still in its implementation stage and part of their benefits go for the repayment of their loans, but they strongly feel that after taking up of the entire project components and after the repayment of loans they would definitely start getting good income for their living. The project also has various impacts on the financial, economic and social well being of the beneficiaries.

Income Generation: Under the project, currently the beneficiaries engaged under different income generating activities are earning an average income of about Rs.1500 per month. But, currently all the beneficiaries have taken loans from the banks under the project for starting these activities and part of their income goes for the repayment of these loans. Hence, the beneficiaries feel that once the loan is repaid, they would start earning good income. Moreover, with the marketing supports provided by the implementing agency, they are sure to start incurring healthy incomes very soon.

Trainings: Under the project trainings are being imparted by means of two ways i.e., capacity building initiatives and skill development trainings. Capacity building programmes for of the 1st year budget of Rs.5.17 lakh only about 0.52 lakh have been spent since in the first year most of the beneficiaries identified are already performing these activities, hence there was no need for further orientation. It was informed that in the second year the

allotted funds will be fully utilized. Skill development trainings are conducted to all the identified beneficiaries to take up various farm and non-farm sector activities for the specific period of time as envisaged under the project. Under this component of the 1st year budget of Rs.9.94 lakh about Rs.8.35 lakh have been spent and it was informed that the deficit was observed due to lack of funds to take up the trainings.

Availability of Raw Materials: There were no problems observed by the beneficiaries in the availability of the raw materials. For both the farm and non-farm sector activities, the required raw materials for these activities are being provided by the implementing agency under the project. After the project period also, the implementing agency will ensure providing the raw materials as against the payment made by the beneficiaries for the raw materials.

Marketing Facilities: SKDRDP is solely responsible for the marketing support to be provided for the produces and products made by the beneficiaries. It has already made an effort by creating a brand image for the products and very soon it would be spread to the entire State of Karnataka. For marketing of farm sector products produced under the project, the SKDRDP has made use of its existing stakeholders and available marketing infrastructure. For marketing of the non-farm sector products, under the project, a separate company called 'Siri' has been set up, which is engaged in skill upgradation, purchase of raw materials in bulk and supplying them to the beneficiaries, facilitating in the marketing arrangements, advertising and brand creation.

Credit Mobilization: Credit is a major component under the project. Of the total project cost of Rs.1456.5 lakhs about one third of its share is the credit from the banks i.e., Rs.493.12. Of the total credit under the project as on 31st May 2005 about 196.1 lakhs has been mobilized, which account for about 40 per cent of the total credit to be mobilized under the project. Credit from the banks has been mobilized with regard to the investments under farm and non-farm sector activities. Of the total expenditure under these activities i.e., Rs.326.77 lakhs about 60 per cent of it is the credit from the banks.

Social Mobilization: Under the project, the implementing agency is organizing awareness, basic orientation programmes and theme camps on a regular basis in the villages with the support of the its officials located at the village level and also with due support from Gram Panchayat. Initially, the project officials had to face immense difficulties in mobilizing the people to take up these activities. But, with regularly meeting these beneficiaries and by continuous effort to familiarize them with the benefits, now the beneficiaries are coming forward to take up these activities.

Profitability and Replicability: Under the project, the beneficiaries have started manufacturing the products, but as yet they have not being able to incur healthy profits since a major part of their income goes for the repayment of the loans to the banks. But, they do feel that after the completion of their loan repayments and the continuous marketing support from the implementing agency, they are sure to earn good income and start making profits. This project is not area specific and most of the activities identified under the project can be easily replicated elsewhere. The fact remains true that there is a lot of potential available in the rural enterprises and it is only the push, motivation and continuous market support, which is needed, then these activities can be taken up in any of the rural areas in the entire country.

Sustainability: Under the project a separate company owned by the stakeholders entitled Shri Dharmasthala Sire Gramodyoga Samsthe (Siri) has already been promoted to make the project sustainable. This company registered under the Section (25) of the Companies Act is engaged in ensuring sustainability of the project and make the programme a successful and profitable venture with necessary brand image.

22. **Conclusion:** The study team has found that generally, the beneficiaries identified under this project were very enthusiastic about the project and were optimistic that they would be able to cross the poverty line once the project is fully operationalized. However, in order to achieve the time bound results, the funds should be made available to the implementing agency on time by both the Centre and State governments so that the project is further not delayed on this account. The implementing agency has already made an effort towards the marketing of the products but it is time for them to lay special emphasis on establishing proper marketing linkages. This project once successfully implemented would help in development of farm and non-farm sector income generating activities in the district and would definitely make a positive impact on the unemployment / under-employment scenario of the district.