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GUESS PAPER SERIES

SESSION -4

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Self-Help Group

Inland Waterways & Sagarmala

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SELF-HELP GROUPS:-

What are SHGs?

- Self-Help Groups (SHGs) are informal associations of people who choose to come together to find ways to improve their living conditions. It can be defined as self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose. Villages face numerous problems related to poverty, illiteracy, lack of skills, lack of formal credit etc. These problems cannot be tackled at an individual level and need collective efforts. Thus SHG can become a vehicle of change for the poor and marginalized. SHG rely on the notion of “Self Help” to encourage self-employment and poverty alleviation.

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- Self Help Groups are groups of 10-20 people in a locality formed for any social or economic purpose. Most of the SHGs are formed for the purpose of better financial security among its members. SHGs can exist with or without registration.
- SHGs in India often work in association with Banks (SHG – Bank Linkage Programme). The same is basis of Indian Micro finance Model too. SHG – Bank Linkage was started in India in 1992 under the guidelines of NABARD and Reserve Bank of India.

ORIGIN of SHG:

- The Genesis of SHG in India can be traced to formation of Self-Employed Women's Association (SEWA) in 1970.

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- The SHG Bank Linkage Project launched by NABARD in 1992 has blossomed into the world's largest microfinance project. NABARD alongwith RBI permitted SHGs to have a savings account in banks from the year of 1993.
- This action gave a considerable boost to the SHG movement and paved the way for the SHG-Bank linkage program. In 1999, Government of India, introduced Swarn Jayanti Gram Swarozgar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs.
- The programme evolved as a national movement in 2011 and became National Rural Livelihoods Mission (NRLM) – world's largest poverty alleviation programme.

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- Today, State Rural Livelihood Missions (SRLMs) are operational in 29 states and 5 UTs (except Delhi and Chandigarh).
- NRLM facilitated universal access to the affordable cost-effective reliable financial services to the poor like financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services.
- All problems cannot be solved alone.
- SHG are a form of enterprise. They perform the role of collective banks. They mobilize savings from the members and performs both debit and credit functions.
- For external credit, SHG links with the banks ie. SHG-Bank linkages.

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- Now SHGs also links with companies ie. SHG-Corporate linkages.
- For Women SHGs, Government is providing interest subvention scheme.
- Importance of SHGs – Increased incomes of poor through collective performance.

Statistics of SHGs in India

- 80 lakh SHGs with active bank linkages in India.
- Involvement of 10 crore people of India.
- Aggregate bank balance of Rs.6500 crores.
- 90% SHGs in India consist exclusively of women.

SHG-Bank Linkage Program in India

SHG Bank Linkage

- Indian Microfinance Model

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- Introduced in 1992 – Guidelines by NABARD and RBI.

Functions

- It looks to build the functional capacity of the poor and the marginalized in the field of employment and income generating activities.
- It resolves conflicts through collective leadership and mutual discussion.
- It provides collateral free loan with terms decided by the group at the market driven rates. Such groups work as a collective guarantee system for members who propose to borrow from organised sources.
- The poor collect their savings and save it in banks.
- In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise.

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- Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of microfinance services to the poor.

Need for SHGs

- One of the reasons for rural poverty in our country is low access to credit and financial services.
- A Committee constituted under the chairmanship of Dr. C. Rangarajan to prepare a comprehensive report on 'Financial Inclusion in the Country' identified four major reasons for lack of financial inclusion:
 - Inability to provide collateral security,
 - Poor credit absorption capacity,
 - Inadequate reach of the institutions,
 - and Weak community network.
- The existence of sound community networks in villages is increasingly being recognised as one of the

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most important elements of credit linkage in the rural areas.

- They help in accessing credit to the poor and thus, play a critical role in poverty alleviation.
- They also help to build social capital among the poor, especially women. This empowers women and gives them greater voice in the society.
- Financial independence through self-employment has many externalities such as improved literacy levels, better health care and even better family planning.

Benefits of SHGs

- Social integrity – SHGs encourages collective efforts for combating practices like dowry, alcoholism etc.
- Gender Equity – SHGs empowers women and inculcates leadership skill among them.
- Empowered women participate more actively in gram sabha and elections.

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- There is evidence in this country as well as elsewhere that formation of Self-Help Groups has a multiplier effect in improving women's status in society as well as in the family leading to improvement in their socio-economic condition and also enhances their self-esteem.
- Pressure Groups – their participation in governance process enables them to highlight issues such as dowry, alcoholism, the menace of open defecation, primary health care etc and impact policy decision.
- Voice to marginalized section – Most of the beneficiaries of government schemes have been from weaker and marginalized communities and hence their participation through SHGs ensures social justice.

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- Financial Inclusion – Priority Sector Lending norms and assurance of returns incentivize banks to lend to SHGs.
- The SHG-Bank linkage programme pioneered by NABARD has made access to credit easier and reduced the dependence on traditional money lenders and other noninstitutional sources. Improving efficiency of government schemes and reducing corruption through social audits.
- Alternate source of employment – it eases dependency on agriculture by providing support in setting up micro-enterprises e.g. personalised business ventures like tailoring, grocery, and tool repair shops.
- Changes In Consumption Pattern – It has enabled the participating households to spend more on education, food and health than non-client households.

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- Impact on Housing & Health – The financial inclusion attained through SHGs has led to reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.
- Banking literacy – It encourages and motivates its members to save and act as a conduit for formal banking services to reach them.

Why SHG are a necessity in rural development?

- In India there is a substantial percentage of rural and urban poor, who if tried individually cannot break their chains of poverty, and hence collective action is required.
- For self-employment and financial independence, poor sections needs credit.

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- Bank credits are not easily accessible to individual poor, but by forming a SHG, there are make better prospects for bank credits. (often without collateral).
- The chances of successful income generation is high with SHGs than individual attempts.

Opportunities

- SHGs often appear to be instrumental in rural poverty alleviation.
- Economic empowerment through SHGs, provides women the confidence for participation in decision making affairs at the household-level as well as at the community-level.
- Un-utilised and underutilised resources of the community can be mobilised effectively under different SHG-initiatives.

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- Leaders and members of successful SHGs bear the potentiality to act as resource persons for different community developmental initiatives.
- Active involvement in different SHG-initiatives helps members to grow leadership-skills.
- Evidences also show that often women SHG leaders are chosen as potential candidates for Panchayat Pradhans or representatives to Panchayati Raj Institution (PRI).

Weaknesses of SHGs

- Members of a group do not come necessarily from the poorest families.
- Though there has been social empowerment of the poor, the economic gain to bring about a qualitative change in their life has not been satisfactory.

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- Many of the activities undertaken by the SHGs are still based on primitive skills related mostly to primary sector enterprises.
- With poor value addition per worker and prevalence of subsistence level wages, such activities often do not lead to any substantial increase in the income of group members.
- There is a lack of qualified resource personnel in the rural areas who could help in skill upgradation or acquisition of new skills by group members.
- Further, institutional mechanisms for capacity building and skill training have been lacking. Poor accounting practices and incidents of misappropriation of funds.
- Lack of resources and means to market their goods. SHGs are heavily dependent on their promoter NGOs and government agencies.

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- The withdrawal of support often leads to their collapse.

Challenges

- Lack of knowledge and proper orientation among SHG-members to take up suitable and profitable livelihood options.
- Patriarchal mindset – primitive thinking and social obligations discourages women from participating in SHGs thus limiting their economic avenues.
- Lack of rural banking facilities – There are about 1.2 lakh bank branches and over 6 lakh villages.
- Moreover, many public sector banks and micro-finance institutions are unwilling to provide financial services to the poor as the cost of servicing remains high.
- Sustainability and the quality of operations of the SHGs have been a matter of considerable debate.

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- No Security – The SHGs work on mutual trust and confidence of the members.
- The deposits of the SHGs are not secured or safe Only a minority of the Self-Help Groups are able to raise themselves from a level of micro-finance to that of micro-entrepreneurship.

Measures to Make SHGs Effective

- The Government should play the role of a facilitator and promoter, create a supportive environment for the growth and development of the SHG movement.
- Expanding SHG Movement to Credit Deficient Areas of the Country - such as Madhya Pradesh, Rajasthan, States of the North-East.
- Rapid expansion of financial infrastructure (including that of NABARD) and by adopting extensive IT enabled communication and capacity building measures in these States.

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- Extension of Self-Help Groups to Urban/Peri-Urban Areas – efforts should be made to increase income generation abilities of the urban poor as there has been a rapid rise in urbanisation and many people remain financially excluded.
- Positive Attitude – Government functionaries should treat the poor and marginalized as viable and responsible customers and as possible entrepreneurs.
- Monitoring – Need to establish a separate SHG monitoring cell in every state.
- The cell should have direct links with district and block level monitoring system.
- The cell should collect both quantitative and qualitative information.
- Need Based Approach – Commercial Banks and NABARD in collaboration with the State Government

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need to continuously innovate and design new financial products for these groups.

- Case studies **Kudumbashree** in Kerala It was launched in Kerala in 1998 to wipe out absolute poverty through community action.
- It is the largest women empowering project in the country.
- It has three components i.e., microcredit, entrepreneurship and empowerment.
- It has three tier structure - neighborhood groups (SHG), area development society (15-20 SHGs) and Community development society (federation of all groups).
- **Kudumbashree** is a government agency that has a budget and staff paid by the government.
- The three tiers are also managed by unpaid volunteers. Mahila Arthik Vikas Mahamandal

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(MAVIM) in Maharashtra SHGs in Maharashtra were unable to cope with growing volume and financial transactions and needed professional help.

- Community managed resource centre (CMRC) under MAVIM was launched to provide financial and livelihood services to SHGs.
- CMRC is self-sustaining and provides need-based services

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INLAND WATER TRANSPORTATION

Inland Waterways Authority of India

This body was created by the government of India in 1986 for regulating and developing inland waterways for shipping and navigation. The body chiefly undertakes development and maintenance projects of IWT infrastructure on national waterways. It undertakes these projects through grants from the Shipping Ministry. Its headquarters is in Noida. It also has regional offices in various other cities and towns across the country.

Operational National Waterways in India for UPSC

| NW Number | River System | Route | Length | Locations |
|-----------|--|--|--------|--|
| NW – 1 | Ganga- Bhagirathi- Hooghly | Prayagraj – Haldia | 1620 | Uttar Pradesh, Bihar, Jharkhand, West Bengal |
| NW – 2 | Brahmaputra | Sadiya-Dhubri | 891 | Assam |
| NW – 3 | West Coast Canal, Champakara Canal and Udyogamandal Canal | Kottapuram – Kollam | 205 | Kerala |
| NW – 4 | Krishna and Godavari | Kakinada– Puducherry stretch of canals, Kaluvally Tank, Bhadrachalam – Rajahmundry, Waziraba– Vijayawada | 1095 | Andhra Pradesh, Tamil Nadu and Puducherry |
| NW – 10 | Amba River | | 45 | Maharashtra |
| NW – 83 | Rajpuri Creek | | 31 | Maharashtra |
| NW – 85 | Revadanda Creek – | | 31 | Maharashtra |

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| | | | | |
|-----------------------------------|--|---------------------------------|-----|-------------------------|
| | Kundalika River System | | | |
| NW – 91 | Shastri river– Jaigad creek system | | 52 | Maharashtra |
| NW – 68 | Mandovi – Usgaon Bridge to Arabian Sea | | 41 | Goa |
| NW – 111 | Zuari– Sanvordem Bridge to Marmugao Port | | 50 | Goa |
| NW – 73 | Narmada River | | 226 | Gujarat and Maharashtra |
| NW – 100 | Tapi River | | 436 | Gujarat and Maharashtra |
| NW – 97 (Sundarbans Waterways) | Namkhana to AtharaBankiKhal | Indo- Bangladesh Protocol Route | 172 | West Bengal |

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India with a extensive network of rivers, canals, lakes has approximately 14500 km of navigable waterways. Along these Major Indian waterways are constructed – NW1: Allahabad–Haldia (Ganges–Bhagirathi–Hooghly river); NW2: Sadiya–Dhubri (River Brahmaputra); NW3: Kollam–Kozhikode (West coast canal); NW4: Kakinada–Pondicherry (River Krishna, R. Godavari). But at present Inland Waterway Transport forms a very diminutive part of total transport system, for the following problems faced by it:

Geographical challenges:

- **Increased siltation:** Reduced navigability due to siltation, as in the Bhagirathi-Hooghly and in the Buckingham Canal.
- **Reduced waterflow:** Reduced flow due to diversion of water for irrigation, for instance, in the Ganga which makes it difficult even for steamers to ply.
- **Geographical constraints:** There are problems in smooth navigation because of waterfalls and cataracts, as in Narmada and Tapti.

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Technical challenges:

- **Inadequate depth:** Lack of inadequate depth of waterways for commercial movement of cargo is a major concern. Also quality of water flow is becoming poorer progressively.
- **Inadequate air draft:** Multiple bridges with low vertical clearance obstructs the passage of bigger vessels. Eg: It is faced in NW3.
- **Shortage of IWT vessels:** Due to its capital incentive nature India lacks in vessel building
- **Lack of terminals:** It inhibits door-door connectivity to end users.
- **Lack of navigation infrastructure:** Rudimentary infrastructure coupled with non-availability of water round the year is an impediment for operation of waterways.
- **Shortage of MRO facilities:** There is severe shortage of Maintenance, Repair, Overhaul facilities for inland water transport vessels.

Regulatory challenges

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- There is **lack of modal integration** of and detailed mapping of waterways and industrial clusters and also lack of integration of hinterland coastal shipping with international maritime traffic.
- **Lack of level playing policy**(waterways were not on the national horizon for planning and connectivity for long time) among different modes of transport.
- **Lack of uniformity in legal and administrative issues** as inland waterways move through more than one state.

Political challenges

- **Inter-linking of rivers** is a major issue, which is yet to materialize.

Financial challenges

- **Under investment** by the government.
- Private sector participation in MRO is dismal.
- Construction of dams/barrage to increase depth of navigation faces challenges of economic viability.

Prospects:

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- **Employment potential:** As per National Transport development policy committee every Rs 1 lac investment would generate 33.6 person year of employment.
- **Environmentally friendly:** IWT consumes minimal energy compared to other modes.
- **Reduced freight costs:** As it is the cheapest mode of transport for cargo. Recently govt is also experimenting with innovations that would allow these barges to be powered with LNG, thus reducing freight cost plus using a cleaner fuel.
- **Tourism:** IWT could be a great revenue booster for its promising tourism potential.
- **Linkage to NE:** International protocols provide direct linkage of Haldia and Kolkata ports with landlocked NE.

Some of the important sources of waterways, rivers, canals in India are – River Ganga, River Brahmaputra, Backwaters of Kerala, Goa waterways, Mumbai waterways, River Tapi etc. They hold a huge promise.

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Recently under Sagarmala initiative govt has also started encouraging steps like it has sanctioned the Capital Dredging Project of Ro Pax Ferry Services between Gogha&Dahej to reduce the motorable distance. All this probably help in actualizing the potential of IWT.

What are the measures taken?

- The Jalmarg Vikas Project receives financial assistance from the World Bank to upgrade navigability on National Waterway 1 from Varanasi to Haldia, a distance of 1,380 km.
- The project seeks to develop a fairway of 3-metre depth in phases, at an estimated cost of Rs 5,369 crore.
- The project is intended to be completed by 2023.
- There are plans to develop three multimodal terminals along National Waterway 1.
- Apart from the one in Varanasi, being built for Rs 169.59 crore, there is one planned in Sahibganj in Jharkhand, and the third in Haldia.

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- It also involves building a Farakka navigation lock for Rs 359 crore, to be completed by June 2019.
- The government has also tapped the National Clean Energy Fund and the Central Road Fund for the initiative, and has borrowed from the market by issuing government bonds.
- Along with that, two barges carrying 1,233 tonnes of fly ash were recently flagged off on river Ganga (National Waterway-1) from Kahalgaon power plant in Bihar.
- The barges will travel 2,085 km across multiple waterways to reach Pandu Inland Port in Assam.
- This could make our waterways establish themselves as possible for cargo transportation and make compete with other sectors.
- The journey also marks one of the longest hauls in waterways sector movement in India.
- The government called it a critical integrated movement through three waterways such as NW1 on

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the Ganga, the Indo-Bangladesh Protocol (IBP) route, and NW2 on the Brahmaputra.

- Also since August 2016, pilot movements have been carried out on various stretches of NW1.
- More than 15 voyages have been completed, including integrated movements through multiple waterways.
- The present journey is part of an effort by the government to resurrect the Ganga as a significant transportation artery.
- The terminal has been designed mainly for construction material, food grains, cement, and fertilisers.
- Thus the PepsiCo cargo shows that a commercial shipment can use Inland waterways as a viable, working route for transportation.

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SAGARMALA:-

- Sagarmala project is a port-led development programme of Ministry of Shipping.
- A Shipping ministry study has claimed that the project could lead to an annual saving of Rs 40,000 crore by optimizing logistics.

Explain the importance of Sagarmala Project to the Indian Economy. What are Objectives of the project?

- Currently 95% of India's trade by value and 70 % by volume take place through maritime transport.
- India is lacking the high quantity of international trade via coastal line due to the lack of infrastructure facilities and advanced coastal technologies.
- The cost of shipping/evacuating goods through Indian maritime transport is quite high compared to that of China, South Korea, Japan and other

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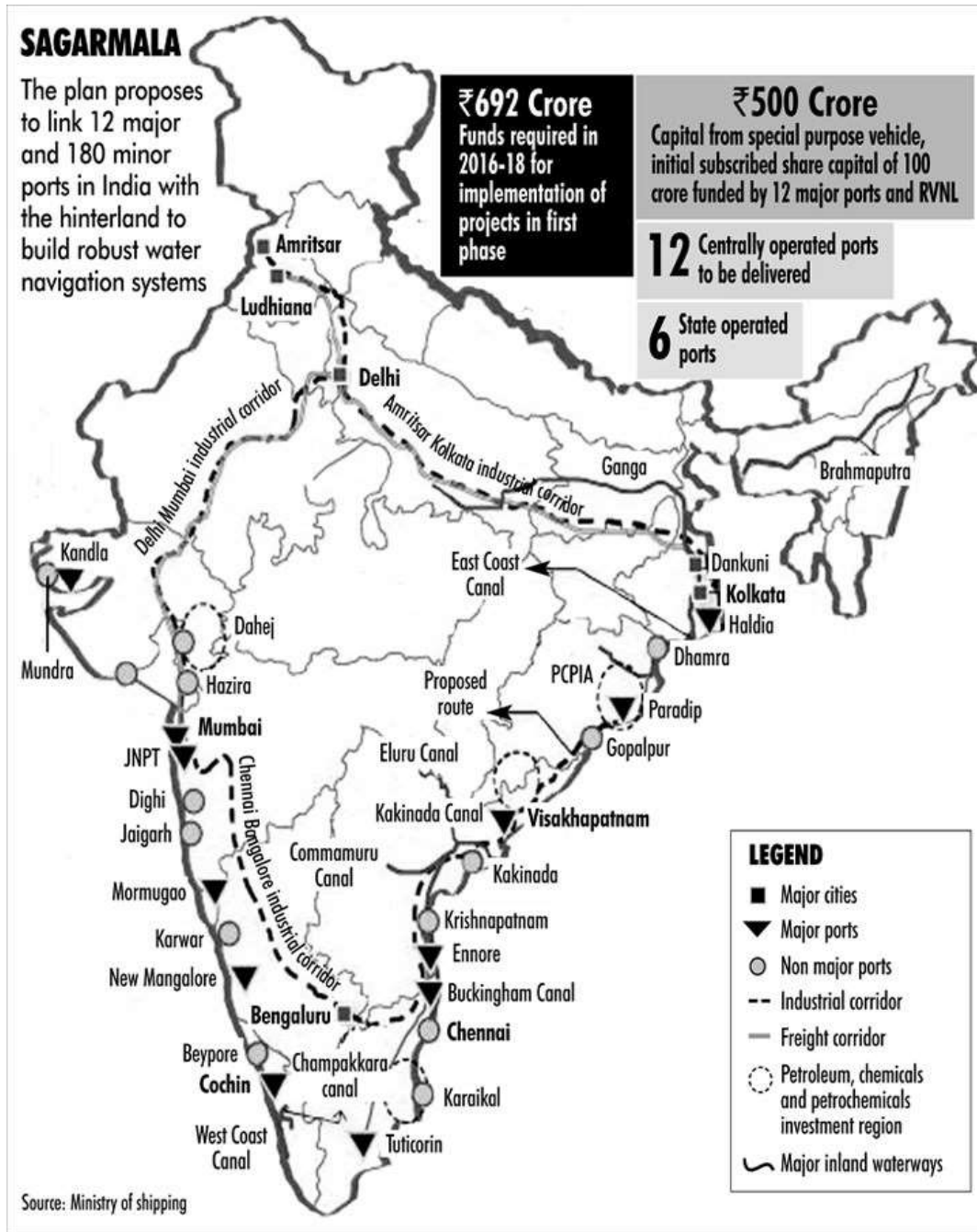
developed countries. This makes Indian goods uncompetitive in the international market.

- China, South Korea and Japan have effectively used their coastline for 'port-led development'. India has to replicate their model to stay competitive.
- So, a plan has to be devised to reduce logistics cost and strengthen India's EXIM industry. Sagarmala Project is one such plan.

Objectives of the project

- Augmenting operational efficiency of ports (more terminals for loading and unloading cargo)
- Optimizing logistics (rails, roads and inland waterways).
- Identify capacity additions (more ports wherever viable).
- Modernize India's Ports so that port-led development can be augmented.

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Suggested recommendations under the project

- Promoting coastal shipping of bulk commodities like coal.
- Setting-up coastal clusters for bulk commodities like cement & steel.
- Providing last-mile connectivity of ports with National Highways and Railway network.
- Establishing new transshipment port (transfer cargo from one ship to another).
- Creating dedicated coastal berth ports for coastal shipping.
- Setting up storage capacities at origin-destination ports to shorten turnaround time.
- Developing adequate ship-repair facilities in the maritime states.

How can the project become successful

- Constructing new ports by securing private-sector participation through PPP models.

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- Improving the port connectivity via various rail corridors, freight friendly expressways and inland waterways.

National Sagarmala Apex Committee (NSAC)

A National Sagarmala Apex Committee (NSAC) is envisaged for

- overall policy guidance,
- high level coordination, and
- to review various aspects of planning and implementation of the plan and projects.

Sagarmala project is recently in news. What is the project about?

- a. It is a counter to China's String of Pearls.
- b. It is a port-led development programme.
- c. It is a security infrastructure envisaged by India in the Indian Ocean region.

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d. It is a defense capability enhancement project of Indian Navy.

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