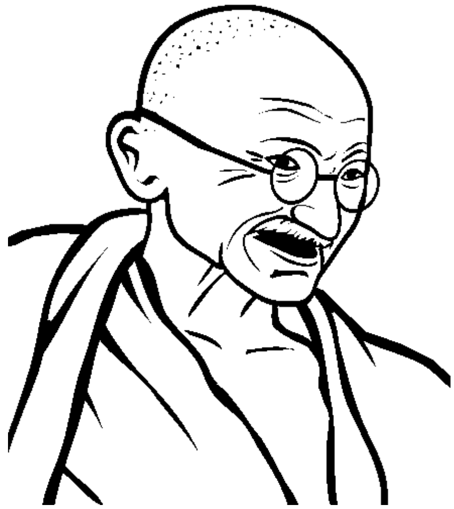
# NATIONAL RURAL LIVELIHOODS MISSION

# Framework for Implementation

## MINISTRY OF RURAL DEVELOPMENT
## GOVERNMENT OF INDIA



*Recall the face of the poorest and the weakest man(woman) whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him(her). Will he (she) gain anything by it? Will it restore him (her) to a control over his (her) own life and destiny? In other words, will it lead to swaraj (freedom) for the hungry and spiritually starving millions?*

# Contents

# Preface

The programmes of Ministry of Rural Development's (MoRD), Government of India that directly target poor families for creation of assets and self employment started with Integrated Rural Development Programme (IRDP) in the year 1980. A major reform took place in 1999, when IRDP was transformed into Swarnjayanti Gram Swarozgar Yojana (SGSY). Self-employment through organizing poor into Self Help Groups (SHGs) became the cornerstone of the new strategy. In the states, there is now widespread acceptance of the need for poor to be organized into SHGs, as a pre-requisite for their poverty reduction. 2.5 Crore rural BPL households have been organized and brought into SHG network.

A systematic review of SGSY has brought into focus certain shortcomings like vast regional variations in mobilization of rural poor; insufficient capacity building of beneficiaries; insufficient investments for building community institutions; and weak linkages with banks leading to low credit mobilization and low repeat financing. Several states have not been able to fully utilize the funds received under SGSY. Absence of aggregate institutions of the poor, such as the SHG federations, precluded the poor from accessing higher order support services for productivity enhancement, marketing linkage, risk management, etc. Several evaluation studies have shown that SGSY scheme has been relatively successful in alleviating rural poverty wherever systematic mobilization of the poor into SHGs and their capacity building and skill development has been taken up in a process-intensive manner. In other places, the impact has not been that significant.

The magnitude of the unfinished task is enormous. Out of the estimated 7.0 crore rural BPL households ( 2010 projections of BPL households), 4.5 Crore households still need to be organized into SHGs. Even the existing SHGs need further strengthening and greater financial support. It was in this background, Government has approved the restructuring the SGSY as the National Rural Livelihoods Mission (NRLM), to be implemented in a mission mode across the country.

NRLM's mandate is to reach out to all the poor families, link them to sustainable livelihoods opportunities and nurture them till they come out of poverty and enjoy a decent quality of life. Towards this, NRLM puts in place a dedicated and sensitive support structures at various levels. These structures work towards unleashing the innate potential of the poor and complement it with capacities to: deal with external environment, enable access to finance and other resources, and with their own institutions at different level. The institutions play the roles of initiating the processes of organizing them in the beginning, providing the livelihoods services and sustaining the livelihoods outcomes subsequently. The support structures need to work with the unemployed rural poor youth for skilling them and providing employment either in jobs, mostly in high growth sectors, or in remunerative self-employment and micro-enterprises.

The Institutions of the poor – SHGs, their federations and livelihoods collectives - provide the poor the platforms for collective action based on self-help and mutual cooperation. They become a strong demand system on behalf of the poor. They build linkages with mainstream institutions, including banks, and Government departments to address their livelihoods issues and other dimensions of poverty. These institutions provide savings, credit and other financial services to meet their priority needs, including consumption needs, debt redemption, food and health security and livelihoods. They augment knowledge, skills, tools, assets, infrastructure, own funds and other resources for the members. They increase incomes, reduce expenditures, increase gainful employment and reduce risks for their members. They also increase their voice, space, bargaining power and change of policies in favor of their members.

Mobilizing the poor into their institutions needs to be induced by external sensitive support structure. Government agencies, NGOs and civil society organizations, local self governments, banks and corporate sector can play this role. With time, as the institutions <u>of</u> poor grow and mature, they become the internal sensitive support structures and institutions <u>for</u> the poor. Their successful members and empowered leaders take charge of and accelerate many of these processes. Thus, the programme <u>for</u> the poor becomes the programme <u>by</u> the poor and of the poor. Poverty is complex and multidimensional, and therefore, the institutions of poor engage in many sectors and service providers. Their ability and effectiveness improves with time. However, after the initial learning curve, the progress picks up speed with quality.

Based on MoRD’s extensive consultations with various stakeholders including the State Governments, Civil Society Organizations, Bankers and academicians, NRLM Framework for Implementation has been developed. NRLM is a learning mission and learns from all the best practices of poverty eradication and failures in the country. Like NRLM, its Framework for Implementation is a learning, live and dynamic framework. This NRLM framework offers space for local plans based on local context and offers space for learning from the experiences in the field as the implementation progresses.

This Framework should be seen in two parts - the ‘hard’ part and the ‘soft’ part. The ‘hard’ part includes the funding norms and ceilings for funding of different components and inter se allocation among the states. The ‘soft’ part includes all the other processes outlined herein. These are indicative but not binding. These are based on the learning from large scale best practices in the country at present. Each state should develop its own Operational Guidelines . Thematic and issue-based National Operational Manuals would also be made available as the implementation progresses.

NRLM endeavours, through its dedicated sensitive support structures and organizations at various levels, to reach out to all the rural poor households, and take them out of poverty through building their capacities, financial muscle and access, and self-managed self-reliant institutions; through placement in jobs, and/or nurturing them into remunerative self-employment and enterprises. The institutions of the poor gradually take charge of supporting their members being in control of their livelihoods, lives and destiny.

# Overview

The core belief of National Rural Livelihoods Mission (NRLM) is that the poor have a strong desire and innate capabilities to come out of poverty. They are entrepreneurial. The challenge is to unleash their innate capabilities to generate meaningful livelihoods, which enable them to come out of poverty. The first step in this process is motivating them to form their own institutions. Their true potential is realized when they are provided sufficient capacities to manage the external environment and easy access to finance, and are enabled to expand their skills and assets and convert them into meaningful livelihoods. This requires continuous handholding support by their institutions. An external dedicated, sensitive support structure, from the national level to the sub-district level, is required to induce such social mobilization, institution building and livelihoods promotion.

Strong institutional platforms of the poor empower the poor households and enable them to build-up their own human, social, financial and other resources. They, in turn, enable them to access their rights, entitlements and livelihoods opportunities, including services (both from the public and private sector). The social mobilization process enhances solidarity, voice and bargaining power of the poor. These processes enable them to pursue viable livelihoods based on leveraging their own resources, skills and preferences. Thus, they come out of abject poverty and do not fall back into poverty.

NRLM also believes that the programme can be up scaled in a time bound manner, only if it is driven by the poor themselves.

## Mission, Principles, Values

### NRLM Mission

"To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor."

### NRLM Guiding Principles

- Poor have a strong desire to come out of poverty, and they have innate capabilities to do so.
- Social mobilization and building strong institutions of the poor is critical for unleashing the innate capabilities of the poor.
- An external dedicated and sensitive support structure is required to induce the social mobilization, institution building and empowerment process.
- Facilitating knowledge dissemination, skill building, access to credit, access to marketing, and access to other livelihoods services underpins this upward mobility.

### NRLM Values

The core values which will guide all the activities under NRLM are as follows:

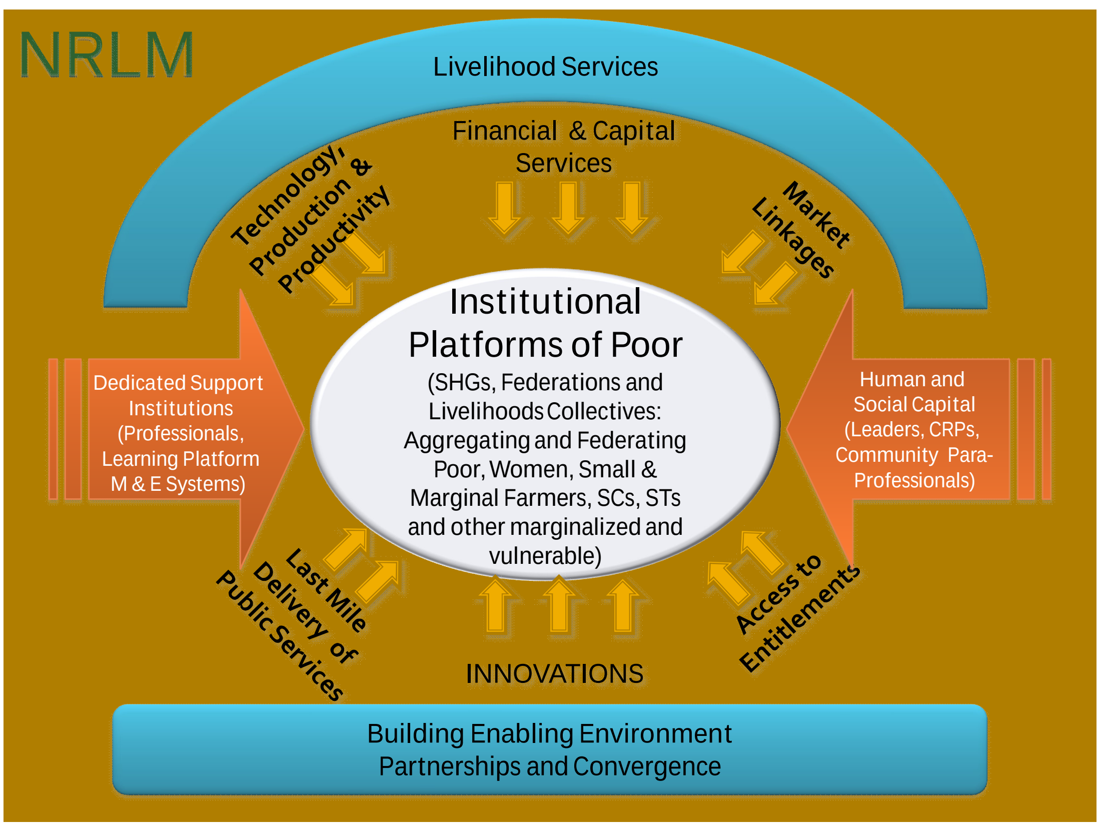
- Inclusion of the poorest, and meaningful role to the poorest in all the processes
- Transparency and accountability of all processes and institutions

- Ownership and key role of the poor and their institutions in all stages – planning, implementation, and monitoring
- Community self-reliance and self-dependence

## Approach

Towards building, supporting and sustaining livelihoods of the poor, NRLM harnesses the innate capabilities of the poor, complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to deal with the rapidly changing external world. Being conscious of the livelihoods activities being varied, NRLM works on three pillars – enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside; and nurturing self-employed and entrepreneurs (for micro-enterprises).

Dedicated support structures build and strengthen the institutional platforms of the poor. These platforms, with the support of their built-up human and social capital, offer a variety of livelihoods services to their members across the value-chains of key products and services of the poor. These services include financial and capital services, production and productivity enhancement services, technology, knowledge, skills and inputs, market linkages etc. These platforms also offer space for convergence and partnerships with a variety of stakeholders, by building an enabling environment for poor to access their rights and entitlements, public services and innovations.  The aggregation of the poor, through their institutions, reduces transaction costs to the individual members, makes their livelihoods more viable and accelerates their journey out of poverty.



The interested rural BPL youth would be offered skill development after counseling and matching the aptitude with the job requirements, and placed in jobs that are remunerative. Self-employed and entrepreneurial oriented poor would be provided skills and financial linkages and nurtured to establish and grow with micro-enterprises for products and services in demand.

NRLM implementation is in a Mission Mode. This enables (a) shift from the present allocation based strategy to a demand driven strategy enabling the states to formulate their own livelihoods-based poverty reduction action plans, (b) focus on targets, outcomes and time bound delivery, (c) continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organized sector, and (d) monitoring against targets of poverty outcomes. As NRLM follows a demand driven strategy, the States have the flexibility to develop their livelihoods-based perspective plans and annual action plans for poverty reduction. The overall plans would be within the allocation for the state based on inter-se poverty ratios. In due course of time, as the institutions of the poor emerge and mature, they would drive the agenda through bottom-up planning processes.

## Key Features of NRLM

### Social Inclusion and Institutions of the Poor

1. Universal Social Mobilization: To begin with, NRLM would ensure that at least one member from each identified rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. Subsequently, both women and men would be organized for addressing livelihoods issues i.e. farmers organizations, milk producers' cooperatives, weavers associations, etc. All these institutions are inclusive and no poor would be left out of them. NRLM would ensure adequate coverage of vulnerable sections of the society such that 50% of the beneficiaries are SC/STs, 15% are minorities and 3% are persons with disability, while keeping in view the ultimate target of 100% coverage of BPL families.

2. Promotion of Institutions of the poor: Strong institutions of the poor such as SHGs and their village level and higher level federations are necessary to provide space, voice and resources for the poor and for reducing their dependence on external agencies. They empower them and also act as instruments of knowledge and technology dissemination, and hubs of production, collectivization and commerce. NRLM, therefore, would focus on setting up these institutions at various levels.

In addition, NRLM would promote specialized institutions like Livelihoods collectives, producers' cooperatives/companies for livelihoods promotion through deriving economies of scale, backward and forward linkages, and access to information, credit, technology, markets etc. The Livelihoods collectives would enable the poor to optimize their limited resources.

There are existing institutions of the poor women formed by Government efforts and efforts of NGOs. NRLM would strengthen all existing institutions of the poor in a partnership mode. The self-help promoting institutions both in the Government and in the NGO sector would be supported. Further, existing institutions and their leaders and staff would support the processes of forming and nurturing new institutions.

3. Training, Capacity building and skill building: NRLM would ensure that the poor are provided with the requisite skills for: managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness, etc. A multi-pronged approach is envisaged for continuous capacity building of the targeted families, SHGs, their federations, government functionaries, bankers, NGOs and other key stakeholders. Particular focus would be on developing and engaging community professionals and community resource persons for capacity building of SHGs and their federations and other collectives. NRLM would make extensive use of ICT to make knowledge dissemination and capacity building more effective.

4. Revolving Fund and Capital Subsidy: Subsidy would be available in the form of revolving fund and capital subsidy. The Revolving Fund would be provided to the SHGs (where more than 70% members are from BPL households) as an incentive to inculcate the habit of thrift and accumulate their own funds towards meeting their credit needs in the long-run and immediate consumption needs in the short-run. Subsidy would be a corpus and used for meeting the members' credit needs directly and as catalytic capital for leveraging repeat bank finance. Capital Subsidy fund would be given directly to the SHGs or would be routed to the SHGs through the federations, wherever the SHGs desire such an arrangement.The key to coming out of poverty is continuous and easy access to finance, at reasonable rates, till they accumulate their own funds in large measure.

5. Universal Financial Inclusion: NRLM would work towards achieving universal financial inclusion, beyond basic banking services to all the poor households, SHGs and their federations. NRLM would work on both demand and supply side of Financial Inclusion. On the demand side, it would promote financial literacy among the poor and provides catalytic capital to the SHGs and their federations. On the supply side, it would coordinate with the financial sector and encourage use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like 'Bank Mitras'. It would also work towards universal coverage of rural poor against loss of life, health and assets. Further, it would work on remittances, especially in areas where migration is endemic.

6. Provision of Interest Subsidy: The rural poor need credit at low rate of interest and in multiple doses to make their ventures economically viable. In order to ensure affordable credit, NRLM has a provision for subsidy on interest rate above 7% per annum for all eligible SHGs, who have availed loans from mainstream financial institutions, based on prompt loan repayment (This would not be applicable when a SHG avails capital subsidy. Interest subsidy would be provided to this SHG, when they avail a fresh loan after repaying the capital subsidy linked loan). This subsidy would be available to SHGs, where at least 70% of the members are from BPL households, till a member accesses credit, through repeat cumulative loaning, up to Rs 1.00 lakh per household.

7. Livelihoods: Poor have multiple livelihoods as a coping mechanism for survival. Their existing major livelihoods are: wage labour, small and marginal holding cultivation, cattle rearing, forest produce, fishing, and traditional non-farm occupations. The net incomes and

employment days from the current livelihoods are not adequate to meet their expenditures. NRLM would look at the entire portfolio of livelihoods of each poor household, and work towards stabilizing and enhancing the existing livelihoods and subsequently diversifying their livelihoods.

8. Infrastructure creation and Marketing support: NRLM would seek to ensure that the infrastructure needs for the major livelihoods activities of the poor are met with. It would also provide support for marketing to the institutions of the poor. The range of activities in marketing support includes market research, market intelligence, technology extension, developing backward and forward linkages, building livelihoods collectives and supporting their business plans. NRLM would encourage and support partnerships with public and private organizations and their networks/associations for these activities, particularly for market linkages. Rural Haats would also be encouraged to directly link producer groups (SHGs) and individual producers with urban and peri-urban markets through a well developed system of continuous identification and rotation of beneficiaries. 20% of the state's programme outlay (25% in case of North-Eastern States and Sikkim) is reserved for this purpose.

9. Skills and Placement Projects: NRLM would scale up the existing skill and Placement projects through partnership mode as one of the best investments in youth, and provide impetus to livelihoods opportunities in emerging markets. For strengthening this, various models of partnerships with public, private, non-government and community organizations would be developed. A strong relationship would also be developed with industry associations and sector specific employers' associations. National Skill Development Corporation (NSDC) would be one of the leading partners in this effort. 15% of the central allocation under NRLM is earmarked for this purpose.

10. Rural Self Employment Training Institutes (RSETIs)

NRLM encourages public sector banks to set up RSETIs in all districts of the country. RSETIs transform unemployed rural youth in the district into confident self-employed entrepreneurs through need-based experiential learning programme followed by systematic handholding support. Banks are completely involved in selection, training and post training follow-up stages. RSETIs partner with others, including the institutions of the poor, to realize their mandate and agenda.

11. Innovations: NRLM believes that successful innovations can reduce the learning curve for poverty eradication by showing a different pathway out of poverty. 5% of the Central allocation is therefore, earmarked for innovations. Those innovations, which have the potential for reaching out specifically to the poorest or for reaching out to the largest number of poor and having maximum impact with limited resources, would be preferred and supported.

Convergence and partnerships

11. Convergence: NRLM would place a very high emphasis on convergence with other programmes of the Ministry of Rural Development and other Central Ministries and programmes of state governments for developing synergies directly and through the institutions of the poor.

12. Partnerships with NGOs and other CSOs: NRLM would proactively seek partnerships with Non-Government Organizations (NGOs) and other Civil Society Organizations (CSOs), at two levels - strategic and implementation. The partnerships would be guided by NRLM's core beliefs and values, and mutual agreement on processes and outcomes. NRLM would develop a national framework for partnerships with NGOs and other CSOs. Further, NRLM would seek partnerships with various other stakeholders at various levels directly or through the institutions of the poor.

13. Linkages with PRIs: In view of the eminent roles of Panchayat Raj Institutions (PRIs) that include governance, commercial and political, it is necessary to consciously structure and facilitate a mutually beneficial working relationship between Panchayats and institutions of the poor, particularly at the level of Village Panchayats. Formal platforms would be established for regular consultations between such institutions and PRIs for exchange of mutual advice, support and sharing of resources. However, care would be taken to protect their autonomy. Where there are no PRIs, the linkages would be with traditional local village institutions.

14. Sensitive Support Structures: NRLM's process-intensive effort would require dedicated human resources. Realizing this, NRLM would be setting up sensitive and dedicated support structures at the National, State, district and sub-district levels. NRLM Advisory, Coordination and Empowered Committees and National Mission Management Unit at the national level, State Rural Livelihoods Missions (SRLMs) as autonomous bodies and State Mission Management Units at state level, District Mission Management Units at district level, and sub-district units at block and/or cluster levels would constitute these support structures. The institutions of the poor, their staff and other social capital would also provide the support. These structures would have suitable linkages with Government(s), District Rural Development Agencies (DRDAs), and PRIs. The governance of DRDAs would be revitalized with representatives of institutions of the poor and professionalised so that they respond better to meeting the needs of the poor. These support structures would be staffed with professionally competent and dedicated human resources through appropriate arrangements including partnerships and outsourcing of services.

15. Technical Support: NRLM would provide technical assistance to the States and all other partners for creating and strengthening their institutional capacities for its effective implementation. It would build national knowledge management and learning forums/ systems. It would facilitate partnerships between institutions of the poor and banking sectors, public and private sectors, for ensuring last mile service delivery to reach the poor. It would build a national pool of experts, practitioners and advisers in all the relevant disciplines including social mobilization, institution building, microfinance, livelihoods, skill development, entrepreneurship etc. They would provide handholding support to SRLMs for developing and executing state poverty reduction strategies.

16. Monitoring and Learning: NRLM would monitor its results, processes and activities through web-enabled comprehensive MIS, regular meetings of the Performance Review Committee(s), visits by senior colleagues, Local, District, State and National Monitoring Groups and the mechanisms of Review and Planning Missions. Process monitoring studies, thematic studies and impact evaluations would provide inputs to the above. It would also

promote social accountability practices to introduce greater transparency. This would be in addition to the mechanisms that would be evolved by SRLMs and state governments. The learning from one another underpins the key processes of learning in NRLM.

17. Funding Pattern: NRLM is a Centrally Sponsored Scheme and the financing of the programme would be shared between the Centre and the States in the ratio of 75:25 (90:10 in case of North Eastern States including Sikkim; completely from the Centre in case of UTs). The Central allocation earmarked for the States would broadly be distributed in relation to the incidence of poverty in the States.

18. Phased Implementation: Social capital of the poor consists of the institutions of the poor, their leaders, community professionals and more importantly community resource persons (poor women whose lives have been transformed through the support of their institutions). Building up social capital takes some time in the initial years, but it multiplies rapidly after some time. If the social capital of the poor does not play the lead role in NRLM, then it would not be a people's programme. Further, it is important to ensure that the quality and effectiveness of the interventions is not diluted. Therefore, a phased implementation approach is adopted in NRLM. NRLM would reach all districts and blocks by the end of 12$^{th}$ Five-year Plan.

The blocks that are taken up for implementation of NRLM, 'intensive blocks', would have access to a full complement of trained professional staff and cover a whole range of activities of universal and intense social and financial inclusion, livelihoods, partnerships etc. However, in the remaining blocks or non-intensive blocks, the activities may be limited in scope and intensity. The outlays in these blocks would be limited to the State average allotment for these blocks under SGSY.

19. Transition to NRLM

All States/UTs would have to transit to NRLM within a period of one year from the date of formal launch of NRLM. Further funding under SGSY ceases thereafter.

20. Agenda before NRLM

NRLM has set out with an agenda to reach out, mobilize and support 7.0 Crore BPL households across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats, in 6.0 lakh villages in the country into their self-managed SHGs and their federal institutions and livelihoods collectives. NRLM's long-term dedicated sensitive support would be with them and extend facilitation support in all their efforts to get out of poverty. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment.

# Chapter I

## Social Inclusion, Mobilization and Institutions

Mobilization of poor to form their 'own institutions' is the most important prerequisite and the core investment for large scale poverty reduction. NRLM would organize all poor households (women) into aggregate institutions of the poor that provide them with voice, space and resources. These platforms 'of the poor' and 'for the poor' would partner with local self-governments, public service providers, banks, private sector and other mainstream institutions to facilitate delivery of social and economic services to the poor.

Social Inclusion and Universal Social Mobilization: In order to ensure that no poor family is left out, NRLM would use differential strategies for social inclusion/mobilization of all identified BPL households into functionally effective and self-managed institutions, with particular focus on more vulnerable sections like scheduled castes, scheduled tribes, particularly vulnerable tribal groups, single women and women headed households, disabled, landless, migrant labour, isolated communities and communities living in disturbed areas. It would identify the poorest and vulnerable amongst the BPL through participatory vulnerability assessment and ranking. The mobilization would begin with them first. The mobilization effort would progress with the satisfactory community readiness and milestones for various stages of mobilization and graduation as evolved and tested in a participatory manner. Existing institutions, their leaders, staff and community resource persons (CRPs) would support the processes of inclusion and mobilization.

Promoting institutional platforms of poor: A Self Help Group (SHG), of 10-20 persons in general (5-20 persons in difficult areas) is the primary building block of the NRLM institutional design. NRLM would promote SHGs with exclusive women membership. The idea is to reach out to all family members through women. This is a key lesson from large scale experience within the country and globally. The major source of funds for the livelihoods of the poor is expected to come from the Banks. The Banks in the country are extremely favourable to extending credit to SHGs of women. The SHG serves the purpose of providing women members space for self-help, mutual cooperation and collective action for social and economic development. It promotes savings, builds own funds and becomes the local financial institution to provide a range of financial services including providing credit for debt-swapping and livelihoods. Some of the key elements of a successful SHG strategy are – (i) self-determined/voluntary group membership and group norms; (ii) homogeneity in group membership (through self-selecting process); (iii) group determined savings and intra-lending norms; (iv) initial intra-lending from own savings for smoothing consumption (v) social capital for providing support services (like training, book keeping, etc.); (vii) revolving funds and loans from banks to augment capital to meet various credit needs of the members; and (vi) higher order federations of SHGs.

Indicative development milestones of SHGs are -

- Pre-formation (2-3 months): Profiling and Vulnerability Assessment; initial interactions

- Formation (6 months): Organizing, Developing norms, Practicing *Panchasutra (*Regular meetings; Regular savings; Regular inter-loaning; Timely repayment; and Up-to-date books of accounts), Developing Micro-Investment Plan (MIP), Leadership development
- Linkages (6-24 months): Capacity Building, MIP, Linkages with Banks and setting up Primary Federations
- Beyond (2nd year onwards): Visioning/Plan, Livelihoods, New Products, Social Capital

Inclusion of Pre-existing SHGs and Federations: NRLM would support existing SHGs and SHG federations, whose membership is mostly (70% and above) from BPL households, to achieve their full potential. It would evolve processes for grading the quality of these existing groups and federations. The grading would identify the institutions, for instance, into three categories – (i) meeting the basic norms; (ii) could be trained; and (iii) could not be worked upon. NRLM would also develop a methodology for assessing the promoting institutions, Non-Government Organizations (NGOs) and other Civil Society Organizations (CSOs) and other line departments. NRLM would partner with them to achieve saturation in coverage. A mutually agreeable strategy would be evolved so that investment of time and resources by them are not frittered away and NRLM processes get a head start.

Building federations at different levels for sustaining collective action: Building and sustaining institutions of the poor at various levels would be for collective action, greater solidarity, bargaining power, economies of scale and larger linkages. Following the principles of subsidiarity, the federation at each level would have its own purpose, functionality and identity. These institutions would be independent, yet organically interdependent.

States would determine the levels and locations of federations - village, GP, cluster, block etc., guided by the federating logic and best practices and experience. Primary federation, at the village or Panchayat level, should enable close bonding of the SHGs, with 10-20 SHGs (5-20 SHGs for tribal areas or thinly populated areas). Its responsibilities would include: (i) bringing all left-out poor into SHG fold; (ii) providing support services like trainings, book keeping, etc. to SHGs; (iii) providing higher order financial and livelihood services; and (iv) facilitating access to public services and entitlements.

Building inclusive, participatory and accountable federations is process intensive. It requires sensitivity and active involvement of the constituent units. Federations would be legal entities with their own articles of association to carry on various social, financial and/or business functions. With overall accountability to the general body, executive committee and various sub-committees would function and execute the plans of the federation through their staff, community service providers, professionals and/or and other human resources. Systems/mechanisms of good governance, periodic review, planning and monitoring, accounts and record keeping, internal, statutory and social audit etc., should be in place to sustain the federations. Their capacities would be built in micro-planning, business and marketing linkages, besides creating access to financial services.

Generally, the financial services of the federations would be limited to only members and their families. Only in case of vulnerable like destitute, persons with chronic diseases/ HIV+, disabled, single women etc., services would be provided to non-members also. The technical services (dairy, skill training and placement to Youth, marketing etc) may be extended to non-members also.

NRLM would provide for the capacity building and staff costs of the federations, their leaders, professional staff, community professionals and other service providers/resource persons, till they become self-reliant. These federations would be nurtured to become self-reliant in due course of time. The federations would be developed in five phases of pre-formation, formation, functional, growth and sustainability, over 3-5 years.

Federations hold the key to the success of NRLM strategy. They become the support organization for the poor and as their strength increases, the role of external sensitive support organizations would decline. The perspective plans of States should clearly enunciate a “exit strategy” for the external support structure.

Specialized institutions like Livelihoods Collectives: NRLM would support promotion of specialized livelihoods institutions for deriving economies of scale, backward and forward linkages, and access to information, credit, technology, markets etc. They would address the gaps in the production-distribution value-chain with backward-forward linkages and engage in co-production and delivery of livelihoods services to the last mile. These collectives can be in farm – agriculture, livestock, forestry, fisheries – sector, non-farm and service sectors.

Creating Social Capital: NRLM would invest in creating a large pool of *'social capital'* i.e. institutions of the poor, their members and office bearers, community resource persons, community professionals (book keepers, accountants, community animators/facilitators, customer relationship managers in banks etc), to support poor communities. Supply side processes would ensure ‘improved availability’ of services i.e. community agriculture extension workers, para-vets, village health activists, etc. Demand side processes would ensure ‘increased access’ of services through aggregation (e.g. resource persons supporting commodity procurement centers and milk collection centers, ‘bank mitras’ etc.).

The social capital created through the NRLM processes is crucial for scaling up of NRLM and for sustaining NRLM. The poverty eradication strategy under NRLM would be successful only when it is completely driven by the poor themselves. The community resource persons are the “dynamic drivers” of NRLM as far as the horizontal scaling is concerned. The federations of SHGs and community professionals are the “static drivers” as far as deepening of the processes and sustaining them in a given area is concerned.

Processes and mechanisms that build self-managed self-reliant institutions of the poor: Through training, handholding and systematic guidance, NRLM would build ownership and control of the members in the institutions. It would build capacities and competencies of members and office bearers, community resource persons and community professionals at each level. It would build the capacity of community institutions. NRLM support structures would facilitate and nurture the institutions of the poor such that they become truly independent, self-managed and sustained on their own, over a period of time.

Thus, external dedicated support structure – Mission structures at various levels and NGOs and other CSOs – would give way for the internal community-owned support structure – institutions of the poor. Put in place right in the beginning, external support structure would nurture the emergence of the institutions of the poor and build their capacities so that they become the internal support structures. As they takeover more and more responsibilities in all the processes and at all stages, the role of the external support structure has to shrink or change. NRLM would facilitate this process, at various levels.

Capacity building of community and staff: NRLM underlines continuous capacity building of institutions of poor, their leaders, their community service providers and resource persons. The staff in support structures needs very intensive training to internalize NRLM core values and principles, apart from training in social, financial and livelihoods inclusion. Sensitizing and orienting all other stakeholders, including Panchayati Raj Institutions, to be inclusive of the needs of the poor and to have a pro-poor perspective is a must. The capacity building efforts would include: needs assessment; structured training programmes and events; establishing and involving capacity building units and resource agencies at various levels; pilots and demonstration sites to facilitate learning by doing and handholding; exposure visits; and experience sharing through best practitioner resource persons etc. The e-learning, distance learning, self-learning and people's learning processes would also be part of the capacity building.

Apart from knowledge, skills and tools for managing institutions and participating in institutions, the members would also be provided soft skills and livelihoods skills to improve their existing and new livelihoods.

In the various processes listed above, NRLM would partner with NGOs and other CSOs to achieve these objectives. Further, the existing SHGs of poor women and their federations being nurtured by NGOs would also be supported by NRLM.

# Chapter II
# Financial Inclusion

Access to repeat finance at affordable price and in desired amounts and convenient repayment terms is critical for poor to smoothen consumption, exit out of debt-trap and invest in livelihoods assets (acquisition, renewal and expansion). Reserve Bank of India (RBI) defines Financial Inclusion as providing access to appropriate financial products and services to the most vulnerable group of the society in a fair, transparent and cost-effective manner by the mainstream financial institutions. *Making poor the preferred clients of the banking system and mobilizing bank credit is core to the NRLM financial inclusion and investment strategy.*

## Basic banking services

The role of banks would commence with opening savings accounts for all programme beneficiaries, SHGs and their federations (unregistered/registered). Full range of banking services, including savings, credit and remittances, would be facilitated. State Level Bankers' Committee (SLBC) in each State would facilitate consensus on the 'Know Your Customer' (KYC) norms and procedures to be adopted by the banks for providing these services.

## Financial Assistance to SHGs

NRLM would provide revolving fund and capital subsidy fund to the institutions of the poor. The provision of these funds is expected to strengthen their institutional and financial management capacity and build their track record to attract mainstream bank finance. `

In the non-intensive blocks, for the purpose of deciding the eligibility of SHGs for availing Revolving Fund and Capital Subsidy they will be required to undergo a process of grading as Grade I and Grade II.

Various kinds of assistance in NRLM are -

Revolving Fund support to SHGs: NRLM would provide a Revolving Fund (RF) support to the SHGs (SHGs that have not received any RF earlier), as corpus, with a minimum of Rs. 10,000 and up to a maximum of Rs. 15,000 per SHG. The RF support, besides meeting consumption and initial production needs, would also build institutional capacities of SHGs in managing loans and funds. The eligibility conditions for SHG to receive RF are:

- SHG should be in active existence at least since the last 6 months;
- SHG should be practicing '*Panchasutra' i.e.* Regular meetings; Regular savings; Regular inter-loaning; Timely repayment; and Up-to-date books of accounts;
- Should have passed Grade-I on the basis of practice of *'Panchasutra'*
- In intensive blocks, in addition to *'Panchasutra'*, the SHGs should have received training in preparing Micro-investment Plans (MIPs).

MIP is a highly participatory process of planning and appraisal. It is iterative. SHGs would go through MIP process periodically. It consists of:

- Household plans prepared in consultation with the family members;
- Appraisal of the household plans by the SHG;
- Priority on the basis of vulnerability of the member; and

- o Priority on the basis of the urgency and/or seasonality of the need.

As the size of internal loans increases, the group planning and execution processes would get strengthened and rigorous. Gradually groups would develop own norms for loans for productive and consumption purposes; social audit of loan usage; repayment monitoring; and recycling of loan repayments. The capacity building plan of the SHGs must, therefore, factor the financial literacy and business education needs, besides trainings on MIP.

NRLM values accumulation and retention of savings and other funds in the institutions of the poor. Therefore, NRLM would find ways to incentivize institutions for accumulating savings/own funds.

In the non-intensive blocks, the existing system of grading SHGs on quality parameters may continue to be followed.

Capital Subsidy Fund in intensive blocks: In intensive blocks the primary federations are expected to be formed within one year of the social mobilization process commencing in a village. Capital Subsidy (CS) would be provided to SHGs based on the quality of the group, their track record in managing their savings and internal lending, and on the basis of their micro investment plans. The poorest and most vulnerable groups would be prioritized for providing CS.

Once the primary village federation is formed the CS fund would be routed to the SHGs through the federation, where the SHGs desire such an arrangement. The member SHGs should pass a resolution to this effect. This fund would act as catalytic capital and the federation would have flexibility to allocate funds for various requirements with the consent of the member groups. A large part of this fund would be used for on-lending to the SHGs for providing financial assistance to their members to meet their livelihoods and other essential needs. The eligibility conditions for the federation *(that has not received such support from any other government source earlier)* to receive the CS are:

- The primary federation should have been in active existence for at least 6 months, with a savings account in the bank; and governance systems in the form of office bearers and the functional committees have been established and trained;
- Standard books of accounts and a trained book keeper should be in place;
- MIPs for the eligible SHGs should have been formulated; and
- At least one-third member-groups should have been credit linked to banks, with at least 90% repayment against such loans, or there should be an assurance from banks that SHGs following good management principles would be financed within a defined time period.

In some states, second-tier federations of SHGs have also been formed. They could also be considered for routing this fund if they have evolved in an organic manner and the member SHGs of the primary federations give their written consent for this arrangement.

The key guiding principles for deciding on the funds requirements for a federation could be:

- The minimum amount required to meet the priority needs of the more vulnerable SHGs among BPL SHGs;
- The responsiveness of the banks to finance member SHGs;
- The need for the food and nutrition security credit and health security credit; and

- Amount required for ensuring the viability of the primary federation.

The primary federations would be encouraged to prepare a 3-5 year plan indicating the investments required for member SHGs and also for collective economic activities. The sources of funds - own savings, bank loans and the CS - would be indicated. The progress of the federation could be measured in terms of the leveraging effect of the CS.

CS fund would be mainly to inject financial resources into the institutions of poor and catalyze investments into the livelihoods of the poor. This would also help SHGs develop a track record for attracting mainstream financing from banks. CS along with other own funds leverages repeat bank financing. Once banks respond to the needs of the SHGs effectively, this fund could be used to support collective initiatives for strengthening livelihoods of the poor. Thus, it would become a capital resource/corpus for institutions of the poor.

Capital Subsidy Fund in non-intensive blocks: In the absence of SHG federations, the CS fund would go to SHGs directly and this CS could be used to demonstrate their credit worthiness to mainstream financial institutions and build their confidence to provide repeat doses of loans on continuous basis. As such the CS fund is linked to the bank loan, and would be released to SHGs satisfying the following eligibility conditions:

- Completed at least 12 months of active existence;
- A minimum period of 6 months has elapsed after the receipt of revolving fund;
- Have received satisfactory rating from the financing bank;
- Availed and repaid promptly at least one dose of bank linkage;
- Have attained the 2nd grading
- Have not received CS earlier; and
- A well articulated proposal for the activity to be taken up should have been prepared.

For the purpose of 2nd grading of SHGs, States will devise their own transparent grading criteria and process.

The banks would follow the financing norms of SHG-Bank Linkage Programme. However, the banks would maintain a minimum subsidy-loan ratio of 1:2. Since there would be a large number of eligible BPL SHGs in a block, depending on the CS quantum available, some criteria may be used to shortlist/prioritize amongst them. Indicative criteria include -

- Age and Grading of SHG;
- Vulnerability of SHG;
- Equity across all villages;
- Loan: subsidy ratio – higher the ratio, greater the eligibility; and
- Hand holding support available to SHGs through NGOs and other CSOs.

*As soon as a block becomes an intensive block as per the phasing planned, the pattern applicable to intensive blocks would be applicable.*

Under no circumstances, Capital Subsidy ceilings for BPL SHGs and for individuals in SHGs would be exceeded. Further ceilings within may be introduced as the CS fund is limited.

Bank finance to SHGs: The bank financing would take two forms - financing under NABARD's SHG-Bank Linkage Programme for SHGs or their federations; and financing SHGs or their Federations for specific economic activities on cluster basis. The salient features of bank finance are:

a. Banks, treating this as a mainstream business opportunity, would view SHGs as business clients. Banks would maximize the business potential in SHGs and extend credit support on continuous basis.
b. Banks would adopt a Rating Index developed by NABARD as appraisal tool for assessing credit worthiness of SHGs.
c. Consensus among the various participating banks on the norms like eligibility of SHGs, graduating loan sizes with each repeat loan, tenure of loans, uniform rating norms, loan documentation, etc., would be evolved.

## Financial Assistance to Individuals

In a rare eventuality, where it is not possible to organize, an individual member can be considered for providing the benefits/assistance, through any existing institution of the poor in the village. This institution or PRI would take the responsibility for identifying and confirming the most deserving beneficiaries and for appraising the business plan(s) for financing. In case of more candidates, the most suitable amongst them would be shortlisted. CS for the individual beneficiary would be a maximum amount of Rs. 15,000 in general category; and Rs. 20,000 in SC/ST category. On the overall, NRLM/SRLM would maintain stipulated thresholds viz. SC/STs – 50%; minorities - 15%; women - 50% and persons with disability - 3% in the total individual beneficiaries assisted during the year.

## Interest Subsidy

With a view to provide access to credit at affordable rate of interest to the rural poor and make their investments more viable, NRLM would provide interest subsidy. It would be the difference between the interest charged by the bank and 7% per annum, on all loans from main stream financial institutions to BPL SHGs, who are regular in loan repayment. This performance-linked interest subsidy would provide the perspective of long term engagement with banks over the entire credit cycle; it would also reverse the logic of allocation-based financing in banks in favor of lending based on quality of institutions and their business plans; and it would enable repeat financing to SHGs and a long term relationship between the bank and the SHG. This subsidy would be available to each BPL household till their cumulative loaning, over several doses, reaches Rs. 1.00 lakh. Interest subsidy is not applicable when a group is availing capital subsidy and bank loan simultaneously. However, when the group takes a repeat loan, without the capital subsidy, the interest subsidy is applicable. The interest subsidy will be reimbursed periodically, subject to regular repayment of loans by the beneficiaries.

## Insurances Services for the Poor

NRLM would work with insurance companies to ensure universal coverage of micro-insurance services, particularly to cover life, health and asset risks of the poor and vulnerable households. It would seek convergence with a few insurance schemes launched by Government of India like 'Aam Admi Bima Yojana', 'Jan Shree Bima Yojana', 'Rashtriya Swasthya Yojana' and agriculture and livestock insurance schemes.

## Coordination Mechanisms

Close involvement of various line departments, banks, public and private sectors, NGOS and other CSOs is essential for monitoring the credit flow and utilization. In order to ensure proper coordination, the following committees could be constituted at various levels:

Central Level: A Central Level Coordination Committee (CLCC)[1] chaired by Secretary, RD, MoRD and comprising of Secretary level officers representing various Departments in Government of India, RBI, NABARD, Commercial Banks and State Secretaries of Rural Development etc. Joint Secretary/Mission Director (NRLM) is the Member-secretary. The committee shall meet every six months to discharge the following functions:

1. Review implementation and progress of these programmes in physical, financial and qualitative terms including credit assistance;
2. Review linkages for support services for NRLM;
3. Consider concurrent evaluation reports;
4. Provide a forum for a continuous dialogue with State Governments and Bankers; and
5. Review credit arrangements and recommend changes and improvements.

State Level: SLBC would constitute an exclusive sub-committee for SHG bank linkages and financial inclusion in NRLM activities. Functions of this sub-committee would include planning, coordination, monitoring and review of financial inclusion and credit linkages. This sub-committee shall meet at least once every quarter to ensure proper follow up.

District Level: District Level (Credit Review) Coordination Committee (DLRC/DLCC), chaired by the District Collector, would review the implementation of NRLM activities and remove any impediments in flow of credit to SHGs, SHG federations and livelihoods collectives. This committee shall meet at least once every quarter for discharging the following functions:

1. Monitor and review of the overall progress in physical and financial terms;
2. Sort out inter-agency differences and prepare items for consideration of SLBC;
3. Assess training needs and review training arrangements ; and
4. Monitor bank-wise, block-wise recovery to initiate corrective measures.

At sub-district level, the joint block level consultation committees would review SHG-Bank linkages and NRLM. The district and sub-district mission unit members, other block level development officials, bank branch managers, SHG representatives, select members of SHG-Bank linkage committee(s) and/or SHG federation office-bearers and the representatives of livelihoods organizations, within the block, would attend the meetings of these committees.

## Making financial services work for the poor

NRLM would develop strategic partnerships with major banks and insurance companies at various levels. It would invest in creating enabling conditions for both the banks/insurance companies and the poor for a mutually rewarding relationship. This would include a range of activities in both supply and demand side of rural finance value chain. Some of them are:

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[1] Composition can be seen in Annexure 2

a. Financial literacy, counselling services on savings, credit and insurance and trainings on Micro-investment Planning embedded in capacity building of all SHGs;
b. Improving quality of banking and insurance services to poor clients by positioning customer relationship managers (Bank Mitra, Bima Mitra) and encouraging institutions of the poor to constitute sub-committees on bank linkage and recovery of loans;
c. Specialized spearhead teams could be constituted by banks for business development and origination services, monitoring and recovery of loans to SHGs and federations;
d. New savings, credit, remittance and insurance products through institutions of the poor;
e. Partnerships with banks for reaching out to all poor, leveraging IT mobile technologies and institutions of poor and youth as business facilitators and business correspondents;
f. New business processes taking advantage of Core Banking Solutions and other financial technologies – separate electronic payment points and business processing cells;
g. Specialized Cells of NRLM for review and coordination in each controlling office of the participating banks to give on-site guidance for the branches;
h. Cost-effective people's banking structures for basic banking for the poor, apart from facilitating increased own funds with the institutions of the poor;
i. Community based models, including call centers and trained community professionals (Bima Mitra), for delivery of insurance services in the last mile; and
j. Web-portal for online transaction processing.

# Chapter III

# Livelihoods

NRLM's main focus is to stabilize and promote existing livelihoods portfolio of the poor, in farm and in non-farm sectors. Consumption patterns of the poor influence well-being, productivity and risk taking ability of the poor. The business risks, life cycle risks, higher costs for consumption/production[2] and exploitative terms of trade expose the poor to extreme vulnerability. To cope with this, poor and vulnerable households pursue diverse and multiple livelihoods strategies. Interventions have to cut across all these layers.

The most common livelihoods of the poor are wage labour, cultivation on small and marginal landholdings or as tenants, cattle rearing, collecting forest produce, fishing etc. The most common non-farm livelihoods are the traditional occupations – weaving, carpentry, black-smithy, washing clothes etc. The poor are also looking for new alternative livelihoods options in the employment continuum. Poor are not just producers and service providers. They are also consumers – consumers of daily needs and inputs and raw material for their livelihoods activities. Therefore the poor move gradually on the continuum from consumption → debt swapping → enhancement of existing livelihoods → diversification.

In this context, NRLM would look at the entire portfolio of livelihoods of each household and facilitate support for the activities at the individual/household level, or in a collective, or at both levels. Thus, the three pillars of NRLM Livelihoods Inclusion are –

- 'vulnerability reduction' and 'livelihoods enhancement' through deepening/enhancing and expanding existing livelihoods options and tapping new opportunities within the key livelihoods that are virtually universally practiced like agriculture, livestock, fisheries, forest produce collection, etc.;
- 'employment' - building skills for the job market outside; and
- 'enterprises' - nurturing self-employed and entrepreneurs (for micro-enterprises).

## Vulnerability Reduction

*This is mostly applicable to intensive blocks.*

Access to services, safety nets and entitlements: Large resources as entitlements like PDS [Public Distribution System], pensions, MGNREGS [Mahatma Gandhi National Rural Employment Guarantee Scheme], social insurance, health services, etc., can strengthen the household economy in terms of additional incomes, savings on expenditure and increased consumption. The institutions of the poor with better accountability systems would provide an effective platform for reliable and efficient delivery of such services and entitlements.

[2] Since poor buy goods and services in small uneconomical lots and often on credit basis.

Need based models for food and health financing: Borrowing by the poor for emergency food and health expenditures in distress often leads to dispossession of productive assets and loss of livelihoods. In intensive blocks, NRLM would support primary SHG federations to allocate dedicated resources for financing food and health expenditures, in addition to the resources for livelihoods assets. This support would be based on SHGs coming together and preparing micro-plans to operationalise it. The poor households would be encouraged to contribute separate health savings to a 'Health Risk Fund' during good times and in times of health emergencies, loans would be given to member households at nominal interest rate and easy installments. On food security, the models may include financing food purchase from PDS and bulk purchases from the open market and distributed as in-kind loans.

Debt restructuring: NRLM would work towards altering existing high cost debt structure and untangling the poor from concomitant exploitative relationships. It would facilitate consumption loans in the portfolio of SHGs and financing MIPs for debt redemption by primary SHG federations and banks to reduce the high cost indebtedness of the poor.

Small grants and soft loans to poorest households: The primary federations would support creating a special fund out of the CS fund to provide small grants to the poorest like destitute, old, infirm and disabled for meeting their emergency food and health expenditures. This support need not be seen as one time assistance. They can combine these small grants with other entitlements like pensions, food aid, PDS, health insurance, NREGS etc., for maximum impact.

This fund can also be used for social inclusion of the *ultra poor households* [*who find it difficult to immediately participate in SHGs]* by strategically combining soft loans for acquiring productive assets and safety net (small grants) for meeting food/health/working capital needs, till the assets start yielding cash returns. Thus, ultra poor graduate slowly into the mainstream strategy.

This fund, within the limits for CS for individuals and SHGs, would be created based on consultations among SHGs and their consent on the requirement and the ways of deployment.

## Livelihoods Enhancement

*This is mostly applicable to intensive blocks.*

NRLM would offer livelihoods knowledge, skills, technology, market intelligence, risk management products and credit support through their SHGs and Federations to individual members/households. The interventions would be in the areas of sources of incomes and employment, drains of expenditures, risk management, knowledge, skills, assets and other resource augmentation/optimization. It would also support the institutions of the poor to go in for collective purchases, group value-addition and collective sales of their produce.

### Collectives towards Sustainable Livelihoods of the Poor (CSLP)

On achieving universal mobilization of poor into SHGs and their federations, NRLM would promote specialized livelihoods institutions/collectives around key livelihoods of the poor –

- for reliable, cost-effective and affordable service delivery to members - knowledge, skills, technology, tools, assets and investments;

- for aggregating produce and/or demand/supply and achieving economies of scale, backward and forward linkages, and access to market - collective procurement, value-addition and marketing; and

- for bundled productivity enhancement, access to information, credit, technology, inputs and facilitation services – extension, technology transfer, quality control etc.

These livelihoods collectives would pass on immediate benefit of productivity improvement, market information and market facilitation to members. They would also benefit the members by helping them access fair price for their produce by linking with formal sector.

Based on participatory livelihoods mapping and detailed livelihoods analysis, and identification of gaps (in the value-chains) and opportunities (from market) for intervention and collectivization, SHGs and Federations would evolve and implement the intervention plan through livelihoods sub-committees in Federations. After adequate experience with running them and members experiencing significant benefits, these sub-committees would be transformed into separate livelihoods organizations – cooperatives, producers' companies etc. *These organizations could also be facilitated directly where feasible.*

Farm-based value chains: NRLM would encourage value chain approach, so that the livelihoods collectives focus on a critical part of the value-chain and seek linkages with market and partnerships with other business entities where appropriate. Value chain development would be - around the existing predominant activities in the area like food grains, dairy, fresh vegetables, etc., and/or around a significant market opportunity for the collectives. These mutually beneficial partnerships would reduce the perceived costs and risks of aggregation for the business partners and risks of market fluctuations and costs of holding for the poor and their collectives. Recognizing more than 75% of the rural poor are dependent on land and livestock as important sources for their livelihoods, NRLM visualizes the evolution of collectives of sustainable agriculture and dairy as a universal intervention.

Non-farm Clusters: NRLM, based on the local context and resource situation, would also identify a few activity/trade clusters of non-farm enterprises for comprehensive support. The collective(s) and the members together would work on the substantial part of the value-chain so that they realize substantial proportion of consumer rupee. The support would include skill enhancement, design/product development, credit access, bulk procurement of raw materials, collective marketing and provision of common facilities for value addition/quality control/packaging and supply contracts with downstream firms. This would preferably be done in partnerships mode with NGOs and private sector

Infrastructure and Marketing Support Funds available would be used for building these farm and non-farm collectives and supporting related interventions - value-addition, market research, market intelligence, marketing support, pooling and marketing etc.

NRLM would also augment the technology and grassroots innovations and disseminate them after pre-testing and technology audit. It would also network with the research and technical institutions for solutions to the problems of the poor on ground.

Public – Private - Community Partnerships: NRLM would actively seek Public-Private-Community Partnerships between peoples' institutions, public and private enterprises for developing alternate channels to deliver livelihood support and business and market linkage services for the poor. These are very effective for co-producing and delivering livelihoods support services for the poor - farm extension services; agri-input supply; procurement, grading and processing franchisees for agribusiness enterprises; logistic service providers; and public services, social safety net programmes and related services in the last mile.

Sustainable Agriculture for the Small Producers (SASP)

NRLM visualizes the entire land of the poor under the ambit of sustainable agriculture. Its endeavor would be to increase land under cultivation with the poor, reduce cost of cultivation, enhance household food and nutritional security and increase farm-incomes to them, without compromising on productivity. Community-managed Sustainable Agriculture (CMSA) has a distinctive pro-poor bias because of the lower costs, low risk, and greater labour intensity.

The key aspects in this farming system approach/effort to be implemented in a phased manner over 6-7 years, include -

- reducing the cost of cultivation, and promoting sustainable agriculture practices including non-pesticide management, soil management, water productivity enhancing farming (like System of Rice Intensification - SRI) and ecological cultivation
- using multi-crop and multi-tier models for bio-diversity planned for each household
- organizing farmers, building CMSA sub-committees in SHG Federations at various levels and all the related staff remaining accountable to them
- decentralized extension system with extension workers from within the community and best practitioners and peer learning groups a la farmers' field schools
- Community-paid Activists/Animators at village level, cluster level and block level
- Fee/contribution from the members for extension and other services
- Self/community-managed nurseries, shops with bio-compost and non-chemical inputs/agents
- livestock and animal husbandry support as an integral part
- increasing cultivable land in the hands of the poor/ultra poor households through leasing, accessing government waste lands, etc
- land development and water management/conservation including rain-water harvesting, tree-based farm bunds etc., in each farm
- convergence with MGNREGA ( Ministry of RD ) and Rashtriya Krishi Vikas Yojana ( Ministry of Agriculture)
- local storage, processing, value-addition and bulking in the SHG Federations initially and separate specialist institutions as the critical scale is achieved; market linkage(s)
- sustainable agriculture-based livelihoods collective(s) in due course at an appropriate level to own and manage the entire effort in the long-run

- e-database of all farmers; portal of sustainable agriculture and market intelligence; tracking the practices, crops, productivity and incomes of farmers
- district resource unit managed by a specialist district resource agency

The funds for this can be drawn from the infrastructure and marketing support funds, convergence and member contributions. SHGs and Federations can provide credit for working capital and acquiring assets, if any, on individual or collective basis.

Infrastructure and Marketing Support Fund for Livelihoods

For deriving optimum returns from an economic activity, NRLM provides for utilization of up to 20% of the total fund outlay in the annual NRLM plan of the state (25% in the case of North Eastern States) for the infrastructure and marketing support. This fund is meant to provide end-to-end livelihoods solutions for the poor, their SHGs, federations and livelihoods collectives. This fund can also be used for creating both soft and hard infrastructure for supporting livelihoods activities of poor but not to meet recurring expenditures of maintaining infrastructure. Further, this fund is not meant to substitute the infrastructure investment of the various line departments. The infrastructure created with this fund will vest with SHGs or their federations or Livelihoods organization of the poor

Some illustrative purposes for which this fund may be used are -

i. Productive infrastructure for processing, storage and value addition (one time);
ii. Marketing support services like packaging, branding, market research etc. (one time);
iii. Consulting services for productivity enhancement and cost/risk reduction (one time);
iv. Organizing fairs and exhibitions and participation of SHGs in fairs and exhibitions etc.

Institutions of the poor or for the poor could seek funds from this fund to realize the entire but viable business plan(s), with clear roles for various business partners - private sector, cooperative sector and public sector. The appraisal process should clearly bring out the increase in incomes or reduction in costs/risks or any other benefits. This funding support would be a capital grant. Community-based or public market support organizations could also seek funds on the basis of clear partnership between them and institutions of the poor.

Innovative livelihoods projects

5% of the total NRLM Central allocation has been set apart for supporting livelihoods innovations. These innovative projects do not form part of the annual action plans of the states. They are appraised and sanctioned at the Centre separately.

Well-conceived sustainable livelihoods projects, with their own strategies, that bring a specified number of poor and vulnerable households above the poverty line would be considered. These could include organizing livelihoods collectives, providing training in design or manufacturing, common infrastructure, technology support, marketing, etc.

Guiding Principles: Broad guiding principles for innovative projects include -

- A new concept, worked very well on small scale with an established proof of concept;

- Substantial benefit to the poor vis-a-vis their existing livelihoods situation – additional employment days, better price realisation for their labour and goods, lesser costs of inputs and production, value addition at the village level, etc.;
- End-to-end solution;
- Livelihoods organisations managed by the poor themselves;
- Multi-state projects or SRLM-led state projects; and/or
- Partnership based (Public, private, community, partnership (PPCP)) – institutions of poor, technology provider, marketing services provider, financial solution provider, etc.

Likely types of projects envisaged include:

- ✓ non-farm;
- ✓ small and marginal farmers' ecological and organic farming;
- ✓ particularly vulnerable tribal communities (livelihoods security); tribal non-timber forest produce collectors (NTFP collection, value addition and marketing); coastal communities (livelihoods security); livelihoods in ecologically fragile zones; commons;
- ✓ substantial value-addition and forward linkages in agriculture and livestock;
- ✓ Pioneering projects that could trigger growth impulses - in collaboration with industry associations, R&D organizations, private sector, government or CSOs; and/or
- ✓ innovations by SRLMs at the state level that they would like to try out.

Project Screening and Approval: Comprehensive Project proposals that satisfy most of the guiding principles and articulate innovation and uniqueness of the approach, coverage, linkages etc. would be considered. These projects can be submitted to NRLM/NMMU for assistance, directly or through SRLM. The Projects submitted would first be screened by the Project Screening Committee (PSC)[3], chaired by NRLM Mission Director. PSC would refer the screened project with its recommendations to the Project Approval Committee (PAC), chaired by Secretary, Rural Development, MORD for its consideration and clearance.

## Employment Continuum

*These programmes can be taken up across in both intensive and non-intensive blocks.*

### Skills Development and Placement

Creating one job per poor household, in formal sectors, brings the whole family out of poverty in a short period of time. It brings in stable and higher levels of income. NRLM would attempt to bridge the skill gap and entry level barriers for the rural BPL youth and facilitate their entry into relatively high wage employment in the growing sectors of economy. It would offer complete 'jobs' solution - identifying the unemployed, skilling and re-skilling them, placing them in jobs, providing post placement support, counseling and

[3] See Annexure 2 for the composition of Project Screening and Project Approval Committees

mentorship, and leveraging an alumni network. These skill development programmes would be demand driven and placement-linked. NRLM/SRLMs would support a string of academies delivering job related courses and build networks with the private sector to explore employment opportunities. These programmes would also enable the poor to migrate to growth centers for jobs in organized sector on better terms, with better skills, higher wages and a sensitive support network instead of distressed migration as in the past.

Various models of partnership with various skill development organizations in general and the private sector in particular would be developed and pursued. Industry associations, sector specific employers' associations, banks etc., would be involved. National Skill Development Corporation (NSDC) would be one of the leading partners. NRLM will partner with NSDC and Ministry of Labour & Employment to facilitate establishment of a high profile Skill Development Council with various stakeholders from the industry and from training institutions as members to guide the entire effort.

15% of the NRLM Central allocation has been earmarked for placement-linked skill development. Half of the allocation (i.e. 7.5%) would be given to SRLMs [following the funding pattern of 75:25 for states or 90:10 for north-eastern states] that have set up dedicated institutional mechanism(s) for implementing skill development projects and the balance would be retained at national level for multi-state skill development projects.

The broad scope of work for NRLM/SRLMs in this component includes:

a. Identifying poor youth in need of employment/job
b. Planning and organizing supply side conditions to deliver customized job solutions
c. Partnerships with placement agencies and accreditation agencies, and franchisee arrangements with training academies, technical training and development institutes
d. Assessing skills in demand, surveying employers and engagement with companies and hiring agencies for building pro-poor demand side systems in the jobs market
e. Creative ways to ensure placement and diligent post-placement support including mechanisms for safe migration, childcare, occupational health support and remittances
f. Web-enabled tracking systems

Screening and Approval of multi-state projects: Proposals for multi-state skill development and placement projects in high poverty backward districts in the prescribed format would be submitted online directly. The project size should be within Rs.15.0 Crore. These proposals, screened by Project Screening Committee, would be considered by Project Approval Committee. The PSC and PAC[4] are the same as those for the innovative projects. The protocols of screening, recommending and approval are also the same.

### Rural Self Employment Training Institutes (RSETIs)

RSETI concept is built on the model pioneered by Rural Development Self Employment Institute (RUDSETI) – a collaborative partnership between SDME Trust, Syndicate Bank and Canara Bank. The model envisages transforming unemployed youth into confident self-employed entrepreneurs through a short duration experiential learning programme followed by systematic long duration hand holding support. The need-based training builds

[4] See Annexure 2 for the composition of Project Screening and Approval Committees

entrepreneurship qualities, improves self-confidence, reduces risk of failure and develops the trainees into change agents. Banks are fully involved in selection, training and post training follow up stages. The needs of the poor articulated through the institutions of the poor would guide RSETIs in preparing the participants/trainees in their pursuits of self-employment and enterprises.

NRLM would encourage public sector banks to set up RSETIs in all districts of the country. A one-time grant of Rs.1 Crore is/would be made to set up one RSETI in each district in each state, while the state governments would provide free land for the institutes in the districts. Other recurring costs of the institutes are/would be borne by the sponsoring banks. RUDSETI would provide structured technical assistance to banks and RSETIs for improving the effectiveness of their programmes. The areas of technical assistance to RSETIs would include trainee selection methodologies, course development, training pedagogy, MIS and post-training follow-up mechanisms. The post-training support mechanisms for graduates of RSETIs include interactive web portal, call centers, network of business counseling centers and alumni conventions. Further, RSETIs would partner with others to realize their mandate and agenda. RSETI Operational Manual would guide RSETIs.

# Chapter IV

# Convergence and Partnerships

## Convergence

Government of India and State Governments are implementing a wide range of programmes to address different dimensions of poverty and deprivation. Major Government programmes impacting on the poor can broadly be classified as -

- Entitlements – PDS, MGNREGS, social security, Right to education etc.
- Improving quality of life – Health & nutrition, clean drinking water, sanitation, permanent housing, electricity etc.
- Enhancing capabilities – Elementary education, vocational, technical education, skills enhancement, etc.
- Creating livelihoods opportunities – Institutional finance, Agriculture, animal husbandry, watersheds, MSME development, food processing, etc.
- Physical Infrastructure Schemes – Roads, electricity, telecommunications, etc.

*These are not exclusive; and a particular programme may cover several categories.*

Effectiveness of these programmes can be vastly enhanced with linkages between the institutions of the poor, PRIs and the respective line ministries. These partnerships would enable them to develop different models for service delivery and the poor to access the services better. NRLM/SRLMs would work on developing these partnerships and build synergies.

For example, MGNREGS and NRLM offer scope for convergence to improve their effectiveness and impact by building synergies. MGNREGS focuses on wage employment and development of natural resources and creation of community and livelihood assets for rural poor. NRLM would ensure that the poor are organized. If converged, NRLM could facilitate the institutions of the poor at village level to discuss MGNREGS in their regular meetings, be involved in preparing job cards, selecting works, supporting in wage payment, creating awareness about entitlements and rights in MGNREGS, social audit etc. Further, NRLM would link the poor, whose lands have been developed under MGNREGS, with technical inputs, skill up-gradation, bank credit and marketing.

Similarly, NRLM would emphasize convergence with Rural Housing, Drinking Water and Sanitation, Integrated Watershed Management, Provision of Urban Amenities in Rural Areas and other programmes for ensuring that the poor get their due entitlement(s). It would also support the poor to access and build on the livelihood opportunities generated by them.

Efforts would also be made for convergence with the programmes of Ministries of Panchayat Raj, Human Resource Development, Agriculture, Animal Husbandry, Food

Processing, Health & Family Welfare, Textiles, MSME (KVK), Women & Child Development, Financial Services, Tourism etc. Further, NRLM would take the mobilization of the poor by other projects/programmes/departments into cognizance and build on this foundation. It would take initiative to ensure universal coverage of rural poor against loss of life, assets and health through convergence with programmes like Aam Admi Bima Yojana, Rashtriya Swasthya Bima Yojana etc.

## Partnerships

NRLM, being conscious of the ambitious task before it, would work, involve and partner with various stakeholders. These stakeholders would share learning, expertise, costs and resources, and take up implementation and sensitive support roles and tasks at various levels, run pilots, showcase models, train and build capacities, be resource groups and centres, provide linkages, generate, manage and disseminate knowledge, advocacy, etc.

Non-Government Organizations (NGOs) and other Civil Society Organizations (CSOs)

The learning from the rich grassroots experience and demonstrations of NGOs and other CSOs has influenced MoRD and the state departments to formulate new strategies and fine tune existing strategies for improving livelihoods and reducing poverty. The partnerships with them would be critical and within the ambit of the *national framework for partnership with NGOs and other CSOs*, guided by NRLM core beliefs and values.

NRLM would proactively seek these partnerships in various geographic and thematic areas at two levels - strategic and implementation, subject to mutual agreement on processes and outcomes. For planning partnerships, it would carry out diagnosis of the status in each block to map the presence of NGOs/CSOs and their social mobilization and thematic efforts. Some of the possible areas of partnerships would include:

i. Implementation of the programme in specified clusters of villages or blocks;
ii. Up-scaling and deepening thematic interventions in areas of significant presence;
iii. Service provision in their core competence areas;
iv. Linking SHGs and their federations with various initiatives of line ministries;
v. Innovations;
vi. Joint Policy Advocacy and learning forums/platforms; and
vii. Continuous dialogue with NGOs and other CSOs to improve NRLM implementation.

Other stakeholders include Private Sector, Corporate Social Responsibility Units, Philanthropic Foundations/Trusts, Training Institutes/centers, etc. Industry Associations would inform strategy formulation for skill development and placement with periodic HR and skills assessment and market studies. They would invest in demand side of the jobs value chain, including course design, quality assurance, counseling, etc.

Academic, Training and Research Institutions: NRLM, with emphasis on 'professionally competent and dedicated implementation structures' at various levels, would partner with academic and training institutions for curriculum design, training pedagogy, faculty/ trainer development and for training and developing professionals across. It would partner with research institutions/centers of excellence for research/diagnosis tools and policy and strategic planning through field/action research, social observatories to monitor trends, etc.

Public-Public, Public-Private, Public-Private-Community Partnerships: NRLM would work with RBI, NABARD, Banks and other Financial Institutions, and Insurance Companies. It would build platforms for Public-Private-Community Partnerships in key livelihoods sectors like agriculture, livestock, non-farm sectors, for developing select value chains or product clusters. It would build value-chain based business partnerships and market linkages. It would also build a variety of partnerships for poor to increase the access to their rights and entitlements, public services, expertise and other services.

# Chapter V

# Panchayat Raj Institutions

Panchayat Raj Institutions (PRIs) have a constitutional role in Local Economic Development, Poverty Reduction and Social Justice. Mutually beneficial working relationship and formal platforms for consultations, between Panchayats and institutions of the poor, need to be facilitated in the interest of deepening democracy and empowering the poor. Care should be taken to preserve/protect the autonomy of the institutions of poor. Regular consultations for mutual advice, support and sharing of resources available with the Panchayats need to be facilitated. Where PRIs are not in place/recognized, traditional local village institutions would take up the roles of PRI.

Role of PRIs: PRIs would be actively involved in various activities of NRLM. Indicative activities of their involvement/engagement include:

(i) Identifying and mobilizing BPL households into SHGs, with initial priority for poorest and most vulnerable amongst them;
(ii) Facilitating SHG federation(s) at various levels and providing accommodation and other basic facilities for their effective functioning;
(iii) Incorporating and making suitable financial allocations to the priority demands of the SHGs and their federations in the annual plans/ activities of the PRIs; and
(iv) Coordinating with different departments and agencies on behalf of the SHG network.

Responsibilities of the institutions of the poor: In turn, institutions of the poor could undertake the following responsibilities:

(i) Participate actively in Grama Sabhas and other forums of PRIs;
(ii) Provide feedback through community based monitoring;
(iii) Support developmental initiatives of PRIs; and
(iv) Support PRIs in their planning exercises.

In situations where the relationships between the PRIs and the institutions of the poor have matured, PRIs may lease out panchayat resources (like fish ponds, common properties, market yards etc.) to them; and entrust them responsibilities for managing select civic amenities, executing civil works, extension and outreach mechanism for delivery of services etc.

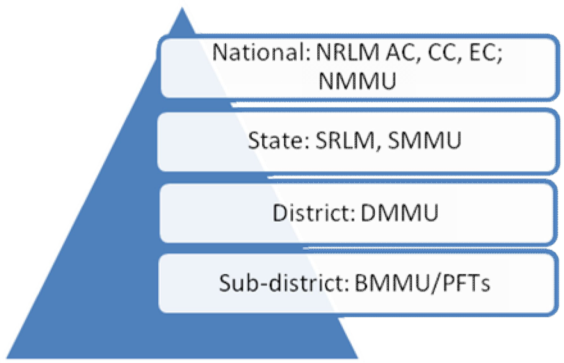
These linkages/synergies can be achieved only with significant capacity building efforts. PRIs should be imparted training and exposure on issues related to poverty, social justice and other NRLM processes. Institutions of the poor need to be sensitized on the role of PRIs and the need to work in close coordination with them.

Mechanisms for Interface with PRIs: Formal mechanism for regular interface between the Institutions of the poor and PRIs is important. NRLM would create a platform for PRIs and the SHG network to work together, sharing information and views, resource pooling and planning and regular monitoring, could be created. Further, it would identify, assess and reward PRIs/villages annually for achieving milestones towards livelihoods outcomes. Towards this, an independent assessment and rewarding framework would be developed and implemented.

# Chapter VI

# Support Structures

NRLM would set up dedicated sensitive support units at the National, State, district and sub-district levels, to catalyze social mobilization, build institutions, capacities and skills, facilitate financial inclusion and access to financial services, support livelihoods and convergence and partnerships with various programmes and stakeholders. These units would be staffed with professionally competent and dedicated human resources.




## Support Structure at National Level

At the national level, there is an NRLM Advisory Committee (NRLM-AC)[5], chaired by the Union Minster of Rural Development. It would comprise of eminent persons representing CSOs, financial institutions, industry associations and academia, development and livelihoods experts, representatives of state governments etc. As a policymaking body, it would set the NRLM overall vision, direction and priorities and review the overall progress.

NRLM Coordination Committee (NRLM-CC), chaired by Secretary, Rural Development, MoRD, would oversee NRLM to ensure that its objectives are achieved in time. NRLM Empowered Committee (NRLM-EC) would review and approve the State Perspective and Implementation Plans and Annual Action Plans and release the funds to SRLMs.

The Joint Secretary/Additional Secretary, NRLM, MoRD leads NRLM as Mission Director and head of its National Mission Management Unit (NMMU), comprising multidisciplinary team of professionals from open market on contract, and requisite support staff. Thematic sub-groups in Social Inclusion, Financial Inclusion and Livelihoods would be setup. Technical Support Cell (TSC) within NMMU would coordinate technical support and multidisciplinary appraisal missions to the states. TSC would build and maintain a pool of national resource persons, advisers and experts in all relevant disciplines, drawn from NMMU, state missions and the development sector. Exclusive cells in NMMU would be responsible for Placement-linked Skill Development and Innovative Livelihoods Projects.

[5] See Annexure 2 for composition of NRLM Advisory, Coordination and Empowered Committees

Technical Support to States/UTs

NRLM would provide technical support for creating capacities at all levels and among all partners - banks, public and private sector and the institutions of the poor.

Knowledge Management and Capacity Building: Besides national stakeholder workshops, consultations and policy seminars, NRLM would support multi-stakeholder forums, ICT-based learning and web-enabled knowledge management systems/platforms for sharing information, experience and innovations in livelihoods. These include –

(a) *developing community resource centres (*centres of excellence) to build community resource persons and extend technical support across states from one community to another;

(b) *strengthening regional and state level resource organizations* with experience in programme implementation at scale, in government and/or civil society sectors, to provide support to the states in social mobilization and livelihoods promotion; and

(c) *augmenting supply of development professionals and building their capacities* through collaborating with academic, research and training institutions

Developing Partnerships for banking and market linkages: NRLM would facilitate strategic partnerships through the states with major commercial banks and Regional Rural Banks for deepening financial access for the rural poor. It would also facilitate Public-Private-Community-Partnerships (PPCP) to support improving production efficiency; developing infrastructure and information services; and building pro-poor market systems.

Supporting States and UTs in roll-out of NRLM: NMMU would provide handholding support in developing 'poverty diagnostics', preparing state perspective plans and annual plans and running pilots. It would support in setting up dedicated support structures at various levels and programme management systems like financial management and procurement. It would support placing professional teams at various levels (NMMU would maintain a panel of accredited HR agencies for this purpose) and inducting and building their capacities.

## Support Structures at the State Level

State Rural Livelihoods Mission (SRLM): An SRLM, constituted by State Government, would oversee the implementation of all NRLM related activities in the state. An autonomous body under the State Government, SRLM would be incorporated as a society, trust or company. Its Governing Body (GB) and the Executive Committee (EC)[6] provide guidance and advice in all aspects of planning and implementation. The Governing Body with the Principal Secretary/Secretary, Rural Development as its Member-secretary/Convener, would be chaired, preferably, by the Chief Minister or the Chief Secretary. The Executive Committee would be chaired, preferably, by the Chief Secretary/Development Commissioner with the Principal Secretary, RD as Vice-chairperson and the State Mission Director as convener.

In states, where the State Governments would want to use an existing society as SRLM, its articles of association/bye-laws need to be amended to incorporate NRLM objectives and broaden the membership in the Governing Body on the lines indicated above.

[6] See Annexure 3 for indicative composition of the SRLM Governing Body and Executive Committee

State Mission Management Unit (SMMU): SRLM would implement the NRLM activities in the state through an SMMU, at the state level, headed by a full-time State Mission Director (SMD). The tenure of the SMD would, preferably, be three years. SMD would be a senior officer, preferably who has worked as District Collector already.

The major responsibilities of the SMMU include:

- Lead all NRLM activities in the state;
- Drafting policies and implementation guidelines of the mission at the state level;
- Handholding support to district and sub-district implementation/support structures;
- Ensuring quality implementation of different components/thematic interventions;
- Ensuring proper linkages with the DRDAs;
- Managing convergence and partnerships; and
- Any other function, as required.

Apart from the SMD, multidisciplinary SMMU team would comprise of experts in Social Inclusion, Financial Inclusion, Livelihoods, Programme Management, Programme Support etc., and support staff. These experts, with adequate experience in the relevant thematic area, would be drawn either from the market on contractual basis or from the government organizations on deputation basis, with specific terms of reference. Their placement would be in a phased manner based on requirement. Support staff would be on contract. Based on the need, a senior development professional may be taken from the open market as a second in command (Chief Operating Officer). Further, SMMU would engage thematic experts or empanel reputed resource agencies to support field implementation teams.

States with multiple agencies implementing livelihoods programmes: In some states, there are multiple agencies/departments engaged in activities aligned with NRLM objectives. These include externally aided projects, or the programmes of departments of Women & Child Development, Tribal Affairs, Social Justice and Social Welfare, etc. NRLM presents an opportunity to converge all such initiatives. The guiding principles for convergence include: strengths of existing partners are leveraged; existing social and human capital is not lost; NRLM non-negotiable principles are not compromised; and duplication of effort is avoided. The SRLM would partner with appropriate government organizations and entrust implementation responsibilities to them.

## Support Structures at the District Level

District Mission Management Unit (DMMU): The DMMU of the SRLM would be responsible for meeting NRLM objectives and implementing NRLM activities in the district. DMMU, linked suitably with DRDA, would be a facilitating and support unit for field structures. It would interface and forge convergence with District Administration and line departments, banks, NGOs and corporate agencies. A broad-based District Advisory Group/Review and Coordination Committee, chaired by District Collector, that includes representatives of the institutions of the poor and NGOs that work with them in a significant way, would review NRLM activities and provide inputs for improving and developing subsequent plans.

A multidisciplinary DMMU, led by District Mission Manager (DMM), hired from open market on contract or on deputation from Government, includes functional specialists in Social Inclusion, Financial Inclusion, Livelihoods, Capacity Building, Programme Management, Programme Support etc., and support staff, as required. These specialists and staff would be hired in a phased manner, as required, on contract or on deputation.

A Capacity Building cell (CB cell), within DMMU, would be responsible for imparting training to the field implementation units and nurturing the community resource persons from the poor and developing them as trainers. Initially, DMMU staff themselves may be the trainers. As the programme expands, the CB cell would empanel external resource persons.

## Support Structures at Sub-district level

The Sub-district level Support Structure is either –

- a Block Mission Management Unit (BMMU) led by a Block Mission Manager (BMM) and consisting of 3-5 spearhead teams; or
- a Project Facilitation Team at cluster (sub-block) level; or
- a combination of both.

The members of sub-district structure(s), including the BMMs, if any, would be recruited from the open market or on deputation.

The principal responsibilities of these sub-district field teams/structure(s) include: mobilizing all poor households into SHG fold; strengthening existing and new SHGs; building SHG federations and other institutions of the poor at various levels; and building capacities of the poor, their institutions, CRPs and other social capital. These institutions, over a period of 2-3 years, would assume the responsibility for sustaining all interventions. These sub-district teams would give way for this and shoulder emerging new responsibilities, with re-training. The sub-district units would take into account the social mobilization and institution building already achieved in the block by NGOs or CSOs or by Government Organizations. The action plan for the block would be based on a systematic diagnosis of the ground situation. The action plan would strengthen the work on ground and plan to cover the uncovered areas.

These teams would promote mechanisms for active collaboration between the Block Administration and the institutions of poor. As capacities increase, gradually, institutions of the poor – SHG Federations – interface and converge with the Block Administration on their own. A Block Review and Coordination Committee, that includes representatives of the institutions of the poor and NGOs that work with them in a significant way, would review NRLM activities in the block and provide inputs for improving subsequent plans.

## Human Resources (HR) Policy and Administrative and Financial Rules

HR Policy: NRLM realizes its success is critically linked to the quality and professional competence of dedicated sensitive support structures at various levels and their staff. *The exact staffing pattern(s) at various levels would be based on geography, number of blocks, population spread, implementation strategy and phasing. Each state would make plans/ adjustments accordingly and would have its own HR Policy and Manual, to be revised periodically.* The key elements in HR Policy include staffing, job profiles/competencies, recruitment and selection, transparency, immersion and induction, remunerations, performance management, appraisals and incentives, grievance redressal, staff learning and capacity building, space for HR in various formats and tenures – full-time, part-time, home-based, short-term/long-term, internship, sabbatical, etc., and deployment flexibility etc.

Further, HR Policy should discuss inducting community professionals/CRPs as staff in support structures, without reference to their formal qualifications; changing roles of support structures and staff; and supporting some staff in the institutions of the poor.

Partnerships with NGOs and CSOs should be taken into account while planning HR requirement. Care should be taken to avoid unnecessary duplication.

Staff Learning and Capacity Building: NRLM would allocate dedicated and adequate budget for staff learning and capacity building. A structured system for the purpose would be in place across all levels for integrating Mission learning during implementation.

Administrative & Financial Rules: Being independent implementing agencies, SRLMs would develop and implement administrative and financial rules that facilitate smooth implementation of process intensive NRLM with flexibility for responding diligently to the needs of the community and, for nurturing and retaining the skilled professional staff.

# Chapter VII

## Monitoring, Evaluation & Learning

NRLM is process intensive and therefore at various levels, it would constantly review, assess and learn from the qualitative and quantitative progress achieved. A robust IT-based Monitoring, Evaluation and Learning (MEL) system would be in place to facilitate learning and continuous improvement and support informed decision making at all levels.

Mechanisms of Monitoring: NRLM would put in place various mechanisms for monitoring -

(i) Accountability in institutions of the poor includes institutional self-monitoring, peer internal audit of processes and local social audit

(ii) Management Information System (MIS) based input-output monitoring includes Results framework-based MIS; Milestones linked to investments/inputs; web-based MIS; real time input-output monitoring at various levels; and MIS with partners' data

(iii) ICT-framework for dedicated digital grid includes national databases of poor, their institutions, and skill development (jobs/self-employment), national livelihoods portal, communication/knowledge dissemination channels, thematic e-groups etc.

(iii) Internal review mechanisms at various levels –

- Monthly/quarterly planning/progress/process reporting and internal review;
- Field visits by staff/officials, Periodic visits of supervision teams from SRLM to districts and field, and Theme specific supervision visits from time-to-time;
- Joint Half-yearly/Annual Review, Planning/Supervision Missions to states;
- Independent Process monitoring;
- Review and Consultation workshops with various stakeholders; and
- Meetings of Executive Committees, Governing Bodies, Advisory Groups/ Committees, Convergence Forums, Coordination Committees at various levels

(iv) External social audit, public expenditure tracking and community score cards

(v) Impact Assessment - state level baseline assessments and external interim impact evaluation studies of progress on key result indicators; independent national assessment of household level well-being through panel studies at periodic intervals (sample would be large enough to enable quantitative assessments up to district levels); and periodic thematic national assessments

(vi) SRLM Annual Reports and NRLM Annual Report

Knowledge Management, Learning and Advocacy: Mechanisms of monitoring discussed above, national rural livelihoods portal, e-communications and learning groups at various levels, national/regional audio-video, radio and television based communications channels/ networks etc., would be the important ways of learning, reaching out and building capacities in NRLM. Apart from engaging the public representatives and PRIs, building their livelihoods appreciation and livelihoods agenda, NRLM would inform them the progress of NRLM in their area/constituency. Further, NRLM would anchor livelihoods policy advocacy in the country.

# Chapter VIII

# Financial Management

## Allocation of Funds to the States

NRLM is a Centrally Sponsored Scheme, implemented in all states & UTs except in Delhi and Chandigarh. The financing of the Mission shall be shared between the Centre and the States/UTs on the following basis:

| Sl. No. | States/UTs | Central Share (%) | State Share (%) |
|---|---|---|---|
| 1. | North Eastern States ( Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim) | 90 | 10 |
| 2. | All Other States | 75 | 25 |
| 3. | Union Territories | 100 | 0 |

Out of the total allocation for NRLM 20% of the allocation will be earmarked for Skill development and placement and innovative projects. Of the remaining 80% of the allocation, 10% will be retained at the Center to be given later to the better performing states as an additional instalment, on demand. Before the commencement of the financial year, each State would get an indicative allocation based on the inter-se incidence of poverty among the States/UTs to enable the states to prepare their plans. The plans would be appraised and approved by the NRLM/ Empowered Committee, and the approved outlay would not exceed the indicative allocation for the State. The appraisal of the states' plans would take into account allocations among various components, which should take into account the initial conditions in the states (degree of social mobilization, extent of financial inclusion, etc.) and priorities in the annual action plan. The Empowered Committee of Ministry of Rural Development would approve the State Action Plan.

## Procedure for Release of Funds

All the States are required to transit to NRLM within 12 months of the formal launch of NRLM. SGSY and NRLM would, thus, run in parallel in some states during this period. Accordingly, there would be two streams of funding. In the states that have not complied with the conditions for transit to NRLM , the financial norms & procedure for the release and flow of funds would remain as under SGSY. In the states that have complied with the conditions for the transit to NRLM, the flow of funds from the centre to the states that move into NRLM would be through SRLM. For this, SRLM would open a separate bank account and notify the same to NMMU. SRLM would devolve funds to the districts in accordance with district-wise allotments indicated in the Annual Action Plan.

The release of Central share to the SRLMs would be in two installments -

- The first instalment during the months of April-May, subject to the approval of the State Annual Action Plan and the terms and conditions stipulated from time to time;

- The second instalment in the months of October-December on the request of SRLM in prescribed pro-forma and on fulfilment of the following conditions:
    - Utilization of at least 60% of the available funds including the opening balance;
    - State Government's contribution during the previous year released (*in case of deficiency therein, Central share would be* reduced *proportionately);*
    - The opening balance of the SRLM should not exceed 10% of the allocation of the previous year (*in case, the opening balance exceeds this limit, the Central share would be proportionally reduced);*
    - Audit Reports, Utilization Certificates for the previous year furnished;
    - Achievement with reference to Annual Action Plan; and
    - Other terms and conditions stipulated at the time of the previous release should have been met.

The amount retained at the centre to be given to better performing states will be allotted to them as additional instalment on the following criteria:

- Expenditure of more than 75% of the total available funds by 31st December
- Request for additional funds over and above the allocation for the year; and
- Performance on key NRLM indicators.

However, the additional amount would not exceed one installment (i.e 50%) of the State allocation. Care would be taken to ensure that poverty states get their due allocation and better performing States get incentive for reaching their poverty reduction targets quickly.

Any balance fund out of the earmarked allocation to the states will be distributed to all the states that have lifted the second instalment, except those states who have already been sanctioned additional funds for better performance. The distribution will be done in proportion to the allocation of the states for the ongoing financial year.

*With respect to the states that have not conformed to the NRLM requirements, the funds would continue to flow directly to the DRDAs as per the extant procedures under SGSY.*

## Eligible Items of Expenditure

The following are the eligible items of expenditure under the State Action Plans:

i) Institution Building – Participatory vulnerability assessment, formation/ promotion of new SHGs, federations and other collectives

ii) Training & capacity building – of institutions of the poor, CRPs, staff and other stakeholders; includes knowledge dissemination, education and advocacy

iii) Revolving fund and capital subsidy

iv) Interest Subsidy

v) Infrastructure creation & marketing

vi) Skills and Placements projects

vii) Administrative cost – Mission (Programme) management costs including costs of monitoring, evaluation & learning

## Fund Tracking System

NRLM would put in place a comprehensive financial management system at SRLM to ensure transparency, efficiency and accountability. NRLM would position an IT-based fund tracking system and promotes e-book keeping in institutions of the poor and in support structures.

All the fiduciary management systems/procedures relevant to Centrally sponsored schemes would, however, be applicable.

## Economic Assistance/Financial Norms/Ceilings

1. Formation of SHGs - Rs. 10,000 per SHG to be given to NGOs/CBOs/Community Coordinators/Facilitators/Animators towards group formation and development.
2. Revolving Fund (RF) – As a corpus to SHG with a minimum of Rs. 10,000 to a maximum of Rs. 15,000 per SHG. This is given to all SHGs that have not received RF earlier. SHGs with more than 70% BPL members are eligible for RF.
3. Capital Subsidy (CS) – Capital subsidy ceiling is applicable, both for members of SHGs and individual beneficiaries @Rs. 15,000 per general category and Rs. 20,000 per SC/ST and differently abled category. The maximum amount of subsidy that an SHG is eligible for is Rs. 2.50 lakh. Only BPL members are eligible for individual subsidy, and, only those SHGs with more than 70% BPL members are eligible for the subsidy to SHGs.
4. Capacity building and skills training - Rs. 7,500 per beneficiary – The amount available under this component is used for training and capacity building not only of the beneficiaries but also of all other stakeholders, including programme officers and staff, community professionals, concerned government officials, NGOs, PRI functionaries etc. Expenditure on exposure visits and immersion visits is also be covered under this component. The skill building training here refers to member level training for self-employment and is distinct from the Placement-linked Skills training and the RSETI training.
5. Interest subsidy - Subsidy on interest rate above 7% per annum for all SHG loans availed from banks, based on prompt repayment. Interest subsidy is provided to SHGs for onward transmission to their members till he/she has availed a bank loan up to an amount of Rs 1.00 lakh. It is expected that there will be repeat doses of financing to members in SHGs and this limit of ` 1.0 Lakh is the cumulative loan availed by a member. This subsidy is not available on such occasions when the SHG is availing capital subsidy.
6. One time grant for corpus fund for sustainability and effectiveness of federations –
    - Rs 10,000 for Village/Panchayat level federation
    - Rs 20,000 for Block level federation
    - Rs 100,000 for District level federation
7. Administrative expenses – 5% of the allocation, net of the component relating to skill development & placement and net of the component of RSETIs. This amounts to 5% of Central release to the State and the corresponding State share.

8. Infrastructure and Marketing - Up to 20% (25% in case of north eastern states and Sikkim) of the Central share and the corresponding State share of allocation i.e. the state's programme outlay.
9. Skills and Placement Projects and Innovations (20% of the Central allocation) - Expenditure on innovative projects should not exceed 5%; and the remaining 15% is for placement linked skill development projects. 50% of the allocation for placement linked skill development projects (7.5% of the Central allocation) is retained at the centre for multi-state skill development projects and the balance is allocated to states to implement state specific skill development and placement projects. The States have to add the corresponding state share to the amount released to them.

# Chapter IX

# Implementation

NRLM would fund states against appraised and approved annual action plans and state perspective and implementation plans that outline the results and the processes towards these results. It would review the performance against these plans half-yearly and annually and funds flow to the states would be based on the revised annual plans.

## Transition to NRLM

NRLM as a programme builds on the strengths of SGSY and incorporates the learning from the best practices emerging from successful rural livelihoods programmes implemented in several States in the country. The two major strategic shifts under NRLM, vis-à-vis SGSY are:

*(i)* NRLM is demand driven; and the states formulate their own livelihoods-based poverty reduction action plans based on their situation/context.

*(ii)* NRLM provides for a professional support structure for programme implementation from the State level to the sub-district level.

It would be implemented in a phased manner and the states would cover all the districts over a period of 5-7 years.

*All States/UTs transit to NRLM within a period of one year from the date of formal launch of NRLM. Further funding under SGSY ceases thereafter.*

Initial steps in Transiting

- Designating a Nodal Officer for transiting to NRLM. The Commissioner/Director responsible for SGSY in the state would normally be the Nodal officer; In States/UTs where a dedicated Society is already in existence, its State CEO/SPD [State Project Director] would be designated by the State as the nodal officer;
- Constituting a multidisciplinary core team for supporting preparatory work for transiting to NRLM; Members of the team would be drawn from Government, banks, CSOs, academia etc. The areas of competence in team may include - Social Inclusion, Financial Inclusion, Livelihoods, Human Resources, Programme Management etc.;
- Establishing SRLM as an autonomous body, and appointing State Mission Director, from State Government; Positioning SMMU and deploying staff into SMMU;
- Technical Assistance, if required, from NRLM/NMMU for facilitating preparatory work; This Technical Assistance would be for -
    - Exposure visit(s) to best practices in other states;
    - Setting up SRLM/SMMU;
    - Developing Initial Annual Action Plan (IAAP);
    - Situation Analysis and stakeholders' consultations; Strategy workshops;
    - HR Policy and recruitment; Induction and Capacity Building of Key Staff;
    - Formulating State Perspective and Implementation Plan (SPIP)

- Submitting IAAP and/or SPIP to NRLM/MoRD for appraisal and approval.

In order to transit successfully to NRLM, a state is required to set up an autonomous SRLM, place required and inducted/trained staff at state, district and sub-district levels for taking up NRLM activities in the first phase districts and blocks, and prepare and submit an initial action plan for the first year and/or SPIP with first Annual Action Plan. On its appraisal and approval by NRLM/MoRD, the state would formally transit to NRLM through a Memorandum of Understanding (MoU) between NRLM/NMMU and SRLM. SPIP, to be submitted subsequently, would automatically be considered as part of the MoU.

## Planning for NRLM Implementation

SMMU would prepare SPIP consolidating all District Action Plans and incorporating SMMU action plan. SMMU would submit SPIP, duly approved by its Governing Body, to NRLM/ MoRD for appraisal and approval. Depending on the readiness of the state, this may take time up to 6-12 months from the formal launch of NRLM. In the mean time, the state would submit the initial annual action plan for the first year, by 31 December.

Initial Annual Action Plan (IAAP): IAAP for the first year is a simple plan of action for one year. It would articulate the implementation support structures in place. Based on the broad indication of resource availability to the State in the year, each SRLM would undertake a prioritization exercise and prepare IAAP (if they have not submitted SPIP). The key elements in IAAP include -

- Background and Details of SRLM and SMMU
- Selected Districts and Blocks for implementation selected using objective and transparent phasing logic and their details
- Phasing planned and Key Results of Mobilization and Linkages - households, SHGs, institutions, villages, clusters, blocks, districts
- Staffing; Staff Induction and Capacity Building Plan
- CRP Strategy and Capacity Building in institutions, HR in institutions, Procurement
- Plans for IT, MIS, Communications, Convergence and Partnerships
- Technical Assistance/Support Plan
- Plan for Studies/Approach Papers, Situational Analysis, Consultations/Workshops
- Plan for formulating 5-6 year SPIP
- Activity Timeline; Activity-Time-Cost-Responsibility Matrix
- Budget

This IAAP would be appraised and approved, like any other Annual Action Plan from the state. Releases would be made according to the approved IAAP.

### Phasing

To be driven by the poor themselves, NRLM needs to develop social capital of the poor. This would take some time in the initial years, but multiply rapidly later. Availability of professional staff would also be limited initially. It would also be important that quality and effectiveness of the interventions is not diluted. Therefore, the state is expected to cover all the districts and blocks in the state in a phased manner, over 5 to 7 years. The state would need to identify districts and blocks for each of the phases and develop a clear roll-out plan. The broad criteria for the selection of initial intensive districts and blocks by the States include – (i) Each phase having representation of different socio-economic regions of the State; (ii) Poverty districts/blocks first; and (iii) Districts/blocks with SHGs and livelihoods programmes running successfully and high social capital first.

The PURA (Provision of Urban Amenities in Rural Areas) clusters would be covered under intensive approach.

States (like Andhra Pradesh and Kerala) that are already implementing NRLM processes on a state-wide basis transit right-away into state-wide NRLM. Each of these states would submit SPIP and Annual Action Plans covering the entire state for appraisal and approval. States like Tamil Nadu, Madhya Pradesh, Bihar, Orissa, Meghalaya, Assam & Manipur are already implementing large rural livelihoods programme funded by multilateral and bilateral agencies. Similarly Rajasthan and North Eastern States of Nagaland, Mizoram, Tripura and Sikkim are commencing rural livelihoods projects funded by multilateral agencies. The action plan pf all these states should reflect the status of the ongoing rural livelihoods programme and the synergies planned between NRLM and the ongoing programmes.

In districts and blocks not selected for NRLM, the guidelines for non-intensive blocks would be applicable. The state would work out separate action plans for intensive and non-intensive blocks to arrive at the consolidated plan for the state.

The blocks that are taken up for NRLM implementation, 'intensive blocks', would have access to a full complement of trained professional staff and cover a whole range of activities of universal and intense social inclusion, financial inclusion, livelihoods, partnerships etc. The 'intensive blocks' have a whole range of activities. These include:

i. Saturated mobilization of all identified BPL households in every village of the block[7];
ii. Promotion of institutions of the poor – SHGs and their primary federations;
iii. Creating and strengthening large base of social capital or community professionals;
iv. Revolving fund to the SHGs;
v. Capital Subsidy to primary federations for supporting one or more of the following -
    - Safety nets and small grants to poorest;
    - On-lending to SHGs against their MIPs;
    - Health Risk Fund to complement health savings;
    - Food and nutrition security;
    - Performance of services like grassroots planning, technology dissemination etc.
vi. Bank finance to SHGs and primary federations for financing MIPs;
vii. Activities in select pro-poor livelihoods like agriculture, livestock, non-farm, skills -
    - Specialized livelihood institutions and producer collectives;

[7] Saturation approach entails coverage of all poor and vulnerable households in all villages in the block.

- Productivity enhancement initiatives and community extension models;
- Small scale productive infrastructure and local value addition;
- Collective inputs purchase and collective marketing;
- Cost reduction of inputs and consumption items; etc.

viii. Public-Private-Community-Partnerships for last mile service delivery of entitlements, public services and livelihoods support services

However, in the remaining blocks, 'non-intensive blocks', with limited staff in PRIs, NGOs and/or DRDAs, the activities would be limited in scope and intensity -

i. Strengthening existing SHGs and forming new affinity-based SHGs of BPL women;
ii. Capacity Building and Training to SHGs and SHG Leaders;
iii. Providing revolving fund to SHGs;
iv. Providing Capital Subsidy to SHGs with link to bank finance; and
v. Linkages with mainstream institutions including existing local level livelihood initiatives like watersheds, dairy, etc.

However, RSETIs' self-employment/enterprise development and skill development/ placement would be present in all districts across both intensive and non-intensive blocks.

Situation Analysis – Current Reality Assessment

One of the first and important elements in preparing SPIP is Situational Analysis – Current Reality Assessment/Poverty Diagnostics of the poor, using secondary data, sample participatory assessments and quick studies. *See Elements in Situational Analysis in Template 1, Annexure 4*.

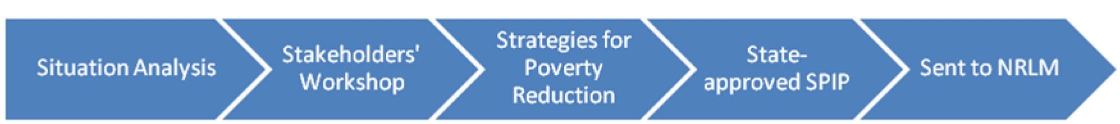
This would culminate in a Stakeholders' Consultations/Sharing Workshop with Community Leaders, Civil Society, Bankers and Government Departments discussing and fine-tuning draft set of strategies based on NRLM core guiding principles and the Situation Analysis.

State Perspective and Implementation Plan (SPIP) and Annual Action Plan

SPIP is a long-term (5-7 year) plan for reducing poverty comprehensively in the state, outlining the results, core strategies and key activities in a phased manner. It is a dynamic document subject to regular and periodic modifications based on the learning/feedback from the progress of program implementation. Apart from results, strategies and activities, it also articulates the implementation arrangements and financial resources for achieving these results in a phased and time-bound manner.

Each SRLM would undertake a prioritization exercise and prepares draft SPIP. *See Annexure 4, Template 2 for Key Elements in SPIP*.

To facilitate this process, the parameters for allocation of resources would be shared at the earliest. Final state-approved SPIP would be submitted to NRLM/MoRD.



Appraisal of SPIP and Annual Action Plan

NRLM/NMMU, on receipt of SPIP, would screen (specifically constituted screening team) it initially through a desk-appraisal for compliance on the checklist and readiness in the context of poverty situation in the state and broad priorities and outcomes for NRLM.

If satisfied, NRLM would field a multidisciplinary Joint Appraisal Mission[8]. Appraisal Mission would use a range of methodologies including Visits to field locations, Participatory Assessments, High Level Meetings and Discussions with Key Officials and State Level Multi-stakeholder Workshop(s) to review and refine SPIP. It would specifically assess and agree with SRLM, phasing, strategies and results; staffing, implementation capacity of units at various levels and timeline; partnership arrangements with government departments, banks, NGOs, people's institutions etc.; and administrative and fiduciary arrangements.

Based on the agreed actions with the Appraisal Mission, SRLM would submit its revised SPIP and Annual Action Plan. TSC/Appraisal Mission would review the revised SPIP and Annual Plans and prepare an appraisal document for approval of SPIP. For the subsequent years, the TSC would appraise the Annual Action Plans in the context of SPIP and the feedback provided by supervision missions, concurrent evaluation studies, and the minimum quantitative/ qualitative performance criteria laid down from time to time.

Approval of SPIP and Annual Action Plan

MoRD/NRLM Empowered Committee would consider the final revised plan after appraisal, together with appraisal document, for approval. SMD and/or State Secretary, RD would make the presentation, during this process. Considering all aspects, including allocation available to the state as per the allocation formula, the Committee would give its final approval, with appropriate modifications and allocate resources as per this finally approved SPIP, agreed results and Annual Action Plan. NRLM/NMMU and SRLM/SMMU, then, would enter into an MoU or sign an addendum to MoU, to include SPIP into it. NRLM/NMMU would ensure completion of the approval exercise by 15 March of the fiscal year in which SPIP is submitted.


Then, NRLM/NMMU would seek SRLM's Implementation Readiness – Fully Inducted Team; HR Policy and Manual; Administrative & Financial Rules; Partners identified and Framework(s) for Partnerships; and Operational Manual. On satisfied with SRLM's readiness, NRLM/NMMU would release the first of the two tranches in a year (i.e.50% of the annual allocation) into the SRLM Special Bank Account and SRLM would formally launch the SPIP.

Subsequent Annual Plans and Tranches

As SPIP implementation progresses, subsequent tranches would be subject to the half-yearly reviews, annual reviews and plans, and utilization of the previous tranche(s) released and the balance funds available. Half Yearly Review Missions would review implementation

[8] Guidance notes on appraisal processes/methodologies and role of appraisal missions available separately ( at least 80% in three years)

against the plan (Annual Plan and SPIP) and the minimum quantitative/qualitative performance criteria laid down by NRLM, from time-to-time.

Based on the broad indication of resource availability to the State in a particular year, SRLM would undertake a prioritization exercise and prepare Annual Action Plan dovetailing from SPIP. The state-approved Annual Action Plan[9] and the rolling plan for the coming three years have to reach NRLM/NMMU on or before 15 December every year. *See Annexure 4, Template 3 for Elements in Annual Action Plan.*

Annual Review and Planning Mission would review these plans for the coming year and for the coming three years. The Review and Planning Mission would be guided by the feedback of the previous missions and other studies, its own review of the performance so far, and the funds available as per agreed allocation parameters or otherwise and prioritization. Accordingly, it would make its recommendation. In the light of this recommendation, Empowered Committee would consider these plans [revised, if suggested by the Review and Planning Mission], and accord approval. The releases would flow accordingly.


NRLM/NMMU would ensure completion of approval exercise by 15 March, every year.

[9] See Template3, Annexure 4 for Annual Action Plan: Key Elements

Annexure 1

## Central Level Coordination Committee - Composition

| | | |
|---|---|---|
| 1. | Secretary, MoRD | Chairperson |
| 2. | Secretary, Dept of Financial Services, Ministry of Finance | Member* |
| 3. | Deputy Governor, Reserve Bank of India | Member |
| 4. | Secretary, Department of Agriculture & Cooperation | Member* |
| 5. | Secretary, Department of Expenditure | Member* |
| 6. | Secretary, Department of Women and Child Development | Member* |
| 7. | Secretary, Department of Small Scale & Agro-related Industries | Member* |
| 8. | Secretary, Ministry of Social Justice and Empowerment | Member* |
| 9. | Secretary, Ministry of Tribal Welfare | Member* |
| 10. | Chairman, NABARD | Member |
| 11. | Adviser (Rural Development), Planning Commission | Member |
| 12. | Additional Secretary & Financial Adviser, MoRD | Member |
| 13. | State Secretaries of Rural Development | Members |
| 14. | Chairman-cum-Managing Director of all commercial banks | Member |
| 15. | Director General CAPART | Member |
| 16. | Director General, NIRD | Member |
| 17. | Chairman, Indian Banks Association | Member |
| 18. | Representatives of NGOs, nominated by MoRD | Members |
| 19. | Representatives of Institutions of the Poor, nominated by MoRD | Members |
| 20. | Mission Director/Joint Secretary (NRLM) – | Member-Secretary |

* If the members are not able to participate in the meeting, nominee should not be below the rank of Joint Secretary

MoRD would nominate the representatives following a due process. Other officials/non-officials may be invited to the meetings of this Committee whenever their presence is felt necessary.

Annexure 2

# NRLM Advisory, Coordination and Empowered Committees

## NRLM Advisory Committee (NRLM-AC)

| | | |
|---|---|---|
| i. | Minister of Rural Development, Government of India | Chairperson |
| ii. | Ministers | Member(s) |
| iii. | Secretaries | Member(s) |
| iv. | Representatives from State Governments | Member(s) |
| v. | Representatives – Training/Academic institutes | Member(s) |
| vi. | Representative Corporate Sector/Industry Associations | Member |
| vii. | Representatives of RBI, NABARD | Member(s) |
| viii. | DG – NIRD, CAPART etc. | Member(s) |
| ix. | Experts (RD)/NGOs (3) | Member |
| x. | Representatives of SHG members/federations | Member |
| xi. | Secretary, Rural Development, Government of India | Convener |
| xii. | Mission Director, NRLM | Co-convener |

## NRLM Coordination Committee

| | | |
|---|---|---|
| i. | Secretary, Rural Development, MoRD | Chairperson |
| ii. | Adviser (Rural Development), Planning Commission | Member |
| iii. | Additional Secretary & Financial Advisor, MoRD | Member |
| iv. | Director General – NIRD | Member |
| v. | Principal Secretaries, RD from States (3) | Members |
| vi. | Poverty and Rural Development Experts/Bankers | Members |
| vii. | Mission Director (NRLM) | Member-Convener |

## NRLM Empowered Committee

| | | |
|---|---|---|
| i. | Secretary, Rural Development, MoRD | Chairperson |
| ii. | Additional Secretary & Financial Advisor, MoRD | Member |
| iii. | Principal Secretaries, RD from States | Invitees |
| iv. | Poverty and Rural Development Experts/Bankers | Invitees |
| v. | Mission Director (NRLM) | Member-Convener |

# Project Screening and Approval Committees: Innovative Livelihoods Projects and Multi-state Skills and Placement Projects

a. Project Screening Committee:

| | | |
|---|---|---|
| i. | Mission Director, NRLM | Chairperson |
| ii. | Director/Dy.Adviser (RD), Planning Commission | Member |
| iii. | Director/Deputy Secretary (IFD), MoRD | Member |
| iv. | Special Invitees (Livelihoods/Innovation/Banking Experts) | Member |
| v. | Director/Deputy Secretary/Joint Director concerned | Convener |

b. Project Approval Committee

| | | |
|---|---|---|
| i. | Secretary, MoRD | Chairperson |
| ii. | Adviser (Rural Development), Planning Commission | Member |
| iii. | Additional Secretary & Financial Advisor, MoRD | Member |
| iv. | Director General – CAPART | Member |
| v. | Special Invitees (Rural Development Experts/Bankers) | Member |
| vi. | Chief Executive of NSDC | Member |

| | | |
|---|---|---|
| vii. | Mission Director (NRLM) | Member-Convener |

Annexure 3

## SRLM State Society:
## Indicative Composition of Governing Body and Executive Committee

### Governing Body

The indicative composition of the Governing body may be as follows:

- Chief Minister or Chief Secretary - Chairperson
- Ministers/Secretaries of Agriculture, Panchayat Raj, AHD, SC/ST, Industry, Labour, Education, Health, WCD, SW, Institutional Finance - Member(s)
- Representative from MoRD, GOI - Member
- Representative from Training institutes, Corporate Sector, Academic institutions - Member
- State level Representative(s) of RBI, NABARD, Convener SLBC - Member(s)
- Experts (RD)/NGOs (3) - Member
- Representatives of SHG members/federations - Member
- Principal Secretary/Secretary (RD) - Convener
- State Mission Director (SRLM) - Co-Convener

### The Executive Committee

The indicative composition of the Executive Committee may be as follows:

- Chief Secretary/Development Commissioner - Chairperson
- Principal Secretary (RD) - Vice-chairperson
- Commissioner/Directors – Agriculture, Rural Development Panchayat Raj, Animal Husbandry, Industry, Labour, Education, Health, Women and Child Development, Social Welfare, Tribal Welfare etc. - Members
- State level Representative(s) of NABARD/RBI/SLBC convener - Member(s)
- Industries Associations - Member
- Representative of SHG Federation - Member
- State Mission Director (SRLM) - Convener

Annexure 4

Template 1: Elements in Situational Analysis

<u>The elements in Situational Analysis may include:</u>

- Demographic details within the poor (district-wise, block-wise, cluster-wise) - Rural households, BPL families, Social classification, proportion of vulnerable groups [S]
- Food and Nutrition Security situation [S&P]
- Poverty as perceived by the Poor [P]
- Per Capita Income of the Poor [S]
- Social Mobilization/Groups/Institutions Situation, Organized Poor, Left out Poor [S&P]
- Credit Situation, , Current formal credit availability per capita, bank accessibility [S]
- Vulnerability Mapping/Analysis, Situation of Vulnerable Groups like SCs, STs including PVTGs, Minorities, Disabled, Single Women, HIV/AIDS infected, Old destitute etc., Disaster-prone [S&P]
- Entitlements, coverage [S]
- Existing Programmes in Government, coverage, performance [S&P]
- Resource endowments of the poor including land, water, common properties, livestock [S]
- Livelihoods Mapping - Livelihoods of the poor (numbers, days of employment, seasonality etc.) [S]
- Poor and Collectives, Cooperatives (S - Arjun Sengupta's Report)
- Employment continuum – wage, job, self-employment; unemployed, under-employed, skills in demand, skill mapping [S]
- Organized and unorganized enterprises [S]
- Migration data [S&P]
- Environmental Situation – coastal, dryland, hilly regions, tank cascades, mines, forests, grazing lands, bio-diversity, flora and fauna, NTFP[S]
- Civil Society engagement with communities, examples, practices and their capacity [P]
- Corporate Social Responsibility (CSR) situation and Business Partnerships [P]
- Existing best practices that have the potential for replication [S&P]

S: Secondary Data; P: Primary Data

Template 2: State Perspective and Implementation Plan - Key Elements

- Generic Profile of the state
- Summary of Situational Analysis – Poverty/Social/Livelihoods Profile and description of key livelihoods of the poor etc., Efforts to reduce poverty in the state (so far) - (Details in Annexure)
- Poverty Reduction and Livelihoods Enhancement Strategy of the State, if any
- Lessons learnt so far from the efforts in the state including those of the civil society and other states
- Map of the state with districts (and blocks) showing poverty intensity
- Summary of the Project Perspective and Implementation Plan
- Vision, Mission, Values, Core Principles, Non-negotiables
- Strategies – Social Inclusion, Mobilization, Institutions; Credit, Financial Inclusion; Livelihoods, Market Linkages; Employment etc.
- Results by 7 years -
  Coverage; mobilization; linkages; households out of poverty; increased income per household (average); security(ies) achieved; risks addressed; self-managed institutions and their performance

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- Model of Poverty Reduction and Livelihoods Enhancement
- Implementation Strategy and Phasing
  - Districts, Blocks, Clusters for - Intensive and Non-intensive
  - Phasing of Districts, Blocks, GPs, Villages, including the logic/rationale of phasing;
  - Components/Sub-components (Objective, Results, Activities, sub-activities, processes, costs and resources, phasing specific to components, if any) –
    - ✓ Universal Institutions; Capacities - Strategy to deal with existing SHGs and SHG Federations; diagnostic assessment of the institutions and support
    - ✓ Funds – Financial Support, Inclusion (One-time grants, Capitalization of Community Institutions, recurring subsidies, allocation formula etc.); Safety Nets; Health, Nutrition and Risk Funds; Food Security Funds; Social Development Funds
    - ✓ Special Livelihoods Institutions/Support (Community Livelihoods Analysis and Planning, Formation of Livelihoods Organizations, Infrastructure, Capitalization, Skill Development, Business Incubation, Working Capital, Linkages, Market Intelligence and Development, Funding Support)
    - ✓ Human Resources; Innovations (creating models) and Incubation Fund; Project Management; Technical Support Envisaged
  - Phasing (Thematic), including the logic/rationale of phasing
  - Year-wise and Component-wise Results with indicators
  - Activity Timeline with Units
- Progress/Cycle of a few typical
  - households, SHGs, institutions, villages, clusters, blocks, districts, state
- Mission Structures; People's Institutional Structures

- Human Resources (identification, induction, capacity building)
    - in the community institutions (leaders, staff, community professionals, volunteers, CRPs)
    - in the mission structures (levels, specializations, teams) and
    - outside (as part of convergence and partnerships, pools of resource persons/resource groups)
    - HR Policy, Plan and Manual
    - Capacity Building Plan for Community and Mission Support Structures

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- Communications (IEC) Plan – with various stakeholders including the communities,
- Management Information System – Database, Transaction-based MIS; e-book keeping; Monitoring and Learning - Baseline – Mid-term – Endline; Process Monitoring; Participatory Monitoring and Learning Mechanisms; etc.
- Transparency, Accountability, Social Audit

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- Procurement Arrangements and Plan, including community procurement
- Convergence - players, programmes, schemes, linkages, partnerships (NGOs, Banks, Institutions of the Poor, PRI, resource organizations)
- Partnerships with existing programmes, existing people's institutions, civil society, corporate and business organizations

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- Social Assessment and Safeguards and Pro-active Action Plan – Vulnerability Special Plans - Gender, Disabled, Dalit, Tribal and Minority Situation-based Plans; Special Implementation Arrangements meeting their special needs
- Environment (including culture, bio-diversity etc.) Safeguard Policies and Pro-active action

---

- Technical Support/Assistance (from NRLM) Plan

---

- Planning, Review and Re-planning Processes – bottom-up and consolidation

---

- Financial Management – in the community institutions and mission structures
    - Approval Processes, Delegation of Powers
    - Funds Flows, Triggers for release to institutions
    - Accounting, Books of accounts, Computerization/e-book keeping
    - Internal Audit, Statutory Audit, Social Audit
    - Financial Reporting and Annual Accounts
    - Activity-based and Results-based Costing
- Budget (year-wise, component-wise, source-wise), Sources of Funds

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- First year (or 18 months) – month-wise, component-wise
    - Quarterly Outputs
    - Detailed Activities with timeline to be implemented during the year
    - Activity-Time-Cost-Responsibility Matrix
    - PERT Chart of activities/MS Project Activity Chart
    - Procurement Plan, HR Plan, Capacity Building Plan, Technical Support Plan
- Second Year – quarter-wise
- Thereafter – year-wise

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- Glossary of Terms, Abbreviations etc.

Template 3: Annual Action Plan - Key Elements

| |
|---|
| • Background<br>• Summary of the Project Perspective and Implementation Plan [including Results Framework by 5-6 years] |
| ▪ Progress against the Perspective Plan and against the previous year's plan, overall and component-wise<br>▪ Performance on Progress/Cycle of a few typical<br>    – households, SHGs, institutions, villages, clusters, blocks, districts, state<br>• Compliance on previous review's aide-memoires |
| • 3-year Rolling Plan/Annual Plan<br>    o Identifying Poor<br>    o Mobilization<br>    o Institutions – SHGs, First/Second/Third/Fourth Tier Federations<br>    o Vulnerability Special Plans - Gender, Disabled, Dalit, Tribal and Minority Situation-based Plans<br>    o Human Resources, Staffing in institutions<br>    o Capacity Building in institutions<br>    o Capacity Building of HR in institutions<br>    o Second Generation Collectives<br>    o Financial Inclusion and Bank Linkages<br>    o Livelihoods Inclusion and Market Linkages<br>    o Mission HR Plan, Mission HR Capacity Building<br>    o Communications Plan<br>    o Procurement Plan<br>    o Environment Pro-active Plans<br>    o Convergence and Partnerships Plans<br>    o Technical Assistance/Support Plan<br>    o Studies/Approach Papers<br>    o Technology Plan |
|     o Activity Timeline with Units; Activity-Time-Cost-Responsibility Matrix |
|     o Budget (year-wise, component-wise, source-wise), Sources of Funds |

## Glossary, Short names and Abbreviations used

**Advisory Committee (AC):-** A policy making Committee at the national level consisting of eminent persons representing CSOs, financial institutions, industry associations, academicians, poverty and development experts and others

**AHD: Department of Animal Husbandry**

**APMARKFED:- Andhra Pradesh State Cooperative Marketing Federation Limited**

**Bank Mitras:** A customer relationship manager, who is either an SHG member or from the community and is placed in local banks and plays the role of community facilitators.

**Below Poverty Line (BPL)**: Rural population living Below Poverty Line as per approved list of GoI

**Block Programme Management Unit (BPMU):-** A block level unit for overseeing implementation of NRLM in the block

**Bridge Financing: -** Financial intermediation by the primary federations to attract mainstream financing for SHGs

**CAPART:- Council for Advancement of People's Action and Rural Technology**

**CBO:-** Community Based Organization

**Coordination Committee (CC):-** A Committee under the Chairmanship of Secretary, Ministry of Rural Development, GoI to oversee the activities of the Mission

**CEO ZP**: Chief Executive Officer of a Zila Panchayat.

**Chief Executive Officer (CEO)** : **-** Chief Executive Officer of the SRLM as appointed by the State Government.

**Community Investment Fund (CIF): -** A fund to help poor households meet their demand for improved access to credit for investment needs.

**Community facilitator**:- Person from the community trained to form and handhold SHGs and their federation

**Community Resource Person (CRP):** shall mean best practitioners and role models from among the members of Self Help Groups and their service providers

**CS**:- Capital Subsidy

**CSO**: Civil Society Organization

**CSP:** Community Service Provider

**CSR:-** Corporate Social Responsibility

**DCBO**: **-** District Capacity Building Organization.

**Demand Driven Strategy:-** States to formulate their own action plans for poverty reduction.

**DLRC**:- District Level Review Committee

**DPMU**: **-** shall mean the District Project Management Unit responsible for implementing the Mission's programmes in the district as per the guidelines

**District Rural Development Agency (DRDA):-** A registered society registered under a Societies Registration Act or a district cell in the Zilla Parishad having a separate identity to oversee the implementation of different anti-poverty programmes

**EOI:-** Expresssion of Interest

**Federation of SHGs**:- An aggregation of 5 to 20 SHGs. Primary federations will usually be at village level, 2$^{nd}$ level federation at block or cluster of villages level and district level federation at the district level with the federation at each level having its own purpose, functionality and identity

**GoI**: **-** Government of India.

**GP**: **-** shall mean the Gram Panchayat.

**Gram Sabha: -** as defined by the Panchayat Act.

**HIV:-** Human Immunodeficiency Virus

**HR Policy:** Human Resource Policy for putting in place a professional institutional structure at various levels to implement the Mission objectives

**HRD: -** Human Resource Development

**ICT:-** Information , Communication & Technology

**IFD:-** Integrated Finance Division

**ITDA:-** Integrated Tribal Development Agency

**KSAV:-** knowledge, skills, attitude and values

**KVIC:** Khadi & Village Industry Commission

**KYC:-**Know Your Customer

**Mahatma Gandhi National Rural Employment Gurantee Scheme (MGNREGS):-** A Scheme under an Act notified on Sept.7, 2005 to enhance livelihood security in rural areas by providing at least 100 days of guranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

**M/o SW:-** Ministry of Social Welfare

**Micro Investment Plans (MIPs):** A simple list of investments that members would like to make with the financial support of their Self Help Group

**MIS:** Management Information System

**Mission:-** NRLM at the centre and SRLM at the State level

**MoRD**:- Ministry of Rural Development, Government of India

**MSME: -** Ministry of Micro, Small and Medium Enterprises

**NABARD:-** National Bank for Agriculture and Rural Development

**NGO**: - Non-Governmental Organization.

**NIRD:** National Institute of Rural Development

**National Mission Management Unit (NMMU):-** The national level unit comprising of multi disciplinary team of experts

**NSDC:** National Skill Development Corporation

**NTFP:-** Non Timber Forest Produce

**Officers and Staff**: - shall mean all whole time and part time employees of the Society or Project duly appointed by any authority or officer, duly empowered to do so, and would include consultants, fellow and research staff, if any.

**Officers of the Society**: - shall mean all post holders of the Society.

**Project Approval Committee (PAC):** The Committee to consider terms and conditions governing assistance to the Special Projects

**PD(DRDA)**- shall mean the Project Director of District Rural Development Authority

**PDS:-** Public Distribution System

**Programme Evaluation and Review Technique (PERT):-** shall mean a network model that allows for randomness in activity completion times consisting of steps like (i) identifying the specific activities and milestones, (ii) determining the proper sequencing of the activities , (iii) constructing a network diagram, (iv) estimating the time required for each activity, (v) determining the critical path and (vi) updating the PERT Chart as the Project progresses

**PF:-** Provident Fund

**PFT**: **-** Project Facilitation Team at sub cluster level.

**PHC:-** Primary Health Centre

**Participatory Identification of Poor (PIP):-** shall mean a methodology for Identification of poor that helps to identify and list very poor, poor, differently abled, vulnerable, tribal, chronically ill patients, nomads and other marginalized communities in the project village**.**

**PO:-** Project Officer

**PPCP:-** Public-Private-Community Partnership

**PPP:-** Public Private Partnership

**PPPP:-** Public-Private-People's-Partnerships

**PPs:** means Panchasutra Principles consisting of five good group management practices i.e. regular meetings, regular savings, regular inter-loaning, timely repayment of loans and up-to-date books of accounts.

**PRI:-** Panchayati Raj Institutions

**Project Screening Committee (PSC): -** A Committee at the Central level to examine the Special Projects

**PVTG: -** Particularly Vulnerable Tribal Group

**RBI:-** Reserve Bank of India

**RF**:- Revolving Fund

**Rural Self-Employment Training Institutes (RSETIs): to** be set up by banks in each district of the country for providing skill training for the rural BPL youths

**Self Help Group (SHG)**: - A group of 5-20 primarily rural BPL women who have come together for collective action for their social and economic development

**SMD:-** State Mission Director

**SMMU /SRLM:-** State Mission Management Unit /State Rural Livelihoods Mission

**State Project Management Unit** (SPMU): - shall mean the State Project Unit who is responsible for Project Administration.

**Technical Advisory Group (TAG):-** A body at the national Level, which will coordinate the appraisal missions to the states

**TFI:-** Total Financial Inclusion

**The Project**:-means National Rural Livelihoods Mission.

**UT:-** Union Territory

**VDC/VO**: - shall mean the Village Development Committee/Village Organisation at the village level.

**VPRC:-** Village Poverty Reduction Committee

**WCD:-** Ministry of Women and Child Development

**Zila Panchayat Sub Committee** (ZPSC): - shall mean a Sub Committee of the Zila Panchayat, notified by Government

*Where the poor participate as subjects and not as objects of the development process, it is possible to generate growth, human development and equity, not as mutually exclusive trade-offs but as complementary elements in the same process*

--- Meeting the challenge, *Report of the Independent South Asian Commission on Poverty alleviation, 1992*