

National Rural Livelihoods Mission (NRLM)

A critical element in India's 12th Five Year Plan (2012-2017) is the generation of productive and gainful employment at scale. The aim is to absorb the working population in the unorganized sector of an expanding economy. This sector contributes about sixty percent of the country's GDP and includes workers from micro enterprises, unpaid family work, casual labor and home based work. In addition, it also absorbs migrant laborers, farmers, artisans and out of school rural youth.

To this effect the existing Swarnajayanti Gram Swarozgar Yojana (SGSY) has been restructured as the new **Aajeevika - National Rural Livelihoods Mission (NRLM)** and was launched by the Ministry of Rural Development (MoRD) in 2011. The restructuring was mainly done to address the shortcomings of SGSY, specifically vast regional variations in mobilization of rural poor, insufficient capacity building of beneficiaries, insufficient investments for building community institutions, weak linkages with the banks leading to low credit mobilization, lack of repeat financing and lack of dedicated manpower to implement the program.

Extent of the Problem

- Labor force participation rate in India is 84% amongst males, and 29% amongst females (World Bank-2012)
- The agricultural work force participation in India is 43% (males), which often comprises of the un-skilled workers and also hides the problem of disguised employment (World Bank)

Objectives

NRLM aims at enabling rural poor to increase household income through sustainable livelihood enhancements and improved access to financial services. NRLM targets to cover 7 Crore rural poor households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs), federated institutions and support them for livelihoods collectives over a period of 8-10 years.

Framework for Implementation

1. **Formation of SHGs** - Via NRLM the states will ensure that at least 1 member from each identified rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. It prioritizes the poorest and the most vulnerable amongst the BPL households. NRLM is mandated to promote SHGs with exclusive women membership.

The process of SHG formation is as follows: organizing women into affinity based groups, developing group norms, practicing Panchasutra (regular meetings, regular savings, regular inter-loaning, timely repayment and upto-date books of accounts), and leadership development. Within 6 to 24 months of SHG formation, the focus would be on capacity building, preparing micro investment plan (MIP), strengthening existing livelihoods of members, creating linkages with banks and setting up primary federation. The eligibility criteria for SHGs to avail loan from banks are:

- SHG should be in active existence at least since the last 6 months as per the books of account of SHGs and not from the date of opening of S/B account
- SHG should be practicing ‘Panchasutras’ i.e. Regular meetings; Regular savings; Regular inter-loaning; Timely repayment; and Up-to-date books of accounts
- Qualified as per grading norms fixed by NABARD. As and when the Federations of the SHGs come to existence, the grading exercise can be done by the Federations to support the Banks.
- The existing defunct SHGs are also eligible for credit if they are revived and continue to be active for a minimum period of 3 months
- No collateral and no margin will be charged up to Rs. 10 lakh limit to the SHGs

Beyond the twenty-four months, the focus would be on visioning/planning, promoting new livelihoods, new products and creating social capital. Following assistance is available under this component for the beneficiaries:

- Rs. 10,000 per SHG to be given to NGOs/Community Coordinators/Facilitators/Animators towards group formation and development.
- Rs. 10,000 to a maximum of Rs. 15,000 per SHG as the corpus amount for the revolving fund. This is only given to SHGs that have not received revolving fund earlier. Only those SHGs with more than 70% BPL members are eligible for revolving funds.
- Rs. 15,000 per general category candidate and Rs. 20,000 per SC/ST category candidate is provided for availing subsidy on capital goods. 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.
- Subsidy on interest rate above 7% per annum for all SHG loans availed from banks, on fulfillment of certain conditions (prompt repayment, credit history)

The secondary level of the institution will be the aggregation of SHG. The Federations provide a platform to the members of SHGs to voice their social and financial concerns. The Federations aim to help in knowledge and technology dissemination and also act as hubs of production and commerce. NRLM would provide support to the states to strengthen these Federations by building strong systems of good governance, planning, accounting, procurement, audit etc. so that they can become sustainable. Following is the amount of One time grant for corpus fund for sustainability of federations:

- Rs 10,000 for Village/Panchayat level federation
- Rs 20,000 for Block level federation
- Rs 100,000 for District level federation

2. Capacity building and skills training – NRLM focuses on capacity building of community cadre and Community Resource Persons (CPRs) who would support the Mission in terms of bringing in more people. Rs. 7,500 per beneficiary is available for training and capacity building of not only of the beneficiaries but also for other stakeholders, including programme officers and staff, community professionals, concerned government officials, NGOs, PRI functionaries etc. There are also targeted programs for women training like **Mahila Kisan Sashaktikaran Pariyojana (MKSP)** - The program envisages empowering women in agriculture by making systematic investments to increase productivity and participation and create sustainable agricultural livelihood options for rural women. This segment will be implemented by NRLM in partnership with State Departments/CSOs. The centre to state share in funding for MKSP stands at 75:25 ratio.

3. 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 – but not to meet recurring expenditures of maintaining infrastructure.

- 4. Skill Development and Placements –** Ajeevika Skills is the skill and placement initiative of the Ministry of Rural Development, Government of India (MoRD). It evolved out of the need to diversify incomes of the rural poor and to cater to the occupational aspirations of their youth. The program's focus is on skilling and placement in the formal sector for rural youth who are poor. Ajeevika Skills has its origins in the 'Special Projects' component of the Swarnajayanti Gram Swarozgar Yojana (SGSY). With a view to ensure inclusion of the rural poor in the formal labor force and contribute in the country's growth process, the NRLM would scale up the existing skill and placement projects through partnership mode. For strengthening this, various models of partnerships with public, private, non-government and community organizations would be developed. NRLM provides for utilization of up to 15% of the total fund outlay in the annual NRLM plan of the state (25% in the case of North Eastern States) for placement linked skill development projects. 50% of this would be devolved to SRLM, while the remaining would be retained by NRLM for inter-state skill development projects.
- 5. Promote Self Employment –** Micro enterprise development through Entrepreneur Development Program (EDP) training, skilling and short term apprenticeship and hand holding will be provided through Rural Self Employment Training Institutes (RSETIs), which are being set up in all the districts in the country in partnership with the Public Sector Banks.

Convergence and Partnerships

NRLM will ensure that state agencies (SRLM) develop partnerships with major government programs and build synergies to address different dimensions of poverty and deprivation. The focus would be on:

- **Entitlements** – Public Distribution Systems, MGNREGS, social security, Right to Education
- **Improving quality of life** – health and nutrition, clean drinking water, sanitation, permanent housing, electricity
- **Enhancing capabilities** – elementary education, vocational, technical education, skills enhancement
- **Creating livelihoods opportunities** – institutional finance, agriculture, animal husbandry, watersheds, MSME development, food processing etc.
- **Physical infrastructure schemes** – roads, electricity, telecommunications etc.

NRLM /SRLM would make efforts towards convergence with programs of Ministries of Panchayati Raj, Human Resource Development, Agriculture, Animal Husbandry, Food Processing, Health & Family Welfare, Textiles, MSMEs, Women and Child Development, Financial Services, Tourism etc.

Funding Mechanism

Financing of the program would be shared between the Centre and the States in the ratio of 75:25The following will be the eligible items of expenditure under the State Action Plan:

- **Institution Building** – formation of new SHGs, federations and other collectives
- **Training & capacity building** – of institutions of the poor, community resource persons, staff and other stakeholders
- **Revolving fund and capital subsidy**
- **Interest Subsidy**
- **Infrastructure creation & marketing**

- **Skills and Placements projects**
- **Administrative cost**

The appraisal of the states' action plans will take into account-balanced allocations among various components. The allocations among the components will take into account the initial conditions in the states (degree of social mobilization, extent of financial inclusion, etc.) and priorities of the annual action plan.

The flow of funds from the center to the states will be routed through SRLM. For this the SRLM will be required to open a separate bank account and notify the same to NRLM. The devolution of funds to the districts will be made by the SRLM in accordance with district-wise allotments indicated in the Annual Action Plan. The release of central share to the SRLMs will be made in two installments. The first installment of central share will be released in the month of April subject to the terms and conditions stipulated from time to time as is being done now. The second installment will be released in the month of October on the request of SRLM in prescribed pro-forma and on fulfillment of the following conditions:

- Utilization of at least 60 percent of the available funds including the opening balance
- State Government should have released its contribution during the previous year. In case of deficiency in release of state contribution, the central share will be reduced proportionately
- The opening balance of the SRLM should not exceed 15 percent of the allocation for the same year. In case the opening balance exceeds this limit, the central share would be appropriately reduced.
- Audit reports, utilization certificates for the previous year should have been furnished
- Any other terms and conditions stipulated at the time of the previous release should have been met

SRLMs are needed to develop a comprehensive financial management system to ensure efficiency, transparency and accountability. MoRD will develop an electronic fund tracking system in that regard.

Community Resource Persons (CRP) for social mobilization and support project staff in scaling up

The World Bank supported Society for Elimination of Rural Poverty (SERP) project in Andhra Pradesh has developed and practiced the Community Resource Person (CRP) strategy, involving the experienced community members for social mobilization, capacity building and scaling up of various processes within the project.

There are two types of CRPs developed – Internal and external. Internal CRPs are the community persons from within the block and external are from outside the block/district or state. A systematic process of identification and orientation is given for the CRPs before their services are utilized. CRPs are paid a fee for the services and time provided for the project in addition to meeting the travel and food costs by the project. CRPs are expected to deliver defined set of outputs in a given time frame and CRPs are used primarily as an interim strategy to trigger the process and support the project staff and work on a campaign mode to address specific tasks especially on a scale in a given period of time. CRPs are community members selected based on the following characteristics:

- Active members of mature SHGs/Village Organization/Mandal Samakhya, who have come out of poverty as a result of the intervention and recognized as role models
- Have good communications skills and relevant experience as members in their groups, accessed and successfully repaid multiple doses of loans and improved their standard of living
- Gained knowledge and experience in management of groups, clarity on the need of Bookkeeping and role of Bookkeeper, various processes of VO management, clarity on the role and function of Community Activists.
- Have the ability and skills to organize training programs for the community by drawing lessons from their personal experiences and the best practices of their SHGs and VOs. They have the ability to use their local knowledge in the trainings and facilitation for motivating the poor women.
- Ability to document the SHG / VO profile, case studies and best practices of members and use them as training material in the trainings and facilitation

In case of the Bihar Rural Livelihoods Program external CRPs from Andhra Pradesh were involved for social mobilization and later internal CRPs from older locations were involved. CRPs were successfully able to form many groups at very shorter span of time due to campaign approach and motivate the poor and vulnerable through sharing of own experiences.