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# Strategies for Implementing National Rural Livelihoods Mission (NRLM)



**A Synthesis of Important Discussions  
on National Rural Livelihoods Mission**

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# **Strategies for Implementing National Rural Livelihoods Mission (NRLM)**

## **A Synthesis of Important Discussions on National Rural Livelihoods Mission**

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The Resource Team of Microfinance Community is grateful to the following members of the community for contributing their responses in two discussions on National Rural Livelihood Mission ( NRLM)

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## *Solution Exchange* *An Initiative of the United Nations in India*

The United Nations in India, has since 2005, supported a knowledge-sharing initiative to help improve development effectiveness in support of India's Five Year Plans and the Millennium Development Goals. This initiative branded as 'Solution Exchange' develops 'Communities of Practice' for sharing knowledge and experience among practitioners from the government, NGOs, private sector, academia, activists, etc. The UN serves as a catalyst and plays a facilitative role, offering a free, impartial space where all development professionals are welcome to participate.

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### **Active Communities of Practice and their Facilitating Agencies**

	<i>Decentralization</i>	-	<i>UNDP</i>		<i>Work &amp; Employment</i>	-	<i>ILO</i>
	<i>Water</i>	-	<i>UNICEF</i>		<i>Microfinance</i>	-	<i>UNDP</i>
	<i>Food &amp; Nutrition Security</i>	-	<i>FAO</i>		<i>ICT for Development</i>	-	<i>UNESCO</i>
	<i>Gender</i>	-	<i>UNICEF; UN WOMEN</i>		<i>Disaster Management</i>	-	<i>UNDP</i>
	<i>Maternal &amp; Child Health</i>	-	<i>UNICEF</i>		<i>Climate Change</i>	-	<i>UNDP</i>
	<i>AIDS</i>	-	<i>UNAIDS</i>		<i>Karnataka Community</i>	-	<i>UNICEF</i>
	<i>Education</i>	-	<i>UNESCO</i>				

*These Communities of Practice (CoP) are people who share similar concerns and interests, through electronic e-mail groups and face-to-face interactions, with the common objective of problem-solving. The initiative has been in operation since 2005, and has grown dramatically over its three years of existence. At present it has thirteen Communities of Practice, with a membership base of nearly 16,000 members and 28,000 subscriptions (a member may be subscribed to multiple Communities).*

*For getting better idea and membership of Solution Exchange, please visit: [www.solutionexchange-un.net.in](http://www.solutionexchange-un.net.in)*

# Strategy Paper

## Addressing Livelihood Promotion Issues through NRLM – Key Strategies

The spectrum of National Rural Livelihood Mission (NRLM) in context of poverty alleviation is quite holistic as it covers a wide range of rural poor households with a mission to provide them sustainable livelihoods. This strategy paper is entirely based on the recommendations made by the members of Microfinance and Work and Employment Communities of Solution Exchange, United Nations on design and implementation framework of NRLM.

### Key Strategic shifts and implementation strategies suggested by Members

- **Adopting holistic approach** – a multi-pronged strategy for poverty reduction
- **Shift in strategy** – From fund driven to livelihood resource driven; from household to local economy development; from individual to collective social capital; and from activity level approach to sub sector level approach
- **Adopting Direct and Indirect Livelihood Promotion Strategy:** Besides developing direct skills and providing new livelihoods, existing entrepreneurs can also to be encouraged to scale up their business so that they hire others and enhance livelihoods
- **Continue focusing on Cluster Approach:** There is due emphasis to continue applying cluster approach under NRLM and giving importance to 'economies of scale' and its benefits. Social mobilization, member education, skill development and all other activities of the value chain can be very well managed if cluster approach is applied.
- **Classification of Livelihood sectors and subsectors:** It is important to classify different sectors to be covered under NRLM in more generic terms like – i). farm, off-farm and non-farm, ii). Farm (Agriculture and Agri.-Allied) and Non-Farm (Manufacturing, Trading and Services).
- **Supporting Primary, Secondary and Tertiary Value Chains:** Often the livelihood programmes focus on primary value chain ignoring the upper level value chains. Due to inter linkages between different chains, the purpose is not completely served. There is a need to adopt a holistic approach of livelihood promotion and providing support to all the three levels of value chains – Primary, Secondary and Tertiary. This becomes more relevant as NRLM is also focusing on wage employment in addition to self-employment.
- **Shifting of the Power** - From Government's delivery systems to People's institutions
- **Adopting a 'demand driven' strategy and need based partnership Models** – Public-Private or Public-Private Community/Development Institution partnerships (PPP/PPCP/PPDIP)
- **Transition from 'Micro' to 'Macro' finance for creating sustainable livelihoods** - Focusing not merely on spatial growth but also on qualitative transformation
- **Focus on Rural Product Marketing Infrastructure and connectivity to the markets but keeping the mission** - people centered and environment friendly not just driven by banks and markets
- **Using 'Stakeholders' in place of 'Beneficiaries'**

- **Developing multifaceted capacities of BPLs and other micro-entrepreneurs.** Shift from “what one can produce” to “what one can sell with profitability and what is in demand in the market”
- **More application of concepts like Clustering, Subcontracting and Ancillarisation**
- **Going beyond SHG and other Microfinance models to cover poorest and the most marginalized**
- **Planning for self-sustaining system in the long-term, based on lessons of SHG Bank Linkage program**
- **Clear timelines for clearing proposals along with accountability to the partner organizations**
- **Focus on Resource Mapping** – Individual Households, Collective/Common Resources
- **Application of 3 M approach** (Micro Planning, Micro Finance and Micro-Marketing)
- **Analysing the Value Chains** - group based and special activities based
- **Introducing innovative concept of Micro leasing**

#### **Specific suggestions on various thematic areas**

##### **Financial Inclusion Strategies – Coverage of various segments of poor**

Exclusion of the poorest especially daily wage laborers in spite of the existence of SHGs in the villages is often noticed. Financial inclusion or bank linkage programme for most challenged sections of society must mandatorily be accompanied by some strong entrepreneurship training and opportunities programmes so that they are not trapped in multiple lending agenda of the financial institutions. Normally, lending is based on targets and convenience of FIs which affects the business of SHGs and federations therefore it will be good to provide timely financial services by financial institutions (FIs) to the SHGs/Federations as per their Micro Investment Plans.

##### **Suggestions for client oriented financial inclusion –**

- Not adopting the “**one size fits all**” approach in financing and introducing an alternative to ‘Revolving Fund’ in the form of productive assets i.e. Productive equipments and tools etc.
- Linking ‘**Bank Mitra**’ and ‘**Spearhead Team**’ with Financial Literacy and Credit Counseling Centers (FLCC) and promoting financial literacy among the poor
- Collaborating with Postal Department as well as other institutions that offer **remittance services at the door step** in the rural areas
- Expanding the role of **Community Based Microfinance Institutions** (CBMFIs) especially those working effectively and efficiently in remote areas
- **Training youth to function as Business Correspondents (BCs)** and making the BC model attractive in terms of providing returns to the entrepreneur



- **Providing flexibility in loan amount** as per the need of the respective SHGs and fixing lower and maximum range rather than generalizing the loan amount
- Creating a **web portal at the National level** and developing some mechanism for tracking the use of loan amount by SHGs and their members
- Pursuing Banks to **engage appropriate number and a good mix of professionals** to provide prompt and timely financial services to the poor
- Adopting the concept of Credit Based Saving Group (**CBSG**) - successfully used in South Africa and Bangladesh and projects supported by Aga Khan Foundation (AKF) in India

### **Other suggestions related to coverage of different subsets of people**

In order to cover disadvantaged people like widows, separated women and people with disabilities (PwDs), it is important to adopt multiple strategies. Based on the example of Uttarakhand Livelihood Improvement Project for Himalayas that has adopted a process of segmenting poor into four different categories, inclusion of different category of people can be strategized. Experienced NGOs can be engaged to identify the poor in villages using PRA methods. Following are some of the suggestions for the coverage of different segment of people:

- **Coverage of Tribals under NRLM:** Tribals are required to be classified as a separate target group and a special strategy has to be sketched for these people. There is a need to strengthen legislations including the Forest Rights Act, PESA, and other revenue laws
- **Inclusion of 'Ultra Poor':** based on the example of BRAC's pilot project for Ultra poor in Bangladesh, there are possibilities of introducing a separate programme for Ultra Poor under NRLM
- **Inclusion of PwDs:** Merely allocating quota (3% or 4% under beneficiaries' programmes) has not helped much in the past therefore there is a need to introduce separate strategies for including PwDs in NRLM and introducing additional norms for mainstreaming disability issue in the programme
- **Inclusion of Scheduled Castes:** Based on results of pilot studies (IIDS study supported by ILO, 2005) in rural market, it is revealed that the excluded farming communities in rural areas, especially Schedule Castes face problems of discriminatory access to various sources of livelihood; discriminatory access to rights and entitlements etc. Hence, it is suggested to introduce '**dual policy model**' that can cover general policies for all farmers plus special policies for the farmers belonging to the discriminated group.
- **Gendered Approach to the NRLM:** There is a need for applying a gendered approach to the NRLM with gender orientation and training and also applying the same approach at every stage of NRLM implementation

### **Incentives and Subsidies**

**Incentive Systems:** A system of incentives to members, workers and institutions has yet to be introduced in the programme. Providing performance based incentive package to the NGOs in order to leverage credit from financial institutions could also be introduced. Moreover, incentives in the form of social recognition through government platforms could also be provided.

**Subsidy Component – Direct, Indirect and Institutional:** Besides providing subsidy at the individual level, the importance of 'institutional subsidy' has also to be recognized for creating an enabling environment to reduce the portfolio at risk and for community mobilization. To promote and strengthen

likelihoods, subsidy needs to be given as reward and not as a target. Subsidy amount should be converted and used for providing the technical support. Subsidy provided by Government can have two parts – One for the individual members and other for the group as whole so that SHGs can use it for getting higher level of borrowings from banks.

Although subsidy is an encouraging factor but the purpose is defeated when community members use subsidy component as a trigger to form SHGs. The subsidy component can be classified as - Direct and Indirect subsidy. While direct component of subsidy provides support in procuring small tools and machineries, for improving the production and marketing efficiency for the poor, indirect subsidy component can be used for capacity building, technical assistance and creating linkages etc. Based on the experience of backend subsidy system used in GoI's Venture Capital Support Scheme for Dairy and Poultry farmers, it is suggested to shift the focus from 'capital subsidy' to 'Interest subsidy'.

**Besides above, following are also suggested:**

- Development of innovative and need based subsidy products
- Extending subsidy by way of crediting bank accounts of the beneficiaries
- Providing first round of subsidy to the poorest of the poor, for basic consumption needs through subsidized food, pension facilities and economical credit facilities
- Linking subsidy component into a performance incentive frame/rewards i.e. subsidy amount to be linked with performance of the groups or individuals
- Regular and complete communication of information regarding the subsidy schemes to the poorest of the poor and using E-Seva facility in communication

**Specific Suggestions on the Framework for Implementation of NRLM:**

**1. Implementation Strategy and Planning**

NRLM can strategically have Livelihood Promotion and Financial Inclusion divisions. Based on the need of different segment of poor, there can be three major functional categories of services:

- Community Institution Development Services;
- Livelihood Enhancement and Development Services; and
- Livelihood support services / Social Venture Capital Services

Keeping interstate disparity in mind, Government of India is required to give autonomy to the states Governments to adopt their own operational strategies i.e. project outlay, time schedule, coverage, engaging participating NGOs and other private agencies etc. as per the local situations and need of the people. It is suggested to establish a Social Venture Capital Company or a Micro Finance Institution at the state level and a District Livelihood Technical Forum at district level. There is a need to bring in more community representatives in a phased manner into the structures. The time frame of the project needs to be at least seven years. The provision of eight Mission Managers at the state level units representing various fields like Social mobilization, Institution building, Livelihood Promotion, Marketing, Micro finance, Risk mitigation and MIS is much appreciated and adoption of the same arrangement is suggested for the districts also.

Based on the successful example of IFAD assisted SHG program (Tamil Nadu Women Development Project), it was suggested to depute Rural Development Officers of Banks at the District Level Units to coordinate the credit linkage process with Banks. The campaign/IEC materials on NRLM should address the message that ensuring self-reliance and thrust on collective operation of the groups is the basic objective of the programme. Since Ministry of Rural Development will be involved in the day to day management therefore it is quite possible that it will lead to micro management and will not give space for creativity of CEO. Hence, CEO shall be taken from the open market – person with proven credentials from the government or development sector can be engaged.

## 2. Convergence with other Programmes

Convergence of National Rural Livelihood Mission with National Rural Employment Guarantee Program, various Government departments, Private sector and NGOs is required to achieve sustainable development at the village level. Convergence with relevant line departments as envisaged would certainly optimize resources and efficiency, provided the line departments do share their resources in practice. For the vulnerable people, NRLM may adopt a strategy of proactive convergence with MGNREGS and other development programmes. The local level infrastructure can be developed under **NREGS** whereas NRLM can provide sustainable livelihood utilizing the infrastructure. It is important that these convergences are to be spelt out clearly. It is essential to create a structure under NRLM mission to foster this demand driven bottom up convergence. Integration of shifting cultivation models under NRLM for the north eastern region is also recommended.

Coordination with Ministry of Urban Poverty Alleviation is important in context of the migrants, especially rural women migrants. If under NRLM, some facility of joining an urban group by rural migrant women could be provided then they can continue their regular savings and also get local support from SHG members in urban areas. Similarly, it is logical to link more and more SHGs with Mid-Day Meal Scheme.

**3. Engaging Resource Organizations/Spearhead Groups:** The organizations having expertise in a particular sub-sector are to be identified as Resource organizations and engaged in NRLM implementation. NGOs have performed creditably in the livelihoods domain - PRADAN, Dhan Foundation, BAIF, MYRADA, Sadguru Foundation, AKRSP and many others have established sustainable access to markets and incomes for the poor. Experts and organizations that have proven work on livelihoods may spearhead NRLM. NGOs could be engaged to offer services like social mobilization, institutional building, livelihood promotion, marketing, micro finance and risk mitigation on time bound manner with clear deliverables on enterprise promotion.

## 4. Strategic Planning and promotion of Livelihoods

A careful study, research, and participatory planning approach are required for successful livelihood interventions. Economic activity has to be identified matching with the livelihood profile of the specific area, resource profile and the market demand. The livelihood development activities are to be chosen in tandem with locally available resources and market opportunities. There is a need for a comprehensive livelihood profile and specific sub sector livelihood profile. Several programmes and impact studies reveal that there is a need of basket full of inputs which includes enterprise counselling, skill trainings, market and credit linkages. To promote, build up and sustain a model of livelihood in rural areas, planning can be on the basis of: Resources (natural, agricultural, industrial and human resources); Technologies (tested for value addition); Finances (institutional or grant); and Markets. In order that resources at local level are utilized optimally, it is perhaps necessary to do resource mapping.

The importance of **agriculture allied sector** especially dairy in context of livelihoods could not be denied. It is recommended to provide necessary animal husbandry skills and knowledge before going for any investment in livestock Resources. It is a fact that all SHG members cannot become micro entrepreneurs. However, those who succeed in their entrepreneurial activities are likely to create employment for others. Hence, focus could be on the human development programmes especially rural youth with new areas that could make them to adopt new entrepreneurial skills to develop into SMEs thereby developing a linkage with MSMEs or to large scale industries. NRLM may explore possibilities for partnering with World Fair Trade Organization/Fair Trade Forum of India.

## 5. Institutional Development, Capacity Building and Skills Development

### 5.1 Institutional Development

In order to address poverty, it is important to develop leadership and institutions to build strong mechanisms for demanding rights and entitlements and also for changing the situation of access to and control over assets resources and incomes from a gender and equity perspective.

- **Establishing and Strengthening Livelihood Collectives:** Besides SHGs and their Federations, creation of a variety of 'Livelihoods Collectives' (cooperatives, Mutual benefit trusts, producer companies etc.) for managing backward and forward linkages in promoting livelihoods, skill development and self-employment is useful. While creating and utilizing mutually aided cooperative societies (MACS), with a well drafted set of the bye laws is considered as a good strategy in the long run, usability of Producer Companies (PCs) is also recognized.
- **Multiple legal entities in NRLM:** There is an example of a livelihood initiative for small and marginal apple farmers of Uttarakhand. The promoting NGO has creatively used different forms of institutions such as cooperatives, limited companies, self-help groups, partnerships and family businesses in the management of the value chain. It is suggested that under NRLM, a variety of organizations could be engaged depending on the subsectors and the value delivery chains. Moreover, there should not be a precondition on sequence of steps to create organizations. There can be 'Parallel Development Approach' where both economic development institutions and financial inclusions are developed simultaneously.
- **Creating and Strengthening People's Institutions (PIs):** There is no disagreement about creating durable and self-reliant People's institutions under NRLM. Involvement of the civil society organizations that are having expertise to nurture people's institutions could be useful. In this context, the example of a quasi-government organization 'WASMO' in Gujarat that works in close partnership with civil society organizations is worth taking note of.
- **Establishing National Federation of SHGs/National level institution:** In order to streamline activities at the national level in context of livelihood promotion, subsector development and financial intermediation, creation of a national level umbrella organization that can provide support to various collectives of different states is suggested.
- **Promotion and Support to Groups and SHG Federations:** Groups of different sizes and types can be promoted as per the need like Swarozgar groups/common interest groups/Sub sector specific groups. The introduction of self-rating and regular external rating can be done by competent NGOs. These ratings can be used by the Banks and other support agencies for selection of the Groups. Formation of **multi layers of federations** viz. Cluster Level Federations (CLF), Block Level Federations (BLF) and District Level Federations (DLF) has become important as the whole movement matures. These federations can be provided support in the form of - operational expenses; interest subsidy/ interest free loans as working capital support; and grant for developing infrastructure. Grants to the federations could be enhanced to Rs. 50000 (For CLF), Rs.200000 (for BLF) and Rs.500000 (for DLF).

### 5.2 Capacity Building

- **Institutional Capacity Building (ICB):** NGOs spearheading NRLM are required to identify affinity groups and train them in Institutional Capacity Building. It is observed that providing credit to SHGs is not a problem, however bankers have been hesitant to give loans to SGSY groups because they are weak as per the grading norms. Focused institutional capacity building will strengthen SHGs in

terms of - creating the habit of thrift and creating empowerment as a result of the dynamics of active participation of members.

- **Linkages for Capacity Building :** Institutions such as IRMA, IIFM, IGNOU and others could collaborate with more grassroots oriented training institutions like Development Support Center, PRAXIS, Jan Vikas, The Livelihood School – BASIX and others to come out with 6 to 12 months diploma courses and other relevant training modules in consultation with organizations such as PRADAN, BAIF, MYRADA, SADGURU etc. Short terms training courses on market led new livelihood initiatives can be planned forging linkages with national institutions like National Institute of Rural Development, National Institute of Agriculture Marketing, National Institute of Agriculture Extension Management, Entrepreneurship Development Institute, Fragrance and Flavour Development Institute etc. At grassroots level, training can be organized through Agriculture Technology Management Agencies, Agri-clinics, Krishi Vigyan Kendras, Khadi and Gramodyog Centres etc. along with resource backing from suitable banking and financial institutions including micro-finance agencies. The civil society organizations, foundations of cooperatives and corporate sectors like IFFCO foundation, Gramin Vikas Foundation, Reliance foundation etc. could also be engaged in this endeavor.

### 5.3 Skills Development

Since 15% funds are earmarked for financing the skill development initiatives, there is a need to include the existing best practices of Rural Development and Self Employment Training Institutes (RUDSETIs), Industrial Training Institutes (ITIs), and PPP models of skill development. States would have to see their human resources as assets and develop long term strategies to retain the trained professionals.

- **Identifying industrial hubs to strategize skills development:** There is a need to enlist potential industrial hubs (district and state wise) so as to initiate collaboration with industries from the beginning and also customize skills development courses based on the demand of human resource in these hubs.

Following initiatives are suggested for sustainable skills development under NRLM –

- Linking NRLM with the existing work of National Skill Development Corporation (NSDC) so as to avoid duplication and for adopting an inclusive approach
- Establishing RSETIs (Rural Self Employment Training Institutes) in every district with committed CSOs and linking it with BPOs for long term business. (Example -Tata Power's experimentation of skills development of youth in Maharashtra)
- Ensuring infrastructure and market support, technology extension, backward and forward linkages and other support in managing the value chain, after providing skills training
- Promoting skills enhancement to support up scaling through partnership mode
- Introducing provision in education policies for vocational training in key livelihoods sectors/sub sectors such as agriculture, livestock management, carpentry, etc.
- **Skill Development trainings:** Mission should critically address the issue of lack of trained human resources to undertake livelihoods and build a cadre with required skills sets. While strengthening traditional livelihoods options is to be given importance, focus needs to be given on tertiary / service sector activities such as – tourism, masonry, hand-pump repair, mobile repair, electronics repair etc.. It is realised that the exiting capacities of ITIs are to be enhanced based on the needs of the small industries so that there is a balance between demand and supply of appropriately skilled human resources.

The minimum requirement of 10<sup>th</sup> pass in ITIs is a problem for many people. It is suggested to create informal technical institutes for the dropouts. A mechanism for identification and application of appropriate technology must be incorporated in the programme. It would be useful to enter into tie-up

with Universities, Polytechnics, Small Industries Service Institutes (SISIs), local companies, organizations involved in promoting innovative and environment-friendly technologies.

## **6. Support Structure and Monitoring and Evaluation**

### **6.1 Support Structure**

For transparency in creating support structures and implementation mechanisms, civil society organizations can be engaged at different levels. State governments are to be encouraged to involve community leaders, CSOs and other institutions in implementation and most importantly in review and documentation of the projects at different levels. It is useful to take note of testing of a product of financing for the rural habitat and infrastructure in Kuthambakkam and Odenturai panchayats of Tamil Nadu, under Rural Innovation Project (RIF) of NABARD.

- **Mapping of Organizations at various levels:** Need of a repository of the organizations existing at different levels including people's institutions is envisaged keeping in view the planning for coverage of poor from different geographical areas and also to figure out possibilities of up scaling livelihood initiatives already taken up by various collectives, cooperatives and federations. This will help in doing analysis of existing civil society organizations and their potential role as Resource or Implementation Organizations.
- **Focus on National Resource Management:** National Resource Management is one of the major components for addressing the livelihoods of the rural community. Some successful initiatives of utilizing natural resources include Horticulture based WADI (NABARD), Drip Irrigation for Commercial Vegetable Cultivation (Jharkhand State Livelihood Promotion Society), Seed Village (Gramin Vikas Trust), and Sericulture (JHARCRAFT) etc.
- **Developing 'Product Champions':** There can be a system of identifying and making use of 'Product Champions' (key market Players i.e. retailers, chain stores, exporters etc.) for adopting SHGs/ Federation. NRLM project unit can function as a catalyst in the process. These champions can lead in creating sustainable livelihoods for identified and contracted groups in an end-to-end service delivery model. A system of incentivizing through NRLM for the package of services provided by them could be useful.
- **Multi-Purpose Structures/Utility Centers:** A cluster based structure comprising of ICT, Rural Business Hubs, Banks/MFI combinations, Producer-Consumer Cooperatives, could be a good option for collective action. These centers can be managed jointly by the local NGOs and community leaders.
- **Going beyond DRDAs:** For monitoring and enterprise support related activities, MoRD may need to go beyond DRDAs realizing the limitation of these institutions

### **6.2 Monitoring and Evaluation (M&E) systems**

M&E Systems to be developed for NRLM can focus on results and information on financial condition of households and tracking it over a period of time. The success of NABARD's Wadi model wherein continuous support to tribal families was provided for about 8 years based on regular monitoring is worth quoting here. **Risk reduction** in the livelihoods of the poor is another critical concern which is not being addressed. Risks to the person (life, accident, health) and the enterprise (asset, technology, markets and incomes) should be managed. A well-structured **grievance redressal mechanism** should also be part of the design with external monitors for adjudicating on grievances.



NRLM may create conducive conditions for creation and sustainability of producer collectives such as federations, cooperatives, producer companies etc. It is suggested to take up experiences and learning from the following programmes like - Western Orissa Rural Livelihoods Project; Jeebika programme of Govt. of Orissa: Orissa Tribal Empowerment & Livelihoods Programme (OTELP); DFID Supported DelPHE Project on Livestock; Himalayan Action Research Centre (HARC) in Naugaon – Purola area of Uttarkashi (for the value delivery chain management of farm and farm based non-farm products); PRADAN and MYRADA (for micro finance interventions); Sadguru Foundation (for water and irrigation experiments); BAIF (for wadi and animal husbandry sectors); Madhya Pradesh Rural Livelihoods Project and Orissa Rural Livelihoods Project ; Mother Dairy (highlighting the importance of forward linkages for marketing); IFFCO's initiative in Jhansi (for links with market for the agriculture based women groups);and GEF UNDP Small Grants programme ( for Environment theme - Land Development and POPs)

- **Standardize minimum required indicators:** An elaborative Result Based Management and Learning framework with the support of web enabled comprehensive MIS is required to do process monitoring studies, concurrent evaluation and impact evaluation. While appreciating the Management Information System (MIS) based input-output monitoring, members feel that there is a need to capture the information on common indicators/important factors from various districts and states so that it can be compiled at the National level and effectively analyzed.
- **Social Audit:** Social accountability and audits by third parties are absolutely essential for the NRLM to be effective. The third parties could be drawn from civil society, community and area experts. While guidelines for social accountability and social audit must be standardized, however some built in flexibility will be required to allow for the local variations.

## 7. Collaboration, Linkage Models and Marketing:

Collaboration with private players in agriculture and allied sector, ICT and Technology, financial services, marketing of inputs and consumables as well as skill development will be useful. Organizations like ITC, Intel, Bharti Group, HUL, DSM, Tata, AMUL, Suguna, ICICI etc. and many more have been making strides in this direction and can be meaningfully partnered. While integrating the already existing agriculture and horticulture departments in all the states is suggested, the need of a concrete and systematic mechanism towards involving women SHGs in agriculture marketing is also felt. Forging of linkages with state level Khadi and Village Industries Commission (KVIC), Corporate Social Responsibility (CSR) wings of retail outlets, Government procurements etc. can give good results. Under NRLM, Primary Agricultural Cooperative Societies (PACS) can also be engaged and encouraged to form SHGs and handhold them.

- **Linking NRLM with Sources of Innovations:** A document/ map of Innovative technology options can be prepared and a system of regularly assessing innovative technologies from sources like IITs, National Innovation Foundation and Honey Bee Network etc. can be made
- **Use PACS Godowns for NRLM:** The godowns of PACS can be used for various purposes in NRLM programme such as storing the raw material as well as finished products of SHGs
- **Using Consumer Cooperatives for selling SHG products:** Under NRLM the farm and non- farm products of SHGs can be sold in the women consumer cooperative societies
- **Engaging locally operating NGOs:** Proper selection of NGOs is required wherein local NGOs may not be compared with national level NGOs/Resource organizations/ institutes
- **Promoting a Brand name:** Under NRLM, one brand name can be promoted and accordingly training on quality standards and marketing can be provided to SHGs

- **Engaging Foot Soldiers:** Foot Soldiers are the mainstay of effective livelihood enhancement programmes therefore community foot soldiers (para professionals) can be engaged in NRLM
- **Chain of Demonstration Units and separate fund for Demo-Units:** Under NRLM it is important to work on value chains in farm and non-farm sector e.g. organic farming, dairy farming, NTFP, eco-tourism, village tourism, integrated vegetable production, poultry farming etc. A chain of demonstrations of different subsectors is needed to provide basket of livelihood options to the poor. Creating a separate fund is suggested for establishing demonstration units of successful livelihood models utilizing grant money.
- **Rewarding Successful SHGs and Linkage of Data with 'Aadhar' programme:** While rewarding successful SHGs is important at one end, it is equally important to create a web based central data base with clear linkages with 'Aadhar' programme of providing UIDs so that Government can track all the SHG members. The suggestion has the basis of the problems faced by women construction laborers, migrated from different states.

## 8. Financing for livelihood Promotion

The Fund disbursement needs to be done directly into the bank accounts of the stakeholders, through SHGs. Promotional /capacity building funds may have to be released by MoRD, GoI through national level autonomous agencies having experience in managing and monitoring promotional funds and dealing with NGOs/SHGs. Micro-financing institutions still have not been able to penetrate into the short term and very small credit demand of poor farmer and therefore landless and poor farmers still rely on the costly informal credit support for cultivation. This limits their capacities to invest properly into cultivation, especially in terms of technology and methods. The NRLM plan can specifically address the problem of marginal and small farmers. There is a need of services like health/crop/livestock insurance, access to banking services, farm specific advisory services, weather forecasts, access to market information, access to better infrastructure etc.

- **Bridge Finance and Development of Equity for Poor –** Besides utilising bridge finance to fill the gaps it can also be used for formation of new producer collectives. More importantly, bridge finance should have both capital and interest subsidy components even for the producer companies and cooperatives. Besides developing quasi equity by capital subsidy and financial incentive by interest subsidy, real strategy to develop the equity of poor is to be developed.
- **Financial Services through Mini banks of PACS:** Mini banks can very well provide financial services to the SHGs as these societies cater to rural poor of the nearby villages
- **Financial Self-Reliance of Federations:** Besides professionals from the community, external technical experts will be required to support technical tasks related to different subsectors and therefore cost of such experts in the resource planning needs to be factored

A software 'NAB-YUKTI' was recommended for doing analysis to assess the purpose and size of loans and indicating peoples choices for a livelihood activities. It is recommended that the funds should be allocated beyond the activity level and the budgetary provision for financial inclusion, small and medium enterprises and livelihood promotion.

## 9. Engaging Civil Society Institutions and PRIs

Given the experience of CSOs in sustainable livelihood augmentation, Government and Policy makers may identify dedicated NGOs having good track records to actively engage them at all levels of programme implementation. Civil Society Institutions can play role at different levels of the NRLM implementation such as - reaching poorest and socially excluded groups; forming and strengthening SHGs / Federation;



planning including preparing Business Development Programs; Pilot testing of ideas through experimentation; collection, updating information and maintenance of a suitable MIS; facilitating and forming a bridge between Government and community; monitoring & documentation; transferring learnings; and conducting TOTs trainers.

- **Classifying CSOs into Generic and Specialized:** CSOs can be classified into two broad categories – ‘Generic CSOs’ and ‘Specialized CSOs’. While ‘Generic CSOs’ can take up a variety of generic activities related to implementation of NRLM, ‘Specialized CSOs’ can provide technical and sub-sector specific services. More precisely, specialized CSOs could function as resource organizations so that they can be utilized for technology based value added services on a particular subsector and to arrange livelihood demonstration/best practices of different value chains. A standardized assessment tools can be developed for the identification of CSOs for the purpose of Partnership and Collaboration. It can be called as CSO – PACT tool (Partnership Assessment and Collaboration Tool).

Based on the experience of working with tribal project including NABARD’s Adivasi Development Programme, it is seen that the poorest and most vulnerable people (Primitive Tribal Groups, landless, wage earners, single women, old and destitute persons) normally do not come forward to form SHGs and therefore CSOs can play a vital role in bridging the gap between communities and the Government.

- **Engagement in Advisory boards/Steering Committees:** CSOs with good track records of people’s mobilization should be brought into district and national level advisory boards / steering committees to guide and monitor the effective monitoring of NRLM.
- **Engaging PRIs:** Micro plan could be prepared by the Project implementation Agency (PIA) involving PRI representatives. In the next step, micro plan needs to be approved by Gram Panchayats

## **10. Time frame of the Project and withdrawal of Spearhead Teams**

On the basis of the two examples of pro-poor value chains - Tasar silk in Jharkhand promoted by PRADAN and organic cotton value chain in Kutch facilitated by AGROCEL, it is important to relook at the timeframe of the project. Facilitating cooperatives and producer companies as part of pro-poor value chain interventions require even more intensive facilitation and over a longer period of time.

## **Summing Up**

In the nutshell, it is important to adopt a holistic approach, specify various segments of livelihoods and strategize differently, continue focusing on cluster approach, link subsectors with appropriate target groups, assess and engage variety of CSOs, use the existing network of organizations, have proactive approach for convergences, support different levels of value chains and finally do close monitoring the whole NRLM programme at micro and macro levels.

**Consolidated Reply  
On  
Framework  
For  
Implementation of NRLM**



## Poverty

### Microfinance Community



## Solution Exchange for the Microfinance Community Solution Exchange for the Work and Employment Community Consolidated Reply

### ***FOR COMMENTS: Framework for Implementation of NRLM***

Compiled by Navin Anand, Resource Person and Monika Khanna and Warisha Yunus, Research Associates

Issue Date: 22 July 2011

**From CS Reddy, Chairman – Working Group on NRLM for Planning Commission and MoRD, Government of India, New Delhi**

**Posted 03 June 2011**

The Planning Commission, Government of India has formed a working group on National Rural Livelihood Mission (NRLM) with 21 eminent members (Available at: <ftp://ftp.solutionexchange.net.in/public/mf/cr/res30051101.pdf> Size: 1.12 MB) and entrusted me to facilitate the group as a chairman to review and suggest changes on the proposed NRLM Mission Document and NRLM Framework for implementation. The ToRs of Working Group are as follows:

- Review the proposed NRLM document and NRLM Framework for Implementation and make suggestions for improvement
- Suggest a framework for participation of civil society organizations in NRLM
- Examine the guidelines of the Mahila Kisan Sashaktikaran Pariyojana (MKSP) and make suggestions for improvement

While the TORs for the NRLM Working Group are specific, the group feels the need to evolve a broad vision and strategy for NRLM as this would serve as an input for the 12<sup>th</sup> Plan. The first meeting of the Working Group was held on 2<sup>nd</sup> May 2011. The minutes of the meeting are available at: <ftp://ftp.solutionexchange.net.in/public/mf/cr/res30051102.pdf>, Size: 33 KB) for your reference so as to communicate key issues being focused by the working group.

The Ministry of Rural Development, Government of India has come out with a Framework for Implementation of NRLM (Available at [http://rural.nic.in/latest/NRLM\\_lattest\\_13092010.pdf](http://rural.nic.in/latest/NRLM_lattest_13092010.pdf)). The framework incorporates aspects like Social Mobilization and Institution Building, Financial Inclusion Strategies and Role of Revolving Fund, Capital Subsidy and Bank Linkages, Livelihoods, Infrastructure, Marketing Support, Skill Development, Convergence and Partnerships, Role of Panchayati Raj Institutions, Support Structure and Implementation arrangement, Monitoring, Evaluation & Learning, Financial Management and Technical Support under NRLM.

Since the focus of Planning Commission has been on involving various stakeholders and development practitioners in the planning process of 12<sup>th</sup> Five Year Plan as well other important schemes of Government of India, I find it most appropriate to get inputs of the members of Work and Employment as well as Microfinance Communities of Practice as NRLM issues revolve around MF as well as Livelihoods.

With this background, I request members of Microfinance Community and Work and Employment Community to go through the NRLM documents and share their experiences and suggestions on NRLM Framework for implementation and more specifically on the following -

- What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor, effectively
- Most effective ways of using the subsidy component to reach the poorest of the poor.
- How to promote livelihoods, skills development, market linkages and other activities of the value chains
- What could be the strategies for engaging civil societies, particularly NGOs, for field implementation, as resource organizations, to promote best practices, technology and innovations
- What should be the support structure, implementation mechanism and M&E for NRLM

Your valuable inputs will help us to suggest Planning Commission and MoRD, GOI to modify Framework for Implementation of NRLM. The report of the NRLM Working Group is due on 31<sup>st</sup> July 2011 and your inputs will enrich the report.

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### Responses were received, with thanks, from

1. [Ajay Kumar](#), Bihar Gram Swaraj Yojna Society, Department of Panchayati Raj, GoB, Patna, Bihar
2. [Suman K Apparusu](#), Change Planet Partners Climate Innovation Foundation (CPPCIF), Hyderabad
3. [Umesh Chandra Gaur](#), Confederation of Community Based Organizations of India, New Delhi
4. [L. P. Semwal](#), Shri Jagdamba Samiti, Rishikesh, Uttarakhand
5. [Smita Premchander](#), Sampark, Bangalore
6. [Abhinandan Saikia](#), National Institute of Science, Technology and Development Studies (NISTADS), New Delhi
7. [Indumathi Rao](#), CBR Network South Asia, Bangalore
8. [N. N. Sharma](#), Apex, Noida
9. [Resham Singh](#), Punjab Gramin Bank, Mohali
10. [Uma Shankar Sharma](#), Jaipur Zila Vikas Parishad, Jaipur
11. [Prasanta Das](#), National Bank for Agriculture and Rural Development (NABARD), New Delhi
12. [Samir Ghosh](#), Shodhana Consultancy, Pune
13. [Amit Srivastava](#), Lucknow
14. [Anoop Kumar Gupta](#), Consultant, Uttar Pradesh
15. [Ruturaj Pattanaik](#), Sahayog Foundation, Bhubaneswar, Orissa
16. [Sudhir Katiyar](#), Prayas Centre for Labor Research and Action, Rajasthan
17. [Sanjeev Kumar](#), The GOAT Trust, Lucknow
18. [Joy Daniel](#), Institute for Integrated Rural Development (IIRD), Aurangabad, Maharashtra
19. [Rajan M Karakkattil](#), Malankara Social Service Society, Thiruvananthapuram, Kerala
20. [Rajan Babu. S](#), Indian Bank, Chennai
21. [Krishna Mohan](#), Catholic Relief Services, New Delhi
22. [Dilnawaz Mahanti](#), Consultant, Faridabad
23. [Nune Srinivasa Rao](#), Hyderabad

24. [Indu Chandra Nagar](#), Janhit Foundation, Lucknow
25. [Nilanjana Dasgupta](#), Panchayat and Rural Development Department, Government of West Bengal, Kolkata
26. [Ravi Chandra](#), Bihar Development Trust, Patna
27. [Jos Chathukulam](#), Centre for Rural Management (CRM), Kottayam, Kerala
28. [Bhaskara Rao Gorantla](#), APMAS, Hyderabad
29. [Kailash Iyer](#), Pipal Tree Ventures Private Limited, Mumbai
30. Binay Kumar Sahay, Gramin Vikas Trust, Ranchi ([Response 1](#); [Response 2](#))
31. [Monika Khanna](#), Solution Exchange – United Nations Development Programme - India, New Delhi
32. [Rakesh Srivastava](#), State Institute of Rural Development, Arunachal Pradesh
33. [Dinabandhu](#), Professional Assistance for Development Action (PRADAN), West Bengal
34. [Arun Jindal](#), Society for Sustainable Development, Karauli, Rajasthan
35. [Vidhya Das](#), Ama Sangathan, Orissa
36. [Ashok Kumar Sinha](#), Karma Consultants, New Delhi
37. [Soma KP](#), Independent Researcher and Advisor (Gender Livelihoods and Development), New Delhi
38. [Shubham Singh](#), SRIJAN IDS, Bangalore
39. [Nidhi Sadana Sabharwal](#), Indian Institute of Dalit Studies, New Delhi
40. [Jaya Patel](#), The Tata Power Company Ltd., Ranchi, Jharkhand
41. [Radha Gopalan](#), Rishi Valley Special Development Area, Chittoor, Andhra Pradesh
42. [Raj Jani](#), Freelance Micro-Enterprise Development Practitioner, Jaipur
43. [Arif M. Akhtar](#), Jharkhand State Livelihood Promotion Society, Jharkhand
44. [Tushar Dash](#), Vasundhara, Orissa
45. [GV Krishnagopal](#), Access Livelihoods Consulting India Private Limited, Secunderabad, Andhra Pradesh
46. [Bishnu C Parida](#), GoI-UN Joint Programme on Convergence, Jharkhand
47. [Astad Pastakia](#), Freelance Development Consultant, Ahmedabad
48. [Man Mohan Singh and R K Atri](#), Livelihood and Skills Development Alliance (LiSDA), New Delhi
49. [Vijay Kumar](#), National Council for Cooperative Training, New Delhi
50. [Jayshree Vyas](#), Sewa Bank, Ahmedabad
51. [Murari M Choudhury](#), NEEDS, Jharkhand
52. [James Neil](#), world Vision India, Chennai
53. [Subhankar Bhattacharya](#), Menstrual Hygiene Management Initiative - Department of Panchayat & Rural Development and UNICEF, West Bengal \*
54. [Neelesh Kumar Singh](#), WASSAN Consortium, Ranchi \*
55. [Purushotham Kota](#), Management and Rural Resource Development Foundation, Hyderabad \*
56. [Navin Anand](#), United Nations Development Programme – India, New Delhi \*
57. [Raj Ganguly](#), Food and Agriculture Organization, New Delhi \*

*\*Offline Contributions*

*Further contributions are welcome!*

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[Summary of Responses](#)  
[Comparative Experiences](#)  
[Related Resources](#)  
[Responses in Full](#)

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## Summary of Responses

The spectrum of National Rural Livelihood Mission (NRLM) in context of poverty alleviation is quite holistic as it covers a wide range of rural poor households with a mission to provide them sustainable livelihoods. Based on responses of the members, a framework is emerged with following heads –

- Key Livelihood Strategies
- Financial Inclusion Strategies – coverage of various segments of poor
- Subsidy Component – Direct, Indirect and Institutional
- Engagement of Civil Society Institutions and PRIs
- Institutional Development, Capacity Building and Skills Development
- Support Structure, Implementation Mechanism and M&E

### Key Livelihood Strategies

**Continue focusing on Cluster Approach:** While members endorse continuation of the cluster approach under NRLM, they also emphasized on the importance of 'economies of scale' and its benefits. Social mobilization, member education, skill development and all other activities of the value chain can be very well managed if cluster approach is applied.

**Classification of Livelihood sectors and subsectors:** In the framework document few specific sectors like agriculture and livestock are mentioned. Members suggested classifying sectors in more generic terms like – farm, off-farm and non-farm. Another classification suggested by the members includes - Farm (Agriculture and Agri.-Allied) and Non-Farm (Manufacturing, Trading and Services).

**Supporting Primary, Secondary and Tertiary Value Chains:** Often the livelihood programmes focus on primary value chain ignoring the upper level value chains. Due to inter linkages between different chains, the purpose is not completely served. Members suggested adopting a holistic approach of livelihood promotion and providing support to all the three levels of value chains – Primary, Secondary and Tertiary. This becomes more relevant as NRLM is also focusing on wage employment in addition to self-employment.

**Focus on National Resource Management:** Members consider that NRM is one of the major components for addressing the livelihoods of the rural community. Some successful initiatives of utilizing natural resources include Horticulture based WADI ([NABARD](#)), Drip Irrigation for Commercial Vegetable Cultivation ([Jharkhand State Livelihood Promotion Society](#)), Seed Village ([Gramin Vikas Trust](#)), and Sericulture ([JHARCRAFT](#)) etc. They also quoted 'JHARCRAFT model' in Jharkhand as an example of marketing of the product. Members also suggested promoting local "organic farmers markets" at district levels where farmers can sell their produce directly.

**Proactive Convergence with MGNREGS and Programmes of other Ministries:** Convergence with relevant line departments as envisaged would certainly optimize resources and efficiency, provided the line departments do share their resources in practice. For the vulnerable people, NRLM may adopt a strategy of proactive convergence with MGNREGS and other development programmes. Coordination with [Ministry of Urban Poverty Alleviation](#) is important in context of the migrants, especially rural women migrants. If under NRLM, some facility of joining an urban group by rural migrant women could be provided then they can continue their regular savings and also get local support from SHG members in urban areas. Similarly, members also find it logical to link more and more SHGs with Mid Day Meal Scheme.

**Developing 'Product Champions':** Members proposed a system of identifying and making use of 'Product Champions' (key market Players i.e. retailers, chain stores, exporters etc.) for adopting SHGs/ Federation. NRLM project unit can function as a catalyst in the process. These champions can lead in

creating sustainable livelihoods for identified and contracted groups in an end-to-end service delivery model. A system of incentivizing through NRLM for the package of services provided by them is also proposed by the member

**Chain of Demonstration Units and separate fund for Demo-Units:** Under NRLM it is important to work on value chains in farm and non-farm sector e.g. organic farming, dairy farming, NTFP, eco-tourism, village tourism, integrated vegetable production, poultry farming etc. A chain of demonstrations of different subsectors is needed to provide basket of livelihood options to the poor. Creating a separate fund is suggested for establishing demonstration units of successful livelihood models utilizing grant money.

### **Other Key Recommendations of the Members on Livelihood Promotion**

- **Adopt two Pronged Strategy : Direct and Indirect Livelihood Promotion:** Besides developing direct skills and providing new livelihoods, existing entrepreneurs can also to be encouraged to scale up their business so that they hire others and enhance livelihoods
- **Multi-Purpose Structures/Utility Centers:** A cluster based structure comprising of ICT, Rural Business Hubs, Banks/MFI combinations, Producer-Consumer Cooperatives, could be a good option for collective action. These centers can be managed jointly by the local NGOs and community leaders.
- **Going beyond DRDAs :** For monitoring and enterprise support related activities, [MoRD](#) may need to go beyond DRDAs realizing the limitation of these institutions
- **Linking NRLM with Sources of Innovations:** A document/ map of Innovative technology options can be prepared and a system of regularly assessing innovative technologies from sources like IITs, [National Innovation Foundation](#) and Honey Bee Network etc. can be made
- **Use PACS Godowns for NRLM:** The godowns of PACS can be used for various purposes in NRLM programme such as storing the raw material as well as finished products of SHGs
- **Financial Services through Mini banks of PACS:** Mini banks can very well provide financial services to the SHGs as these societies cater to rural poor of the nearby villages
- **Using Consumer Cooperatives for selling SHG products:** Under NRLM the farm and non- farm products of SHGs can be sold in the women consumer cooperative societies
- **Financial Self-Reliance of Federations:** Besides professionals from the community, external technical experts will be required to support technical tasks related to different subsectors and therefore cost of such experts in the resource planning needs to be factored
- **Engaging locally operating NGOs:** Proper selection of NGOs is required wherein local NGOs may not be compared with national level NGOs/Resource organizations/ institutes
- **Promoting a Brand name:** Under NRLM, one brand name can be promoted and accordingly training on quality standards and marketing can be provided to SHGs
- **Engaging Foot Soldiers:** Foot Soldiers are the mainstay of effective livelihood enhancement programmes therefore community foot soldiers (para professionals) can be engaged in NRLM

### **Financial Inclusion Strategies – Coverage of various segments of poor**

Exclusion of the poorest especially daily wage laborers in spite of the existence of SHGs in the villages is often noticed. Unwillingness to adopt timings and norms suited to the marginalized in SHGs is identified as one of the reasons for exclusion of these people. Members suggested that financial inclusion or bank linkage programme for economically most challenged sections of society must mandatorily be accompanied by some strong entrepreneurship training and opportunities programmes so that they are not trapped in multiple lending agenda of the financial institutions. Normally, lending is based on targets and convenience of FIs which affects the business of SHGs and federations therefore members suggested providing timely financial services by financial institutions (FIs) to the SHGs/Federations as per their Micro Investment Plans. Regarding client oriented financial inclusion, members suggested the following –



- Not adopting the “one size fits all” approach in financing
- Linking ‘Bank Mitra’ and ‘Spearhead Team’ proposals with [Financial Literacy and Credit Counseling Centers \(FLCC\)](#); and Promoting financial literacy among the poor
- Collaborating with **Postal Department** as well as other institutions that offer **remittance services at the door step** in the rural areas
- Introducing an **alternative to ‘Revolving Fund’** in the form of productive assets i.e. productive equipments and tools etc.
- Expanding the role of **Community Based Microfinance Institutions (CBMFIs)** especially those working effectively and efficiently in remote areas
- **Training youth to function as Business Correspondents (BCs)** and making the BC model attractive in terms of providing returns to the entrepreneur
- **Providing flexibility in loan amount** as per the need of the respective SHGs and fixing lower and maximum range rather than generalizing the loan amount
- Pursuing Banks to **engage appropriate number and a good mix of professionals** to provide prompt and timely financial services to the poor
- Creating a **web portal** at the National level and developing some mechanism for **tracking the use of loan amount** by SHGs and their members
- Adopting the concept of Credit Based Saving Group (**CBSG**) - successfully used in South Africa and Bangladesh and projects supported by [Aga Khan Foundation](#) (AKF) in India

**Bridge Finance and Development of Equity for Poor** – Besides utilising bridge finance to fill the gaps it can also be used for formation of new producer collectives. More importantly, bridge finance should have both capital and interest subsidy components even for the producer companies and cooperatives. Besides developing quasi equity by capital subsidy and financial incentive by interest subsidy, real strategy to develop the equity of poor is to be developed.

#### **Inclusion of Various Segments of Poor**

Realizing the importance of doing segmentation of target groups for strategizing interventions under NRLM, members recommended ensuring coverage of the following

- **Coverage of Tribals under NRLM:** Tribals are required to be classified as a separate target group and a special strategy has to be sketched for these people. Members suggested need to Strengthen legislations including the Forest Rights Act, PESA, and other revenue laws.
- **Strategies to include ‘Ultra Poor’:** Sharing the example of BRAC’s pilot project for Ultra poor in Bangladesh, members suggested introducing a separate programme for Ultra Poor under NRLM
- **Inclusion of PwDs:** Merely allocating quota (3% or 4% under beneficiaries’ programmes) has not helped much in the past therefore there is a need to introduce separate strategies for including PwDs in NRLM and introducing additional norms for mainstreaming disability issue in the programme.
- **Inclusion of Scheduled Castes:** Based on results of pilot studies (IIDS study supported by ILO, 2005) in rural market, members revealed that excluded farming communities in rural areas, especially Schedule Castes face problems of discriminatory access to various sources of livelihood; discriminatory access to rights and entitlements etc. Members suggested introducing ‘dual policy model’ that can cover general policies for all farmers plus special policies for the farmers belonging to the discriminated group.
- **Gendered Approach to the NRLM:** Need for applying a gendered approach to the NRLM with gender orientation and training and also applying the same approach at every stage of NRLM implementation.

#### **Subsidy Component – Direct, Indirect and Institutional**

Although subsidy is an encouraging factor but the purpose is defeated when community members use subsidy component as a trigger to form SHGs. **Realizing the importance of subsidy component** to improve the business efficiency and reduce risks, **members suggested classifying it into two** - Direct



and Indirect. While direct component of subsidy provides support in procuring small tools and machineries, for improving the production and marketing efficiency for the poor, indirect subsidy component can be used for capacity building, technical assistance and creating linkages etc. Giving the reference of backend subsidy system used in GoI's Venture Capital Support Scheme for Dairy and Poultry farmers, members suggested shifting the focus from '**capital subsidy**' to '**Interest subsidy**'.

Besides providing subsidy at the individual level, the importance of 'institutional subsidy' has also to be recognized for creating an enabling environment to reduce the portfolio at risk and for community mobilization. Members suggested the following related to subsidy component –

- Development of innovative and **need based subsidy products**
- Extending subsidy by way of crediting bank account of the beneficiaries under publication
- Providing first round of **subsidy to the poorest of the poor**, for basic consumption needs through subsidized food, pension facilities and economical credit facilities
- Linking subsidy component into a **performance incentive frame/rewards** i.e. subsidy amount to be linked with performance of the groups or individuals
- Regular and **complete communication of information** regarding the subsidy schemes to the poorest of the poor and using **E-Seva facility** in communication

### **Engaging Civil Society Institutions and PRIs**

Given the experience of CSOs in sustainable livelihood augmentation, Government and Policy makers may identify dedicated NGOs having good track records to actively engage them at all levels of programme implementation. Members foresee participation and role of CSOs at different levels of the NRLM implementation such as - reaching poorest and socially excluded groups; forming and strengthening SHGs / Federation; planning including preparing Business Development Programs; Pilot testing of ideas through experimentation; collection, updating information and maintenance of a suitable MIS; facilitating and forming a bridge between Government and community; monitoring & documentation; transferring learnings; and conducting TOTs trainers.

**Classifying CSOs into Generic and Specialized:** CSOs can be classified into two broad categories – 'Generic CSOs' and 'Specialized CSOs'. While 'Generic CSOs' can take up a variety of generic activities related to implementation of NRLM, 'Specialized CSOs' can provide technical and sub-sector specific services. More precisely, specialized CSOs will function as resource organizations so that they can be utilized for technology based value added services on a particular subsector and to arrange livelihood demonstration/best practices of different value chains.

**Development of Quick Assessment Tools for CSOs:** A standardized assessment tools can be developed for the identification of CSOs for the purpose of Partnership and Collaboration. It can be called as CSO – PACT tool (Partnership Assessment and Collaboration Tool).

**Special role of CSOs in inclusion of Tribals:** Based on the experience of working with tribal project including [NABARD's](#) Adivasi Development Programme, members pointed out that the poorest and most vulnerable people (Primitive Tribal Groups, landless, wage earners, single women, old and destitute persons) normally do not come forward to form SHGs and therefore CSOs can play a vital role in bridging the gap between communities and the Government.

**Engagement in Advisory boards/Steering Committees:** CSOs with good track records of people's mobilization should be brought into district and national level advisory boards / steering committees to guide and monitor the effective monitoring of NRLM.

**Engaging PRIs:** Members suggested that Micro plan could be prepared by the Project implementation Agency (PIA) involving PRI representatives. In the next step, micro plan needs to be approved by Gram Panchayats.

## **Institutional Development, Capacity Building and Skills Development**

In order to address poverty, members highlighted the importance of developing leadership and institutions to build strong mechanisms for demanding rights and entitlements and also for changing the situation of access to and control over assets resources and incomes from a gender and equity perspective. Members suggested the following for institutional development -

**Establishing and Strengthening Livelihood Collectives:** Besides SHGs and their Federations, members suggested for creation of a variety of 'Livelihoods Collectives' (cooperatives, Mutual benefit trusts, producer companies etc.) for managing backward and forward linkages in promoting livelihoods, skill development and self-employment. While creating and utilizing mutually aided cooperative societies (MACS), with a well drafted set of the bye laws is considered as a good strategy in the long run, members also find usability of Producer Companies (PCs) as well.

**Multiple legal entities in NRLM:** Members quoted example of a livelihood initiative for small and marginal apple farmers of Uttarakhand. The [promoting NGO](#) has creatively used different forms of institutions such as cooperatives, limited companies, self-help groups, partnerships and family businesses in the management of the value chain. Members suggested that under NRLM, a variety of organisations can be engaged depending on the subsectors and the value delivery chains. Moreover, there should not be a precondition on sequence of steps to create organisations. There can be 'Parallel Development Approach' where both economic development institutions and financial inclusions are developed simultaneously.

**Creating and Strengthening People's Institutions (PIs):** There is no disagreement about creating durable and self-reliant People's institutions under NRLM. Members strongly recommended for involvement of the civil society organizations that are having expertise to nurture people's institutions. In this context, they also quoted example of a quasi-government organization '[WASMO](#)' in Gujarat that works in close partnership with civil society organizations.

**Establishing National Federation of SHGs/National level institution:** In order to streamline activities at the national level in context of livelihood promotion, subsector development and financial intermediation, members suggested creation of a national level umbrella organization that can provide support to various collectives of different states.

**Linkages for Capacity Building :** Institutions such as [IRMA](#), [IIFM](#), [IGNOU](#) and others could collaborate with more grassroots oriented training institutions like Development Support Center, [PRAXIS](#), Jan Vikas, [The Livelihood School](#) – BASIX and others to come out with 6 to 12 months diploma courses and other relevant training modules in consultation with organizations such as [PRADAN](#), [BAIF](#), [MYRADA](#), [SADGURU](#) etc. Short terms training courses on market led new livelihood initiatives can be planned forging linkages with national institutions like [National Institute of Rural Development](#), [National Institute of Agriculture Marketing](#), [National Institute of Agriculture Extension Management](#), [Entrepreneurship Development Institute](#), [Fragrance and Flavour Development Institute](#) etc. At grassroots level, training can be organized through Agriculture Technology Management Agencies, Agri-clinics, Krishi Vigyan Kendras, Khadi and Gramodyog Centres etc. along with resource backing from suitable banking and financial institutions including micro-finance agencies. The civil society organizations, foundations of cooperatives and corporate sectors like [IFFCO foundation](#), Gramin Vikas Foundation, Reliance foundation etc. could also be engaged in this endeavor.

## **Skills Development**

Since 15% funds are earmarked for financing the skill development initiatives, there is a need to include the existing best practices of Rural Development and Self Employment Training Institutes (RUDSETIs),

Industrial Training Institutes (ITIs), and PPP models of skill development. States would have to see their human resources as assets and develop long term strategies to retain the trained professionals.

**Identifying industrial hubs to strategize skills development:** There is a need to enlist potential industrial hubs (district and state wise) so as to initiate collaboration with industries from the beginning and also customize skills development courses based on the demand of human resource in these hubs. Quoting examples of on-the-job skill enhancement, members shared various initiatives by private players in the area of infrastructure industry wherein construction skills were successfully imparted to the rural youth to ensure job placement and better wages. Following initiatives are suggested for sustainable skills development under NRLM -

- Linking NRLM with the existing work of [National Skill Development Corporation](#) (NSDC) so as to avoid duplication and for adopting an inclusive approach
- **Establishing RSETIs** (Rural Self Employment Training Institutes) in every district with committed CSOs and linking it with BPOs for long term business. (Example -Tata Power's experimentation of skills development of youth in Maharashtra)
- Ensuring infrastructure and market support, technology extension, backward and forward linkages and other support in managing the value chain, after providing skills training
- Promoting skills enhancement to support up scaling through partnership mode
- Introducing provision in education policies for **vocational training** in key livelihoods sectors/sub sectors such as agriculture, livestock management, carpentry, etc.

#### **Support Structure, Implementation Mechanism and M&E**

Advocating for transparency in creating support structures and implementation mechanisms, members recommended for the involvement of civil society organizations at different levels. State governments are to be encouraged to involve community leaders, CSOs and other institutions in implementation and most importantly in review and documentation of the projects at different levels. Giving example of testing a product of financing the rural habitat and infrastructure in Kuthambakkam and Odenturai panchayats of Tamil Nadu, under Rural Innovation Project (RIF) of NABARD, members envisaged replication of the same in NRLM.

**Monitoring, Evaluation and Learning – Standardize minimum required indicators:** An elaborative Result Based Management and Learning framework with the support of web enabled comprehensive MIS is required to do process monitoring studies, concurrent evaluation and impact evaluation. While appreciating the Management Information System (MIS) based input-output monitoring, members feel that there is a need to capture the information on common indicators/important factors from various districts and states so that it can be compiled at the National level and effectively analyzed.

**Social Audit:** Social accountability and audits by third parties are absolutely essential for the NRLM to be effective. The third parties could be drawn from civil society, community and area experts. While guidelines for social accountability and social audit must be standardized, however some built in flexibility will be required to allow for the local variations.

**Mapping of Organizations at various levels:** Need of a repository of the organizations existing at different levels including people's institutions is envisaged keeping in view the planning for coverage of poor from different geographical areas and also to figure out possibilities of up scaling livelihood initiatives already taken up by various collectives, cooperatives and federations. This will help in doing analysis of existing civil society organizations and their potential role as Resource or Implementation Organizations.

**Rewarding Successful SHGs and Linkage of Data with 'Aadhar' programme:** While members recommend for rewarding successful SHGs, they also felt need of creating a web based central data base with clear linkages with 'Aadhar' programme of providing UIDs so that Government can track all the SHG

members. The suggestion has the basis of the problems faced by women construction laborers, migrated from different states.

**Time frame of the Project and withdrawal of Spearhead Teams:** Giving two examples of pro-poor value chain for Tasar silk in Jharkhand promoted by [PRADAN](#) and organic cotton value chain in Kutch facilitated by [AGROCEL](#), members suggested relooking at the timeframe of the project. They also mentioned that facilitating cooperatives and producer companies as part of pro-poor value chain interventions require even more intensive facilitation and over a longer period of time.

**Ownership of States:** Members have shown concern about the ownership of the state governments, referring to a presentation on 'Issues for the Approach to the 12<sup>th</sup> Plan' which argues that central funds to all the centrally sponsored schemes (CSS) are initially provided as loans to the state governments and subsequently converted to grants on achievements of pre-specified outcomes/output targets. This may affect the ownership level and motivation of states for NRLM implementation.

**Some Specific Suggestions on the Framework for Implementation of NRLM:**

Members suggested for including new chapters on acronyms, key definitions, key learnings derived from poverty reduction projects. Further, 'Skill development and formal sector employment' there should be mention of accreditation, certification, apprenticeship and quality management as integral component. Traditional and emerging sector needs may also be covered in this part. Locations for skill development and innovation can be mentioned in two separate rows for more clarity as innovations are not just about skill development. Other key suggestions include – replacing the word 'poor' with 'economically marginalized and socially vulnerable'; replacing the paragraph on 'Manpower - sensitive support structure' with 'Human Resource' and 'grassroots institutions with 'self managed and self sustaining institutions of economically marginalized'.

**Summing Up:** In the nutshell, members suggested –for adopting a holistic approach, specify various segments of livelihoods and strategize differently, continue focusing on cluster approach, link subsectors with appropriate target groups, assess and engage variety of CSOs, use the existing network of organizations, have proactive approach for convergences, support different levels of value chains and finally do close monitoring the whole programme at micro and macro levels.

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## Comparative Experiences

### Uttar Pradesh

**Developing Training Tools is a Must to Build Skills** (from [Sanjeev Kumar](#), *The GOAT Trust, Lucknow*)

To deal with the problem of lack of skilled youth/field workers in the arena of livestock based livelihoods, an organization working to implement goat based livelihoods realized that building skills requires a lot of work on participatory training tools, use of IT aided tools etc. It was concluded that developing effective training tools for illiterate farmers and grassroots professionals is a must.

### West Bengal

**Grooming Livelihood Experts from within the Community, Kolkata** (from [Nilanjana Dasgupta](#), *Panchayat and Rural Development Department, Government of West Bengal, Kolkata*)

Under SGSY a department initiated a pilot in some areas to groom livelihood experts from within the community. It selected some SHG members as Livelihood Resource Persons and placed them under an NGO for a year long training. The trainees were monitored by both the NGO as well as the Government Department. It resulted each cluster having experts in different livelihood aspects.

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## Related Resources

### Recommended Documentation

#### **Microfinance Through Self Help Groups** (from [Resham Singh](#), Punjab Gramin Bank, Mohali)

Article; by Resham Singh

Available at <ftp://ftp.solutionexchange.net.in/public/mf/cr/res01121001.pdf> (PDF; 1.17 MB)

*The article narrates the story of a group of people in the village whose lives changed after microfinance intervention.*

#### **Suggestion for Designing of National Rural Livelihood Mission** (from [Bhaskara Rao Gorantia](#), APMAS, Hyderabad)

Note; by National Network Enabling Self Help Movement; September 2009

Available at <http://www.apmas.org/pdf/NNRO%20paper%20on%20NRLM.pdf> (PDF; 208 KB)

*Provides suggestions to the Government towards designing of the NRLM based on the learnings and feedback of the SGSY.*

From [Monika Khanna](#), Solution Exchange – United Nations Development Programme – India, New Delhi

#### **Report of the High Level Committee to Review Lead Bank Scheme - Implementation of the recommendations**

Circular; Reserve Bank of India; 2 March 2010

Available at: <http://rbidocs.rbi.org.in/rdocs/notification/PDFs/HLCLBS190310.pdf>

*Shares that each Lead Bank is expected to open a Financial Literacy and Credit Counseling Centre (FLCC) in every district where it has lead responsibility*

#### **Financial Literacy and Credit Counselling Centres (FLCCs) - Model Scheme**

Circular; Reserve Bank of India, 4 February 2009

Available at: <http://rbidocs.rbi.org.in/rdocs/notification/PDFs/FLCCCIR1.pdf>

*Suggests that banks should actively consider opening of counselling centres, either individually or with pooled resources, for credit and technological counselling*

From [Tushar Dash](#), Vasundhara, Orissa

#### **The Forest Rights Act: Redefining Biodiversity Conservation in India**

Article; by Tushar Dash; Vasundhara

Available at <ftp://ftp.solutionexchange.net.in/public/emp/cr/res03061105.pdf> (PDF; 1527 KB)

*Details the strengths of the FRA along with giving the challenges that impede the implementation of the Act.*

#### **Forest Rights Act: A Blueprint for Future Conservation**

Article; by Tushar Dash; Vasundhara

Available at <ftp://ftp.solutionexchange.net.in/public/emp/cr/res03061106.pdf> (PDF; 30 KB)

*Provides evidence that the FRA is being used by the local communities to strengthen their conservation initiatives.*

#### **Natural Resource Governance: Early Gains from Forest Rights Act**

Article; by Tushar Dash; Vasundhara

Available at <ftp://ftp.solutionexchange.net.in/public/emp/cr/res03061107.pdf> (PDF; 80 KB)

*Discusses the gains to the local communities/tribals as a result of the Forest Rights Act; also discusses the challenges that lie ahead.*

## ***Recommended Organizations and Programmes***

From [Ajay Kumar](#), Bihar Gram Swaraj Yojna Society, Department of Panchayati Raj, GoB, Patna, Bihar

### **Aga Khan Foundation (AKF), Delhi**

Sarojini House, 6 Bhagwan Dass Road, New Delhi 110001; Tel: 91-11-47399700; Fax: 91-11-2378 2174; [www.akdn.org](http://www.akdn.org)

*Works for development of the marginalized communities; implements Credit Based Saving Program (CBSP) in India which is also successful in South Africa and Bangladesh.*

### **Development Alternative (DA), Delhi**

111/9-Z, Kishangarh, Vasant Kunj, New Delhi 110070; Tel: 91-11-26134103; Fax: 91-11-26130817; [tara@devault.org](mailto:tara@devault.org); <http://www.devault.org/services.htm>

*Works for promoting sustainable livelihoods and social justice through inter alia developing innovative technologies beneficial for the poor.*

From [L. P. Semwal](#), Shri Jagdamba Samiti (SJS), Rishikesh, Uttarakhand

### **Fresh Food Technology (FFT) Himalayan Fresh Produce Private Limited, Uttarakhand**

Nogoan, Uttarkashi; Tel: 91-9458108264; [apple.sjs@gmail.com](mailto:apple.sjs@gmail.com); <http://www.centreforcivicdrivenchange.org/stories-of-change/sjs-apple-project-india/>

*Producer organization that collects, grades, cools, processes and stores apples, peas, potatoes and processed fruit products.*

### **Shri Jagdamba Samiti (SJS) Uttarakhand**

1, Vinod Market, Dehradun Road Rishikesh; Tel: 91-135-2436963; [info@sjsindia.org](mailto:info@sjsindia.org)

*Works for optimum utilization and management of locally available resources through farmers' organizations for sustainable development of local people.*

### **Department of Animal Husbandry, Dairying and Fisheries, Delhi (from [Prasanta Das](#), National Bank for Agriculture and Rural Development (NABARD), New Delhi and [Sanjeev Kumar](#), The GOAT Trust, Lucknow)**

Krishi Bhawan, Dr. Rajendra Prasad Road, New Delhi 110001; Fax: 91-11-23388630; [dir-ahdel@nic.in](mailto:dir-ahdel@nic.in); <http://dahd.nic.in/dahd/default.aspx>

*Works to strengthen animal husbandry as a livelihood option; has done good work on effective subsidy utilization which can be replicated under NRLM.*

From [Ruturaj Pattanaik](#), Sahayog Foundation, Bhubaneswar Orissa

### **Swarnajayanti Gram Swarozgar Yojana (SGSY), Delhi**

Krishi Bhawan, New Delhi 110001; Tel: 91-11-23782373; Fax: 91-11-23385876; <http://www.rural.nic.in>

*Poverty alleviation programme that provides micro-credit and group insurance services to the poor through SHGs for livelihood enhancement; now replaced by NRLM.*

### **Rashtriya Gramin Vikas Nidhi (RGVN), Assam**

Bye Lane No. 8, Rajgarh Road, Guwahati 781003; Tel: 91-361-2528652; Fax: 91-361-2528523; [rgvnho@gmail.com](mailto:rgvnho@gmail.com); [www.rgvnindia.org](http://www.rgvnindia.org)

*Works for development of the marginalized communities by promoting community based organizations and supporting them; the model can be followed in NRLM.*



**Integrated Child Development Services (ICDS), Delhi** (from [Sudhir Katiyar](#), Prayas Centre for Labour Research and Action, Rajasthan)

Ministry of Women and Child Development, Government of India, 6th Floor, 'A' Wing, Shastri Bhawan, New Delhi 110001; <http://wcd.nic.in/>; Contact D. K. Sikri; Secretary; 91-11-23383586; [secy.wcd@nic.in](mailto:secy.wcd@nic.in)

*Childhood development programme of 1975 to reduce mortality, morbidity, malnutrition etc.; workers can be mobilized under NRLM to access this and similar entitlements.*

**Reserve Bank of India (RBI), Maharashtra** (from [Rajan Babu S.](#), Indian Bank, Chennai and [Soma K. P.](#), Independent Researcher and Advisor (Gender Livelihoods and Development), New Delhi)

Rural Planning and Credit Department, Central Office Building, 13th Floor, Mumbai 400001; Tel: 91-22-22610261; Fax: 91-22-22658276;

<http://www.rbi.org.in/scripts/AboutUsDisplay.aspx?pg=Depts.htm#RPCD>

*Rural Planning and Credit Department of RBI formulates policies related to rural credit & monitors timely & adequate flow of credit; NRLM has to operate within its guidelines.*

From [Nune Srinivasa Rao](#), Hyderabad

**Ministry of Housing and Urban Poverty Alleviation (MoHUPA), Delhi**

Nirman Bhawan, Maulana Azad Road, New Delhi 110108; <http://mhupa.gov.in/>; Contact Ms. Kiran Dhingra; Secretary; Tel: 91-11-23061444; [secy-mhupa@nic.in](mailto:secy-mhupa@nic.in)

*Works for housing and urban development; NRLM can work with MoHUPA to provide support to migrated SHG women to transfer her membership from rural to urban area.*

**Swarna Jayanti Shahri Rozgaar Yojana (SJSRY), Delhi**

Ministry of Housing and Urban Poverty Alleviation (M/o HUPA), Nirman Bhavan, Maulana Azad Road, New Delhi 110018; <http://muda.nic.in/SJSRY.htm>

*Mandated to promote gainful employment for the under/unemployed; NRLM can work for convergence of SJSRY with other flagship programmes of the government.*

**Rajiv Awas Yojana (RAY), Delhi**

Ministry of Housing and Urban Poverty Alleviation (M/o HUPA), Nirman Bhavan, Maulana Azad Road, New Delhi 110018; <http://mhupa.gov.in/programs/index2.htm>

*Provides Central assistance to States that are willing to provide property rights to slum dwellers; NRLM can converge flagship programmes for the benefit of the poor.*

**Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Delhi**

Ministry of Housing and Urban Poverty Alleviation (M/o HUPA), Nirman Bhavan, Maulana Azad Road, New Delhi 110018; Tel: 91-11-23061979; <http://jnnurm.nic.in/>

*Mandated to work for the development of urban areas; NRLM can converge it with other flagship programmes to improve the livelihoods of the poor who migrate to urban areas.*

**Planning Commission, Delhi** (from [Jos Chathukulam](#), Centre for Rural Management (CRM), Kottayam, Kerala)

Yojana Bhavan, Sansad Marg, New Delhi 110001; Tel: 91-11-23096620; [plancom@nic.in](mailto:plancom@nic.in); <http://planningcommission.gov.in/sectors/rural.html>

*Tasked with the responsibility of planning for the development of the country based on available resources, it can prioritize financial inclusion of the poor.*

**National Skill Development Corporation (NSDC), Delhi** ([Jos Chathukulam](#), Centre for Rural Management (CRM), Kottayam, Kerala, [Monika Khanna](#), Solution Exchange – United Nations Development Programme – India, New Delhi)

D-4, Clarion Collection, (Qutab Hotel), Shaheed Jeet Singh Marg, New Delhi 110016; Tel: 91-11-46560414; Fax: 91-11-46560417; [proposals@nsdcindia.org](mailto:proposals@nsdcindia.org); <http://www.nsdcindia.org/our-work/funding.aspx>

*Provides funding support to organizations for skill development and training including for organizations new in the field; it can support the skill development component of NRLM.*

From [Binay Kumar Sahay](#), Gramin Vikas Trust (GVT), Ranchi

### **Jharkhand State Livelihood Promotion Society (JSLPS), Jharkhand**

3rd Floor, F.F.P. Building, HEC, Dhurwa, Ranchi 83400; Tel: 91-651-2401782; [jslps.ranchi@gmail.com](mailto:jslps.ranchi@gmail.com); <http://www.jslps.in/nrlm.html>

*Works for livelihood promotion in 10 selected blocks in 5 districts; its model of drip irrigation for vegetable cultivation can be replicated under NRLM.*

### **JHARCRAFT, Jharkhand**

DIC Campus, Ratu Road, Ranchi; Tel: 91-9263068980; [info@buyjharcraft.com](mailto:info@buyjharcraft.com); <http://www.buyjharcraft.com/Shop/>

*Works to open up livelihood opportunities for the poor by utilization of locally available resources; sericulture promoted by it can be taken up by NRLM.*

### **Gramin Vikas Trust (GVT), Uttar Pradesh**

KRIBHCO Bhawan, 5th Floor, Sector 1A-10, District Gautam Budha Nagar, Noida 210301; Tel: 91-120-2535619; Fax: 91-120-2535619; [info@gvtindia.org](mailto:info@gvtindia.org); <http://www.gvtindia.org>

*Works to develop seed villages; the work can be taken up on a commercial scale under NRLM to serve the livelihood needs of the poor and the marginalized.*

From [Soma K. P.](#), Independent Researcher and Advisor (Gender Livelihoods and Development), New Delhi

### **Deccan Development Society (DDS), Andhra Pradesh**

101, Kishan Residency, 1-11-242/1, Street No. 5, Shyamlal Buildings Area, Begumpet, Hyderabad 500016; Tel: 91-40-27764577; Fax: 91-40-27764722; [ddshyderabad@gmail.com](mailto:ddshyderabad@gmail.com); <http://www.ddsindia.com/www/default.asp>

*Works with the marginalized communities following holistic approaches and helps them fight the lack of access and control over resources which can be done in NRLM too.*

### **Area Networking and Development Initiatives (ANANDI), Gujarat**

D-173, Ravi Ratna Park, Street No. 3, University Road, Rajkot; Tel: 91-281-2586091; Fax: 91-22-26673156; [rajkot@anandiindia.net.in](mailto:rajkot@anandiindia.net.in); <http://anandi-india.org/health%20interventions.htm>

*Works with marginalized communities for poverty alleviation through holistic approaches which can be followed in NRLM too for reducing poverty and vulnerability of the poor.*

### **Nirantar, Delhi**

A Centre for Gender and Education, B-64 Second Floor, Sarvodya Enclave, New Delhi 110017; Tel: 91-11-26966334; Fax: 91-11-26517726; [nirantar@vsnl.com](mailto:nirantar@vsnl.com); <http://www.nirantar.net/index.htm>

*Works for empowerment of the women and communities through education; demands rural poor women get credit at reasonable rates which can be done under NRLM.*

### **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Delhi**

Ministry of Rural Development, Krishi Bhawan, New Delhi 110001; Tel: 91-11-23782373; Fax: 91-11-23385876; <http://www.rural.nic.in>

*Poverty alleviation scheme of the Government that guarantees 100 days of employment to the poor; NRLM can work to help the poor in accessing such entitlements.*



From [Nidhi Sadana Sabharwal](#), Indian Institute of Dalit Studies (IIDS), New Delhi

**International Food Policy Research Institute (IFPRI), Delhi**

NASC Complex, CG Block, Dev Prakash Shastri Road, (Opposite Todapur), Pusa, New Delhi 110012; Tel: 91-11-25846565; Fax: 91-11-25848008; [ifpri-NewDelhi@cgiar.org](mailto:ifpri-NewDelhi@cgiar.org); <http://www.ifpri.org/ourwork>

*Works for reducing hunger and poverty in the world; its study on caste and ethnicity linkages with farming performance & poverty is useful in identifying the poorest.*

**National Sample Survey Organization (NSSO), Delhi**

Ministry of Statistics and Programme Implementation, NSSO, Sardar Patel Bhavan, New Delhi 110001; [http://mospi.gov.in/nssso\\_4aug2008/web/nssso.htm](http://mospi.gov.in/nssso_4aug2008/web/nssso.htm); Contact S. C. Seddey; Director General and Chief Executive Officer; Tel: 91-11-23742026; [s.seddey@nic.in](mailto:s.seddey@nic.in)

*Conducts nationwide surveys on various socio-economic issues in a specific survey period; conducted the 'State of the Indian Farmer' survey in 2005.*

**International Labour Organization (ILO), Delhi**

Core 4B, 3rd Floor, India Habitat Centre, New Delhi 110003; Tel: 91-11-4602101; Fax: 91-11-4602111; [DELHI@ilodel.org.in](mailto:DELHI@ilodel.org.in); <http://www.ilo.org/public/english/region/asro/newdelhi/>

*Tripartite UN agency that works with Governments, employers and workers to promote decent work; works for inclusive growth and well being of informal economy workers.*

**Indian Institute of Dalit Studies (IIDS), Delhi**

D-II/1, Road No- 4, Andrews Ganj, New Delhi 110049; Tel: 91-11-26252082; Fax: 91-11-26252082; [admin@dalitstudies.org.in](mailto:admin@dalitstudies.org.in); <http://www.dalitstudies.org.in/aboutUs.php?link=aboutUs>

*Undertakes interdisciplinary and application-based research, promotes research and consultation, provides knowledge and serves as a Resource Centre.*

From [Jaya Patel](#), The Tata Power Company Limited, Ranchi, Jharkhand

**Uttarakhand Livelihoods Improvement Project for Himalayas (ULIPH), Uttaranchal**

Project Management Unit, Aajeevika, Bhandari Bhawan, P.O. Gauchar, District Chamoli 246429; Tel: 91-1363-240519; [uliph05@yahoo.com](mailto:uliph05@yahoo.com); <http://www.ajeevika.org.in/empowerment.htm>

*Poverty alleviation project for the mountainous people; the strategies of working with the poor used in the project can be applied in the NRLM.*

**International Fund for Agricultural Development (IFAD), Delhi**

World Food Programme, 2, Poorvi Marg Vasant Vihar, New Delhi 110057; Tel: 91-11-46554000; [v.darlong@ifad.org](mailto:v.darlong@ifad.org); <http://operations.ifad.org/web/ifad/operations/country/voices/tags/india>

*Works inter alia in north east region of India and has run several project and agriculture development and livelihood enhancement including ULIPH.*

**Vasundhara, Orissa** (from [Tushar Dash](#))

Plot No. A/70, Sahid Nagar, Bhubaneswar; Tel: 91-674-2542011; [vasundharanr@satyam.net.in](mailto:vasundharanr@satyam.net.in); <http://www.vasundharaorissa.org>

*Supports and strengthens community-based initiatives to protect and conserve forests, natural resources, community forestry etc. in Orissa.*

**Professional Assistance for Development Action (PRADAN), Delhi** (from [Bishnu C. Parida](#), GoI-UN Joint Programme on Convergence, Jharkhand)

3, Community Shopping Centre, Niti Bagh, P B No. 3827, New Delhi 110049; Tel: 91-11- 26518619; Fax: 91-11- 26514682; [headoffice@pradan.net](mailto:headoffice@pradan.net); <http://www.pradan.net/>

*Promotes Self-Help Groups, develops locally suitable economic activities, mobilizes finances and introduces systems to improve livelihoods of the rural poor.*

From [Astad Pastakia](#), Freelance Development Consultant, Ahmedabad

**Institute of Rural Management Anand (IRMA), Gujarat**

Post Box No. 60, Anand 388001; Tel: 91-2692-260391; Fax: 91-2692-260188;  
<http://www.irma.ac.in/programmes/mdp.php>

*Set up to provide management education, training etc. to co-operatives & rural development organizations; can start diploma courses on promoting people's institutions.*

**Indian Institute of Forest Management (IIFM), Madhya Pradesh**

P.O. Box - 357, Nehru Nagar, Bhopal 462003; Tel: 91-755-2775716; Fax: 91-755-2772878;  
<http://www.iifm.ac.in/mdp/mdp.html>

*Mandated to groom managers in the area of Forest, Environment and Natural Resources; it can also start training courses on developing peoples' institutions for grassroots NGOs.*

**Indira Gandhi National Open University (IGNOU), Delhi**

Maidan Garhi, New Delhi - 110068; Tel: 91-11-29571000; <http://www.ignou.ac.in/ignou>

*Teaching, research, training & extension education are its important components; it can start training courses to build the capacity of grassroot NGOs and CBOs.*

**Development Support Center (DSC), Gujarat**

Marutinandan Villa, Nr Govt. Tube Well, Bopal, Ahmedabad 380058; Tel: 91-2717-235994; Fax: 91-2717-235997; [dsc@dscindia.org](mailto:dsc@dscindia.org); <http://www.dscindia.org/aboutdsc.htm>

*A grassroots oriented training institution, it can collaborate with training institutions like IRMA, IIFM etc., to train people to develop strong institutions.*

**PRAXIS, Delhi**

C - 75, South Extension, Part II, New Delhi 110049; Tel: 91-11-41642348; [info@praxisindia.org](mailto:info@praxisindia.org);  
<http://www.praxisindia.org/?q=workshops>

*Conducts workshops/training to develop effective strategies to implement participation as a key developmental tool; it can also collaborate with IRMA, IIFM etc.*

**The Livelihood School - Basix, Andhra Pradesh**

3rd Floor, Surabhi Arcade Bank Street, Koti, Hyderabad 1; Tel: 91-40-39172500; Fax: 91-40-39172502;  
[ho@thelivelihoodschool.org](mailto:ho@thelivelihoodschool.org); <http://www.thelivelihoodschool.in/programmes/customized-product>

*Mandated to build up scientific knowledge base on livelihoods and disseminate it to livelihood practitioners; it can also tie up with IRMA, IIFM, IGNOU etc.*

**BAIF Development Research Foundation, Maharashtra**

Dr. Manibhai Desai Nagar, Warje, Pune 411058; Tel: 91-20-25231661; Fax: 91-20-25231662;  
[baif@vsnl.com](mailto:baif@vsnl.com); [http://www.baif.org.in/aspx\\_pages/programs.asp](http://www.baif.org.in/aspx_pages/programs.asp)

*Works to promote sustainable livelihoods through research, effective use of resources, technology transfers and skills up gradation; can implement NRLM well.*

**Mysore Resettlement and Development Agency (MYRADA), Karnataka**

No.2, Service Road, Domlur Layout, Bangalore 560071; Tel: 91-80-25352028; Fax: 91-80-25350982;  
[myrada@vsnl.com](mailto:myrada@vsnl.com); <http://www.myrada.org/projects.htm>

*Supports microfinance programmes through Sanghamitra Rural Financial Services & provides non-farm skills & enterprise development through technical training institutes.*

**Sadguru Foundation, Gujarat**

Post Box 71, Dahod 389151; Tel: 91-2673-238601; Fax: 91-2673-238604; [nmsadguru@yahoo.com](mailto:nmsadguru@yahoo.com);  
<http://www.nmsadguru.org/DevelopmentApproach.html>

*Promotes livelihoods of tribals through natural resource management; due to its experience, it can provide field training to development practitioners/trainees.*

**Water and Sanitation Management Organization (WASMO), Gujarat**

3rd Floor, Jalsewa Bhavan, Sector 10-A, Gandhinagar – 382010; Tel: 91-79-23247170; Fax: 91 -79-23247485; [wasmo@wasmo.org](mailto:wasmo@wasmo.org);

*Trains Pani Samiti members to effectively plan, implement and manage water supply systems, handle finances, and spread awareness on personal hygiene and sanitation*

**Agrocel Industries Limited, Gujarat**

Koday Char Rasta, Koday, Taluka: Mandvi-Kutch, Gujarat – 370460; Tel: 91-2834-275423; Fax: 91 2834 275423; [facts@agrocel-cotton.com](mailto:facts@agrocel-cotton.com); [http://www.agrocel-cotton.com/english/en\\_home.html](http://www.agrocel-cotton.com/english/en_home.html)

*Agrocel, from its 12 rural service centres across India, co-ordinates organic fibre cultivation with a selected group of local farmers*

*From [Subhankar Bhattacharya](#), Menstrual Hygiene Management Initiative - Department of Panchayat and Rural Development and UNICEF, West Bengal*

**National Innovation Foundation (NIF), Gujarat**

Bungalow 1, Satellite Complex, Jodhpur Tekra, Premchand Nagar, Vastrapur, Ahmedabad 380015; Tel: 91-79-26732456; Fax: 91-79-26731903; [info@nifindia.org](mailto:info@nifindia.org); <http://www.nif.org.in/>

*Mandated to provide institutional support in supporting grassroots green innovations; innovative technology options may be assessed for applicability under NRLM.*

**Honey Bee Network**

[http://www.maharashtra.gov.in/english/signs/info\\_honeybee/about\\_network.html](http://www.maharashtra.gov.in/english/signs/info_honeybee/about_network.html)

*Biggest network of grassroots creative and experimenting farmers and artisans in the world; NRLM can help adapt available technology for up scaling and replication.*

**Ministry of Rural Development (MoRD), Delhi** (from [Jos Chathukulam](#), Centre for Rural Management (CRM), Kottayam, Kerala, [Rakesh Srivastava](#), State Institute of Rural Development (SIRD), Arunachal Pradesh, [Jaya Patel](#), The Tata Power Company Limited, Ranchi, Jharkhand, [Bishnu C. Parida](#), GoI-UN Joint Programme on Convergence, Jharkhand)

Krishi Bhawan, New Delhi 110001; Tel: 91-11-23782373; Fax: 91-11-23385876; <http://www.rural.nic.in>

*Initiated SGSY, an anti-poverty alleviation programme that provides micro credit and group insurance services through SHGs; now reformulated as NRLM.*

**National Bank for Agriculture and Rural Development (NABARD), Mumbai** (from [Joy Daniel](#), Institute of Integrated Rural Development (IIRD), Aurangabad, Maharashtra, [Rajan Babu S.](#), Indian Bank, Chennai, [Binay Kumar Sahay](#), Gramin Vikas Trust (GVT), Ranchi, [Ashok Kumar Sinha](#), Karma Consultants, New Delhi, [Murari M. Choudhury](#), NEEDS, Jharkhand, [Neelesh Kumar Singh](#), WASSAN Consortium, Ranchi)

Plot No. C-24, "G" Block, Bandra-Kurla Complex, P. B. No 8121, Bandra (E), Mumbai 400051; Tel: 91-22-26539244; Fax: 91-22-26528141; [nabmcid@vsnl.com](mailto:nabmcid@vsnl.com);

<http://www.nabard.org/roles/microfinance/index.htm>.

*Apex institution providing loan funds for microfinance services in the form of revolving fund assistance to NGO-MFIs, SHG Federations and NGOs to lend to SHGs.*

From [Raj Ganguly](#), Food and Agriculture Organization, New Delhi \*

**Indian Farmers Fertilizer Cooperative Limited (IFFCO) Foundation, Delhi**

IFFCO House, 34 Nehru Place, New Delhi 110019; Tel: 91-11-26436450/26436387; Fax: 91-11-26292519;

[dixitak@iffcofoundation.org](mailto:dixitak@iffcofoundation.org);

[http://www.iffco.nic.in/applications/IF\\_Found.nsf?OpenDatabase](http://www.iffco.nic.in/applications/IF_Found.nsf?OpenDatabase)

*Works to strengthen the cooperative movement through advisory and technical interventions; their work with the women's group can be replicated in NRLM.*

**National Institute of Agricultural Extension Management, Andhra Pradesh**

Rajendranagar, Hyderabad – 500030; Tel: 91-40-24016702; Fax: 91-40-24015388; [helpline@manage.gov.in](mailto:helpline@manage.gov.in); <http://www.manage.gov.in/default.asp>

*An autonomous institute offers management training & education, consultancy, research and information services in the areas of agricultural extension.*

**National Institute of Agricultural Marketing, Rajasthan**

Bambala, Kota Road, Jaipur-302033; Tel: 91-141-2770027; Fax: 91-141-2771938; [dgniam@hotmail.com](mailto:dgniam@hotmail.com); <http://www.ccsniam.gov.in/index.html>

*National level Institute set up by the Government of India to offer specialized training, research, consultancy and education in agricultural marketing.*

**National Institute of Rural Development, Hyderabad**

Rajendranagar, Hyderabad - 500030; Tel: 91-40-24008526; Fax: 91-40-24016500; [cit@nird.gov.in](mailto:cit@nird.gov.in); <http://www.nird.org.in/Index.aspx>

*Aims to improving the knowledge, skills and attitudes of rural development officials and non-officials through organising training, workshops and seminars.*

**Fragrance & Flavour Development Centre (FFDC), Uttar Pradesh**

Industrial Estate, Makrand Nagar, G.T.Road, Kannauj - 209 726; Tel: 91-5694-234791; Fax: 91- 5694-235242; [ffdcnkj@gmail.com](mailto:ffdcnkj@gmail.com); <http://www.ffdcindia.org/>

*FFDC aims to serve as an interface between essential oil, fragrance and flavour industry and the R & D institutions both in the field of Agro Technology and chemical technology.*

**Entrepreneurship Development Institute of India, Gujarat**

P.O. Bhat 382 428, Dist. Gandhinagar, Gujarat; Tel: 91 - 79 - 23969151; Fax: 91-79-23969164; [info@ediindia.org](mailto:info@ediindia.org); <http://www.ediindia.org/Index.asp>

*National resource institution committed to entrepreneurship education, training and research.*

***Related Consolidated Replies***

**Designing the National Rural Livelihood Mission (NRLM) from G. Bhaskara Rao, Andhra Pradesh Mahila Abhivruddhi Society (APMAS), Hyderabad (Experiences; Advice). Microfinance Community and Work and Employment Community, Solution Exchange India,** Issued 09 December 2009. Available at <ftp://ftp.solutionexchange.net.in/public/mf/cr/cr-se-mf-emp-17090901.pdf> (PDF, 582 KB)

*Seeks experiences on SGSY, suggestions on designing NRLM and feedback on draft background material on NRLM and the NNRO's paper on NRLM*

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## Responses in Full

**Ajay Kumar, Bihar Gram Swaraj Yojna Society, Department of Panchayati Raj, GoB, Patna, Bihar**

I think issues addressed in the query are very crucial for adding value in NRLM. Here, I would like to share some of the experiences that may help to address these queries or open the window to find out some concrete solutions in this regard.

In general the financial inclusion and bank linkages are very much confined in the income generation activities (to reduce the risk mitigation) i.e. productivity aspect. Therefore, bank and other MFIs are very much concentrated and have given emphasis to increase the scale of operation that helps to meet out the break even point. I think the approach is very effective for creating the sustainable microfinance institution in long run. This is a powerful tool to offer the "services" to customers to enhance the business portfolio. The approach is very effective for slightly well being community, but to address the poorest of the poor community we have to critically analysis the credit handling capacity of the customers before disbursing the amount. Therefore, creating an enabling environment is very much required for spreading the financial inclusion component for lending the credit plus among the poorest of the poor community. Keeping that point in mind, we may adopt the concept of Credit Based Saving Group (CBSG) also known as VSLA. The concept is very much successful in South Africa and Bangladesh, promoted by Aga Khan Foundation (AKF) in India. Further detailed information may be taken from AKF India offices for further review and analysis and for the concept of CBSG to be replicated in NRLM component.

For effective reach to subsidy component we may develop different product for giving the subsidy to individual and also to the institutions. I believe the institutional subsidies are equally important for the overall development of community and also creating an enabling environment to reduce the portfolio at risk. The Gram Panchayat, a legal institution in constitution of India will also play a critical role for enabling the environment building and offering quality services to citizen that help to reduce the operating cost of any income generation activities, that enhance the profit margin of an individual too. In this regard, I got the opportunity to work in Rural Innovation Project (RIF) of NABARD in which we have developed the finance product for financing the rural habitat and infrastructure. This product is being tested in "Kuthambakkam" Panchayat of Tiruvallur district of Tamil Nadu. The Panchayat has taken initiative to set up mechanism for "Solid Waste Management" in the Panchayat. The 60% of the finance are borrowed from the Service Area Bank. Therefore the subsidy component may be incorporated in such type of initiative too. The similar approach is already tested in Odenturai Panchayat of Coimbatore District of Tamil Nadu. Further details may be taken from "*Basin South Asia*", Development Alternative in case of any applicability of this aspect in NRLM framework.

I hope the above issues will help in stimulating the process to modify the NRLM framework.

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**Suman K Apparusu, Change Planet Partners Climate Innovation Foundation (CPPCIF), Hyderabad**

To address the questions broadly:

- **Appropriate Strategies:** SHGs need to be recognized as the most practical unit for driving all actions of the NRLM. This could be enabled through the extensive deployment of ICT technologies and keeping track of all modules of operation at the SHG level. The proposition runs counter intuitive to the existing state, block, and village modes of administrative structures. A track at the most practical unit level, that helps to plug leakages, encourages transparency and most importantly track beneficiaries and their reach at the highest levels of admin authorities is required. In short, the suggestion is to explore extensive use of ICT frameworks and technologies to innovate on newer administrative structures, better and transparent reach of beneficiaries.

- **Subsidy, Livelihoods, Engagement:** If an alternate and cluster based structure (say a 5-6 village model comprising of @250/village \* 6 population) comprising of ICT Technology and other service providers, Rural Business Hubs, Banks/MFI combinations, Producer-Consumer Cooperatives, can be thought for entrepreneurial model, then there appears a large scope for both collective action and initial cluster corpus from the members, governments, PPP capital. This could potentially mean doing away with subsidy or a minimal amount where the initial corpus falls short of cluster norms. In sum, a cluster based, entrepreneurial model of institutional innovation to drive results along subsidy admin, livelihoods and engagement axes.
- **Support Structures:** Support structures need to be bottom up, driven by both SHGs, clusters and with the extensive help of ICT technologies and most importantly left room for innovation. To be able to do so, some 15-25 different pilot institutional models need to be supported and nurtured under the NRLM aegis and the lessons and rich experiences collated to adopt for replication and scale.

### **Umesh Chandra Gaur, Confederation of Community Based Organizations of India, New Delhi**

As a development practitioner, I feel that it is our duty to support and give suggestions on the implementation strategy of National Rural Livelihood Mission as it is the biggest poverty alleviation programme of the country and it can change lives of millions of poor people, if implemented well.

Our organization works through its community based member institutions, in the remote areas of various states. Based on our experiences, we suggest that under NRLM, tribals are required to be classified as a separate target group. A special plan and strategy is required for these people. In order to know the livelihood related problems of tribal people, we organized a 'padyatra' in Village Mara (Pahargarh), District Morena, where the most backward scheduled caste community is living in a vulnerable situation. These people were struggling to get food and therefore food security was an issue for them. After two years, we visited the same village with Smt. Prem Bai Mandavi, Member, National Commission for Scheduled Tribes and found that there is no change in the living conditions of the people.

For the tribal people, support of forest department in promoting the livelihood will be most important as they can play dual role of promoting as well as monitoring and regulating forest related activities. Livelihood based on minor forest produce could be the simplest option of livelihoods, provided Government ensures support in post cultivation activities such as storage, processing, transport and marketing of minor produce. Here, in place of general SHGs, special SHGs focusing on particular products will be required so that financial and non financial services can conveniently be provided to these groups.

NRLM can only be successful through the contribution and participation of Community Based Organizations and their federations. Government can use different networks and federations of community based institutions for the purpose of capacity building and managing the business activities for the benefits of the tribals.

### **L. P. Semwal, Shri Jagdamba Samiti, Rishikesh, Uttarakhand**

I would like to share our rural livelihood promotion initiative with small and marginal apple farmers and women of Nogaon area in Uttarakhand.

The aim of the initiative is to set into motion a self-perpetuating model that could be applied throughout India, for the benefit of small scale farmers. Important aspect of this model is that the cost of the technical assistance, bridging funds and equipment provided under the project is to be recovered from the additional income that farmers' companies are able to generate, alongside regular Government subsidies for commercial companies. This approach is fully in line with the model and methodology of



promoting, farmer-owned socio-economic ventures adding value at the various levels of the value adding chain of their produce.

Since 2007, this Programme aims to empower apple growing small farmers in India and to increase their income level substantially, by providing them opportunities of:

- Creating formal farmer organizations that will jointly handle and sell their apples
- Providing these farmer organizations with appropriate financial and technical means and equipment to allow them to collect, sort, pack, pre-cool and handle the apples in a professional manner, which allows them to directly market their premium produce to main markets, trading companies or retailers
- Generating profits through the legally registered entities of the farmers, for premium distribution and repayment of investment, to transfer ownership of the companies in due course of time.

Under the first phase of the project (2007), apple growing farmers in four locations were assisted in setting up joint collection points for sorting, grading, packing, pre-cooling and marketing their apples. Under the second phase (2008) two additional collection points in Uttarakhand have been set up and organized. The primary collection, sorting and grading centres have demonstrated their capability in running the business through three business cycles in the 2008, 2009 and 2010 seasons. In 2011, the businesses that have been formed thus far, in the form of Joint Venture Companies with FFT, are expected to operate as full business ventures, with limited external support. In 2010, preparations have been made for the next phase of the project, by moving up the value-addition chain. This will be done through:

- The construction of long-term storage facilities to enable the farmers to sell their Apples off-season
- Establishment of juice processing facilities (including other local agricultural produce like Rhododendron flowers and apricot fruits) with women.

Shri Jagdamba Samiti (SJS) provides all technical backstopping to the farmer groups and companies, when it comes to:

- Organization
- Advisory and training
- Operational support/facilitation
- Business and marketing support
- Daily project monitoring and administration

In addition, SJS actively promotes the model, according to which the project has been designed and implemented. FFT in turn, provides:

- Technology support & solutions
- Channelling and administration of budgetary support
- Entrepreneurial support (running a business)
- Vehicle for transferring of legal ownership and making repayments
- Over all planning and monitoring

The objective of the apple project is to create a model of business driven, decentralised independent and small scale production with coordinated arrangements for processing and marketing by providing technical, managerial and investment support to enable farmers collectively to move up the value chain. The 'collective' feature of the business model is promoted to save individual time, distribute risk, maintain price assurance, pursue damage control and save on handling costs such as storage and transportation. SJS identifies cooperatives and limited companies as institutional forms of collectives which can be placed at the two ends of a continuum, and self-help groups, partnerships and family businesses as forms that can be located in between. While recognising the good intentions of the cooperative principles, SJS notes that cooperatives cannot keep pace with business rigor and dynamic decision making in current market

conditions. Hence it opts for a hybrid institutional form that combines the business rigor of a private firm and the distribution of benefits and reduction of exploitation as it happens through a cooperative structure.

Now we are in process to set up a social venture fund to channelize the repayment of investment and consider re-investment in few other ventures. This model created enough trust among the marginal farmers that they can improve their livelihood option through new ventures.

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### **Smita Premchander, Sampark, Bangalore**

Thanks CS, for sharing these issues with a larger development community, so that practitioners can influence the design of NRLM. I have the following suggestions:

#### **Promote women's cooperatives**

So far, NRLM emphasizes formation of SHGs and federations. This emphasis is well taken, as it gives the greatest role for member based organizations. It will be good if more policy space is created for cooperatives, as they are the institutional form that provides women the maximum access and control over their financial savings, gives them leadership and augments their social capital.

In order to promote community based MFIs/cooperatives, it is important that the government sets aside allocations for NGOs to be able to train groups, form federations and cooperatives, train leaders, build capacities for financial monitoring systems, and build linkages with loan and grant making organizations.

#### **Role for NGOs**

So far, the money for NGOs is for group formation, an amount which at least in Koppal district of Karnataka and many others, is allotted to corrupt NGOs who then divide it between government/ bank officers and themselves. What is important is to have a scheme by which NGOs have sufficient funds to cover full costs of group and cooperative formation, over a three to five year period, and this is assigned through a transparent process to accredited NGOs. It will help a great deal in bringing good NGOs to expand their small and medium scale SHG promotion operations.

#### **Subsidy Component**

The reason why subsidy gets mis-directed is because it is linked to loans for the first cycle of loan and because the second cycle of loans is never taken/ given because most groups get the first one with some "commissions" given, and so they rarely return this subsidized loan. In these days of financial inclusion and UID, it is possible to identify the ultra poor individually. Then two options are available:

1. Form groups of ultra poor, and give them only subsidies for the first round, 50% subsidies in the repeat round of funding and 100% loan in the third round. This can be done in extreme poor regions, such as specific districts of Bihar and Orissa.
2. Identify the SHGs in a district, and involve them in identifying some of the poorest in their villages. They can be included in the SHGs and mentored by the existing members. They can be given grants through SHGs. The ultra poor members would not have to take loans.

Both these methodologies have been used in BRAC in Bangladesh, in their ultra poor programme. It can be tried on a pilot basis.



## **Use International lessons on targeting**

Finally, there is so much experience and wisdom on targeting that is not put to use in planning in India. Perhaps you could access some of the lessons before the next meeting. If needed, I would be happy to come and make a presentation on the topic to the group.

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### **Abhinandan Saikia, National Institute of Science, Technology and Development Studies (NISTADS), New Delhi**

My views on the Framework for implementation of NRLM are:

First of all there is a need to get a proper registration of exact number of BPL people/families in villages. The number can be useful later in intra-extrapolating data while bringing the number of beneficiaries under NRLM.

- The purpose to benefit a maximum number of families under NRLM is not going to be an easy task, as the numbers of families might increase, followed by duplication in the data represented. Why, I fear it because the Government of India under the Rural Development Ministry is planning to increase the number of SHGs to 5,00,000. By figures, it is a healthy representation, but one has to be cautious to avoid replication so that it does not hinder the objective of equality and equity. (I am sharing a web link on Lok Sabha parliament question where you can find more information - <http://164.100.47.132/LssNew/psearch/QResult15.aspx?qref=98402>).
  - Regarding the skill development under NRLM, the need has come to change the nature of training. Many a times it is seen that the life-cycle assessment of the skill is short-lived due to its narrow niche in economic use. As a result, the beneficiaries are once again brought to the state of unemployment. So, it is pertinent here to think the broader aspects of certain skills which have better longevity and adaptability to changing situations. One of the visions envisaged under the document of National Skill Development Initiative in India look out for skills which are responsive to dynamic environment.
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### **Indumathi Rao, CBR Network South Asia, Bangalore**

I wish to share my very first concerns. Both NRLM and MKSP must include people with disabilities. But there is a need for additional norms for mainstreaming disability issue in both NRLM and MKSP. Mere quota (3% or 4% under beneficiaries' programmes) has not helped much in the past in rural areas.

There are many critical issues when we develop culturally appropriate disability centered rights based strategies. These terms are not slogans and need to be translated into grassroots actions.

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### **N. N. Sharma, Apex, Noida**

I feel that the problem with the Government schemes is that they intend to cover so many things. This leads to confusion and focus is lost resulting into drift.

After going through implementation framework, I came to the conclusion that we should aim to focus on certain things which are under direct ambit of mission objectives and for which assistance has been envisaged.

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### **Resham Singh, Punjab Gramin Bank, Mohali**

We have already concentrated the micro credit program through self help groups especially for the poor landless and disadvantage people. For more details on this, please visit:

<ftp://ftp.solutionexchange.net.in/public/mf/cr/res01121001.pdf> (PDF; Size: 1.17 MB). It shares the success stories of self help groups. Also for more details, please visit: [www.shgwealth.org](http://www.shgwealth.org)

### **Uma Shankar Sharma, Jaipur Zila Vikas Parishad, Jaipur**

It is a matter of pride that the National Rural Livelihood Mission is focusing on women. During our implementation of World Bank assisted Poverty Initiative Projects in four blocks of three districts of Rajasthan we implemented an innovative project entitled "Rural Tourism with Local Handicrafts Development" under the aegis of the UNDP-RMoL-Basix.

In ancient India, kings were fond of constructing buildings and temples etc. and also nurtured handicrafts activities also. Hence, NRLM should spare valuable funds for Rural Tourism with local handicrafts development. The Archaeological Survey of India is having ancient monuments in almost each State of India and a huge amount is being invested by Government of India to preserve the same, but without any return on investment.

India is having 27 World Heritage properties and 3,669 ancient monuments being preserved by Archaeological Survey of India and there are so many ancient monuments which are being preserved by the concerned State Governments. The State wise ancient monuments may be elaborated as under:

<b>Sr. No.</b>	<b>Name of the State</b>	<b>No. of Ancient Monuments</b>	<b>Sr. No.</b>	<b>Name of the State</b>	<b>No. of the Ancient Monuments</b>
1	Andhra Pradesh	137	16	Madhya Pradesh	286
2	Arunachal Pradesh	5	17	Maharashtra	286
3	Assam	53	18	Manipur	1
4	Bihar	70	19	Meghalaya	9
5	Chhatisgarh	47	20	Nagaland	4
6	Daman & Deu	12	21	Orissa	78
7	Delhi	174	22	Pondichery	7
8	Goa	21	23	Punjab	31
9	Gujarat	202	24	Rajasthan	162
10	Haryana	90	25	Sikkim	3
11	Himachal Pradesh	40	26	Tamilnadu	413
12	Jammu & Kashmir	69	27	Tripura	5
13	Jharkhand	12	28	Uttar Pradesh	741
14	Karnatka	507	29	Utranchal	44
15	Kerala	27	30	West Bengal	133

Source: Archaeological Survey of India website: [www.asi.nic.in](http://www.asi.nic.in)

It is need of the hour that each and every ancient monument should be value added and the same may be sold out in international/national market. Simultaneously, the local handicraft artisans may be given skill and design training and their products may be sold out in nearby ancient monuments. Secondly, the handicrafts items may be sold out in various Malls and outlets opened in major cities. All such activities should be performed by the women Self Help Groups, Panchayat level Federation, Block level Federation, District level Federation and State Level Federation.

Considerable funds may be spared for innovative projects. The present 5 per cent share is at lower side.

For women participation in handicrafts activities, we got a remarkable position for women empowerment in Stone Art ware Cluster, Dungarpur under the aegis of the Commissioner, Industries Department, Government of Rajasthan, Jaipur and you would wonder that there are 10 women SHGs and 9 men SHGs. The women started carving on the Parewa Stone and their activity was inspected by the Additional Chief Secretary, Government of Rajasthan, Jaipur. For further details please visit: [www.dungarpurstoneart.com](http://www.dungarpurstoneart.com)

The monitoring of the files and payments should be done through centralized computer system so that corruption is minimized at each level. This should be given top priority while finalizing the policy paper.

For Microfinance some NGOs should also be selected and considerable revolving funds may be allotted to prominent NGOs on pilot project basis and if the success rate is found encouraging, the same may be replicated/up scaled for other areas also.

Financial norms should be increased keeping in view the price index being increased day by day.

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**Prasanta Das, National Bank for Agriculture and Rural Development (NABARD), New Delhi**

I feel that the best way to achieve financial inclusion is through formation of SHGs and linking them to formal banking structure, either directly or through the promoting NGOs if the SHG is located in an inaccessible area. The reasons for this are:

- SHGs at one point can serve mobilization of small deposits of members, promote saving habit and teach members banking education.
- They can meet small credit needs, both for consumption and enterprise, of the members without hassles of completing banking formalities
- SHGs can provide micro insurance cover through group mode on payment of a nominal premium
- The SHGs can also provide vehicle for receiving small remittances of their members through financing banks

Through SHGs 10-20 families can be financially included at one stroke without detailed procedural formalities of opening a bank account. This is the most cost effective option for financial inclusion, when compared with the cost of other options like use of technology (bio metric cards), BC/BF, or opening individual Bank accounts.

- We already have good examples of effective subsidy utilization in the GoI's Venture Capital support scheme for Dairy and Poultry farmers (Ministry of Animal Husbandry), where the subsidy is back ended, where 50 % of Bank loan for procuring the asset is given at zero percent, provided the borrower regularly repays the loan installments and creates a good repayment record. There is no scope for subsidy being misutilized. There is transparency in loan sanction as it is done by a committee of Financing Bank, NABARD and State Government officials. The subsidy is released through NABARD .This mechanism has worked well without any misuse or leakage.
- It will be advisable to lend in clusters of same activity under NRLM. Then Value chain can be created and supported. Economies of scale would be possible in procurement of inputs in the project area and marketing of end products. Skill development of beneficiaries can be addressed in a cluster, more effectively.
- NGOs will play a major role in social mobilization, member education, and provide credit plus services in the project cluster on payment of decent incentives. There should be provision in the project cluster for capacity building of the NGO staff themselves. Project monitoring and performance monitoring of NGO partners should be out -sourced to independent agencies outside Government.

**Samir Ghosh, Shodhana Consultancy, Pune**

A dialogue has already begun with NRLM to work on a comprehensive action research project to undertake field trials in NRM based livelihoods area for Persons with Disability (PwD). It is in the pre project phase and the scoping study for this will begin from mid July in 7 states with the help of multiple partners. We have (Shodhana Consultancy, Pune) just completed a Study in 10 states to document some of the best practices on Livelihoods initiative for PwDs in the country and also appraisal of the existing flagship livelihoods scheme in both rural and urban areas. The study was initiated by the Planning Commission and funded by UNDP. All these schemes have the 3% reservation incorporated as a norm. Yet the achievement is abysmally low. Hence, I completely share Indumathi's views that we need to make more innovative efforts to achieve inclusion

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**Amit Srivastava, Lucknow**

In my opinion, the risk appetite of the poor is very low and entrepreneurship is not really for all of them. We should strive to build an environment where a majority can have a stable income. A stable income (especially in lower income group) provides more peace of mind which in turn lets people think of their future and their kid's future.

We need to have a two pronged strategy, where in few people start business and hire others as employees. The plan should focus 50% on building a good and professional skill base and 50% on encouraging and supporting entrepreneurs.

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**Anoop Kumar Gupta, Consultant, Uttar Pradesh**

As a common man I would like to highlight important issues in NRLM:

- Identification of the beneficiaries for NRLM
- Promoting inclusive growth and informing about different schemes/yojana and programmes to the beneficiaries. The mode is also very important.
- Authentication of the beneficiaries of NRLM - For Authentication of NRLM beneficiaries the best way is to use Aadhar authentication process, it may reduce the leakage on the way
- Feedback of the NRLM beneficiaries
- Provision of audit to ensure that NRLM beneficiaries actually get benefited.

The key stakeholders for NRLM are - Government, Beneficiaries, NGOs and Self Help Groups and private agencies. The whole story will move to fulfill the supply and demand concept.

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**Ruturaj Pattanaik, Sahayog Foundation, Bhubaneswar, Orissa**

I am critical about some earlier large scale flagship programmes and these lines are from my experience. Hope you can very well find the essence.

- In case of bank linkages it is pertinent to mention here that they link any groups or individual with proper papers required by them. Banks also keep savings amount of SHGs as collateral (as they do not allow withdrawing the amount). So in case of bank linkages one has to be very careful.
- Subsidy may be considered as Grants for the Groups and Individuals. Let us not consider the amount as subsidy. I am presently working in Orissa particularly in the tribal district of Rayagada. NGOs in the district are quite familiar with SGSY and other schemes in the district and with concept of SHGs. But in the recent phenomenon, Self Help Cooperative Act plays a vital role. Cooperatives may be added within the framework. NRLM is more preferred in place of SGSY. In such case operational modalities of RGVN particularly which I have seen in Orissa is quite effective than any others.

- Capacity building for skill development and others may be well designed to be carried out by the District level active NGOs as state level and national level NGOs do not have follow up aspects after training. All the training should be residential in nature. As it is seen that most of the training are conducted for the officials of Government and NGOs are residential in nature. But people interested in taking up IGP and Enterprising activities may be considered as beneficiaries and should have better quality training than the officials and NGO personnel. Trades are to be identified as per the available resources by the NGOs. Of course for technical training skilled people may be hired by the NGOs.
- Market linkage activities may be carried out by the NGOs for their own operational areas as they are going to follow up the process at the community level. Supportive multipurpose utility centers (infrastructure) may be promoted according to the trades and products. These centers are to be managed jointly by the local NGOs and community leaders.
- It is essential in this programme to enhance capacity of local level NGOs operating in one district as they might have strong rapport with the community with proper usages of local languages. They are more practical and work with community and are going to continue for many coming years. Their supportive infrastructure like - timely reporting, training centers and others may be promoted. As a result they will be able to take up the programme like NRLM in their own operational area intensely.
- Strategies for NRLM - I will prefer that only locally (district) operating NGOs may be involved. Proper selection of NGOs is required where most of the time such actively involved NGOs are neglected for different reasons giving place for NGOs (called as resource organizations/ institutes) that may try to induce their own thoughts.
- I will not go with state level support structure. As districts share its produces with their locally convenient markets and even share common borders with other states. In such case, District Marketing Society (DSMS) like structures have less/no role to play and their roles since last 15 years of their existence have not proved any substantial position in their own districts.
- One civil society or NGO may be allowed for 8/10 panchayats as per the geographical nature and communication facilities of the block.
- NGOs and Civil Society may take greater role in NRLM at the district level and below. It is preferred not to include various agencies in the process at the national level. District level agencies are going to play greater role in the process as they have started their work at the community level and continuing. With my experience, I have seen many agencies/NGOs/Civil Societies are involved in other such programmes which have ended up with all futile results. A lot of money has been taken by such agencies where effects of their consulting and other support hardly felt at the district level and community level.
- Special focus may be given to marginalized districts (elapsd) districts and blocks that are less highlighted in the media.
- More resources may be spent for community people rather than for capacity building and consulting purposes.

Hope you will go through the long write ups. I think the real empowered community institutions and locally active Civil Societies/NGOs can act as change agencies.

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**Sudhir Katiyar, Prayas Centre for Labor Research and Action, Rajasthan**

I feel that there is a need of bringing Wage Labor on the Agenda of the NRLM.

National Rural Livelihood Mission is going to be the flagship anti poverty program of the Indian state for the next five years. Therefore it is surprising that it leaves out almost completely, except for some passing references, the main livelihood of rural poor households – wage labor. Agreed that the poor depend upon a multitude of livelihood options, but it would be difficult to deny that wage labor constitutes the most important of these. While a large section of Indian poor, especially those from arid, semi arid, tribal regions, do own some land, these marginal landholdings provide at best a marginal sustenance. And the proportional contribution of agriculture has been on the decline with successive

fragmentation of land with passing generations. With limited availability of wage employment options in rural poor areas, seasonal migration is on the rise, creating a vast horde of 'footloose laborers'. It has become the dominant mode of wage labor engagement. Increasingly the able bodied members of poor households are to be found not in their villages but at far off locations in rapidly growing cities, farms of the peasantry in agriculturally vibrant areas, and factories in the fast growing West and South. The census figures that continue to churn out figures of two thirds of the labor force being employed in agriculture are completely erroneous as even a marginal farmer is registered as cultivator even though he may be deriving less than a quarter of his household income from agriculture.

The problem of India's poor is not that they are unemployed and new sustainable livelihoods have to be found from them. The problem is that they have to be suitably compensated for their labor power. The rapidly growing economy is producing jobs at a fast enough pace. Already, the employers in West and South are complaining of a severe labor shortage. However a feudal and highly unequal social order, extremely low levels of political awareness, lack of elementary education accompanied with exploitative chains of labor recruitment have perpetuated very low wage rates and bondage like situations in many informal sectors of Indian economy. Actually it is a gross distortion to call it informal. Everything about it is formal but the labor.

#### Wage Labor in NRLM/ Skill Training

The current document addresses the issue in terms of skill training. The current project document talks of skill training followed by entry into the formal sector. This is a chimera. There is no formal sector to enter. Nearly all employment at lower levels in the economy is through labor contractors and is completely informal. When the Government itself is recruiting informally, what to talk about the private sector? This has been also the experience of the various skill training programs. Even after investing in training programs, the workers have to enter the labor market at the base level and are bound to stagnate there till they are replaced by a new crop of recruitments. In fact formalization of the labor market is what an anti poverty program has to aim towards.

#### Conscientious and organization/ Legal literacy

The way out is well known and historically proven. The need of the hour is a program of conscience that would make the workers aware about their entitlements. There is a need to mobilize the workers, make them aware of their rights, and organize them so that they can access these rights. There are two types of entitlements that are of concern. The first relates to decent work – minimum wages, decent work and living conditions, and safe working environment. The second set of entitlements relate to public services like education, health, ICDS, and PDS. While the first set of entitlements are more risky and depend on the bargaining power of the workers to a large extent, the second set of entitlements is addressed towards the state, and carries less risk.

#### Migration streams

The seasonal wage labor movements are best understood through the concept of migration streams. Workers from a specific source area go to work in a specific sector in destination areas. To give an example, Bilaspur and three four districts around it in Chhattisgarh are a major source area for brick kiln workers to Gujarat and U.P. There are numerous other examples from very poor areas. Workers from Mithila districts in Bihar working in cotton ginning factories of Gujarat as loaders, jalaiya workers of Patapgarh and surrounding districts in central UP going out to work in brick kilns all over the country as firemen, coastal Orissa workers in power looms of Surat. In fact identification and documentation of these various migration streams could be a major agenda for NRLM.



What can a program like NRLM do?

The concept of Livelihood Collectives could be expanded to include wage labor collectives. The wage laborers could be organized into a collective by the sector they work in – starting at the village level and then moving up to block and district level. These collectives can perform multiple functions in both source and destination areas. These could bargain for higher wages, introduce social security provisions like insurance at the time of departure, and put pressure on the local education department to open hostels so that the children do not have to migrate with the families. The higher level labor collectives can metamorphose into Wage Labor Exchanges, negotiating directly with the employers and reducing significantly the transaction costs incurred by the labor contractors.

Ensure provision of services at destination areas: The seasonal migrant workers do not have access to basic services like education, health, and ICDS in destination areas. Even though the state policy mandates universal coverage, lack of documentation in destination areas means that the service providers do not have any idea of the presence of a large migrant community in their midst. The Wage Labor Collectives can interact with service providers in destination areas and ensure access to basic services.

Skill training: The concept of skill training could be expanded to encompass legal training of the sort described before. This could include conscientization, exposure to labor laws, and social security entitlements, and action to realize these.

Innovative Programs: The work with wage labor collectives could also be set up as an innovative project with linkages in both source and destination areas.

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### **Sanjeev Kumar, The GOAT Trust, Lucknow**

It is any development professional's delight to see the acceptance of critical role of people's institution in their own development envisaged under NRLM Framework. Horizontal linkages of SHGs/SHG primary level federations through promoting producer's cooperative and company is welcome approach, in spite of fact that very limited successful experiences has been visible on ground. In the query, various areas are diligently identified to look for further consultation and discussions.

However, looking into present achievements on people's institutions building and handling of Government with grass root local governance structure like Panchayat, there seems strong skepticism on turning this concept into reality. World wide experiences have shown that such institutions need strong element of leadership by local community/leaders, which is critically in low supply looking into local conditions and overall socio economic values perpetuated. This will require some revolution to trigger around and to be optimistic I would consider this may be a beginning. Institution building is also a very skillful and promoter value based proposition and here again NGO sector has high variations and Government unable to show what it preaches.

The second issue to me is critical lack of skilled youths and field workers (including community resource persons) dedicated for such work for a long period of time. Unless and until we are not able to fill this gap, framework will be constraint as good dream never realized. Our limited experiences at The Goat Trust working with partners to implement goat based livelihood with over 6000 families in U.P has preliminary findings that building skills requires a lot of work on participatory training tools, use of IT aided tools, which is critical short in supply especially in the arena of livestock based livelihoods. A separate work on developing effective training tools for illiterates and low educated grass root professionals seems indispensable.

In particular domain of small livestock based livelihoods, which supports around 80 lakhs families (Significantly target segment), we find need to reform the present delivery systems and capacitate

departments like Animal Husbandry more on livelihoods issues to make a right dent. Convergence more than physical delivery of some inputs and services also requires attitudinal complementation and in turn this requires understanding of perspectives of livelihoods by stakeholders. In nut shell, NRLM should significantly invest in training of line department (critical for livelihoods in rural areas) and such training should be field oriented rather than limiting to class room lectures.

For livelihoods (especially Livestock based) in spite of significant technologies available, customization to poor's resources and need has seen a wider gap. For example there area various alternative animal feeds and its preservation technique to ward off seasonal scarcity but its adoption has almost nil (3% in our project area). Planned breeding of goats to get kidding at high fodder season (which is changing due to rainfall changes) has high chance of reducing diseases and mortality and avoid economic loss but has not been able to propagate due to absence of platforms to discuss and understand such issues.

NRLM should encourage such special efforts of integrating and promoting technologies and such efforts should have special access to fund.

Based on personal experiences for implementing SGSY for dairy groups, I found making district a unit for planning is great idea, but district needs enough understanding, skill building and quality support to plan such livelihood development process and as said well planning can itself solve many of upcoming problems.

Looking forward for visions into reality by 2017!

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**Joy Daniel, Institute for Integrated Rural Development (IIRD), Aurangabad, Maharashtra**

I believe that NRLM has an important mandate to bring about sustainable livelihoods in the rural areas. The rural livelihoods almost solely depend on agriculture. Ignoring any aspect of agriculture will be detrimental to rural livelihoods. I describe below some of critical challenges of small farmers and my views:

**Cattle crisis**

The new emerging crisis is the reducing number of cattle in Maharashtra and other states. There is the reduced availability of cattle manure that is required for preparation of organic composts, biodynamic composts, and vermi-composts. The cattle population in Maharashtra has decreased from 18 million in 1997 to 16 million in 2007. An analysis of the cattle census data in the Economic Survey of Maharashtra reveals that there were only 101.7 cattle per 100 hectares of net cropped land in 1997 which has reduced even further to 92.7 cattle per 100 hectares in 2007. Similarly, there were 22,800 cattle per 100,000 population in 1997 which has now declined to 16,650 per 100,000 population. The distress sale of cattle and the migration of cattle to places with better fodder availability have an even adverse impact on the cattle population in dry land regions like Vidarbha and Marathwada region. This assessment indicates that the future of organic farming will be at stake if the decreasing cattle population trend continues and adequate corrective steps are not taken.

*(Source of statistics: Economic Survey of Maharashtra 2010-11, Planning Department, Government of Maharashtra.)*

The same trend is observed in the rest of India. The number of cattle has reduced from 204.58 million in 1992 to 185.18 million in 2003. The decreasing trend continues and is observed in the villages.

*(Source of statistics: Basic Animal Husbandry 2006 - Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Krishi Bhavan, New Delhi.)*

Given the ongoing trend of scarcity and increase in costs of chemical fertilizers along with the decrease in cattle to produce organic manures, we are heading towards an ecological, agriculture, and economic disaster unless drastic steps are taken differently.

### **Fragmentation of lands**

Between 1970 to 2005, the number of marginal farmers (<1 hectare) in Maharashtra has increased five-fold and the total operational holdings by marginal farmers have also increased five-fold – i.e. a rate of increase of about 5% per year. Similarly, the number of small farmers (1-2 hectares) in Maharashtra has increased by 4.5 times during the same period. Currently 40% of the total cultivated land area in Maharashtra belongs to the small and marginal farmers as compared to just 9% in 1970 and this trend is set to continue. The future of farming and food sovereignty therefore will rest with the small and marginal farmers and any development intervention has to focus on this group of farmers. The small farmers hold the key to food sustainability is proved beyond doubt in several international development forums. Unless things are done differently to encourage small farmers to continue with their noble occupation, their own livelihoods are at stake together with global food sustainability. This is particularly so in countries such as India where majority of the people still rely on agriculture for their livelihoods. (Source of statistics: Economic Survey of Maharashtra 2010-11, Planning Department, Government of Maharashtra.)

### **Recommendations:**

- Promote agriculture based rural enterprises for production of farm inputs - organic manures (biodynamic, vermicompost, traditional) - and value addition of farm produce by small farmers. These enterprises should be really small, viable, and manageable by individual small farmer households and the produce should be targeted for rural households - other farmers. The access to credits and technical support can be through the farmers clubs and JLGs promoted by NABARD or SHGs. This will increase individual incomes while also ensuring that the increased incomes add to the local economy (money not going away from the village).
- Promote local cattle as required for agriculture purposes - cattle manure and draught power. The cattle should be adaptable to drought like conditions. The promotion could be done through linking rural enterprises to cattle (dairy products, organic manure production) and facilitating access to credits.
- Water management. Increase knowledge on water management and access to micro-irrigation technologies through public-private partnerships and facilitating access to credits.
- Promote local organic "farmers markets" at district levels where farmers can sell their produce directly. This will encourage organic farming and the interests of the small farmers. The departments of agriculture along with certification agencies and experienced NGOs can identify organic farmers certified either through formal third party certification systems or Participatory Guarantee Systems.

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### **Rajan M Karakkattil, Malankara Social Service Society, Thiruvananthapuram, Kerala**

I would like to suggest the following points for the proper management of NRLM programme in the country.

- **Identification and Authorization of target groups:** Proper identification of target groups at the village level .The target groups should be from BPL list prepared at the state level. Special priority should be given to women, disabled, youth and socially marginalized sector.

- **Social mobilization into SHGs and JLGs:** Organization of target groups into Self Help Group will be effective. However, the recent development of nano groups at the grass root level called Joint Liability Groups (JLGs) is also a good for the sustainable development of the groups. Each Joint Liability Group (JLG) is comprised of four to nine members. It is very effective for management of project based enterprise development at the grass root level. The homogenous JLGs can be mobilized in to clusters also.
- **Entrepreneurship building:** The entrepreneurial competencies of the target groups should be enhanced through awareness, training, exposure and interaction with experts and agencies. The target group should get enough ideas on the projects related on agriculture, industrial and service sectors. This will bring the target groups to select viable project for their sustainability.
- **Role of facilitating organization:** The role of facilitating organizations such as NGOs, CBOs and experts in the field should be identified at the Gram Panchayat level /Block level /District level/State level and National level. The services of the facilitating organizations and experts should be explored for the proper management of the programme especially for the capacity building of the target groups. The facilitating organization can support the target groups for the skill development, product development, process development , placement and marketing outsourcing etc
- **Structure of the organization:** The organizational set up at the National, State, District and Block level is very clear. It should be expanded to the Gram Panchayat and Ward level. The coordination should start from the ward level itself .This will bring conducive atmosphere for the development of federations clusters and cooperatives of Joint Liability Groups and Self Help Groups at the grass root level.
- **Financial Inclusion of the target groups:** All the financial assistance or subsidies derived for the programme should be channelized through the Banks. A web portal as that of MGNREGP at the National level will bring transparency and accountability of the project and will curb the manipulations effectively.
- **Convergence of all development activities:** A convergent mechanism should be developed to incorporate the integrated development approach of the target groups at the grass root level.

#### **Rajan Babu. S, Indian Bank, Chennai**

Regarding the bank linkage for the SHGs, RBI has given the clear direction that no bank should keep the SHG savings as collateral for SHG lending. It is against the lending norms of the banks.

For SHG lending all the banks should follow these rules:

- SHG should be active in last 6 months.
- It should have got A /B in grading exercise. (NABARD has given grading parameters very simple and clear)
- The thrift and the savings should have been rotated properly.
- Group meetings should be regular for the past 6 months.
- The decisions should be taken in democratic and consensus manner
- The books and registers should be maintained regularly in simple method.
- The SHG activities should be very transparent and known by all members.
- These are the only conditions any bank can impose while financing for SHGs.

Other conditions:

- No bank branch can refuse any SHG lending
- No service area concept can be adopted

- No recommendation can be asked from any NGO/Promoter of the SHGs
- No collateral security can be asked for the loan up to 4.00 lakhs
- The loan can be extended up to 16 times of the SHG savings/corpus fund
- If any banks give trouble for SHG financing the concerned SHG can approach the following authorities
- Customer service cell of the concerned bank (the phone number and address of the officer has been displayed at every bank branch on the wall as one of the notice board)
- Next higher level authorities can be approached.
- The Lead District Manager can be approached.
- The NABARD district AGM can be intervened
- With in this the Loan will be given.
- If you face further worst situation you may go for Ombudsman of the concerned bank.

I feel for SHG financing the Bank linkage is the right source. In India for every 10000 population one bank branch or any bank arms like satellite office or the recent Business correspondent model/mobile bank method are now available. So any SHG can approach bank branches and they can insist for their Right to Credit. But in sad scenario now the repayment percentage of SHGs are going down in commercial banks (various reasons are there for this)

#### **Krishna Mohan, Catholic Relief Services, New Delhi**

Following components can be considered,

- Put strong emphasis on livelihood counseling. Often SHGs/cooperatives/CBOs get into business with loan funds/grants which are not just viable and thus fail. Institutionalize the livelihood counseling system through a team of experts/resource organization, who can train the NGOs and other implementing agencies on entrepreneurship development.
- Specially while promoting CBOs (cooperatives/federations/producer companies) provide adequate time and emphasis on institutional development.
- Focus on market-oriented enterprise (demand-based) development rather than production-oriented.
- Avoid blue print approach and provide for innovation and contextualization.
- Strong M&E system focusing on qualitative aspects as well which can inform the mission on learning aspects. Target-oriented M&E (excel sheets) offers little for learning.

#### **Dilnawaz Mahanti, Consultant, Faridabad**

The draft framework is to be lauded for its comprehensive nature and intent towards a target oriented and demand driven approach.

Institution Building - Creation of an institutional platform "of the poor for the poor", for their social and economic empowerment, is rightly viewed as a "critical prerequisite" While the SHG model is indeed a sound starting point, it would eventually need to evolve as a stronger, legally recognized entity for the purpose of local ownership and sustainable self reliance of the "Livelihood Collectives" (or group enterprise) as envisaged in the framework document. The self supporting/mutually aided cooperative model, with homogenous membership, common purpose, and with a set of their own bye laws drafted by the members, may be worth considering as a strategy in the long run.

The Cooperative sector has a strong presence in all states and could be called upon to lend training / support services through the existing infrastructure of State Cooperative Unions at district level and Institutes of Cooperative Management at state level. However, regional differences may be observed in their own capacities to be in keeping with the new age cooperative model, (vis a vis the bureaucratic, externally managed system), and need facilitation from the apex bodies.

The Revolving Fund component sounds a little worrying. Cash management, especially in the initial stages, would require external professional help and depend very much upon the credibility/accountability of this external agent. An alternative would be to provide assistance in kind rather than cash, based upon the identified needs of the members, such as production equipment and tools etc., the federation being involved in the process of loan recovery and revolving it again based on the members' requirements.

Livelihood Strategies call for close participation of the beneficiary community, in the process of identifying the areas for livelihood promotion. More often than not, these would be determined by the available natural resource base and traditional skills, which may need simple technological and skills upgrading. With time, the women are not averse to going beyond their 'comfort zone' of traditional livelihoods, and exploring other newer avenues for income generation. Apart from market feasibility and viability concerns, the cultural sensitivities of the beneficiary community need to be borne in mind, especially when dealing with ethnic communities. Hence their close participation at all stages is a must.

This brings us to what the framework rightly recognizes as the need for "external, dedicated and sensitive support structures". Local CSOs / NGOs play a vital role here with their distinct advantage of close rapport with the people, apart from their knowledge of the local region. What is critical here is a fool proof system of identifying NGOs with sound professional record, technical as well as financial credibility. Their gradual shift from a supportive to playing a facilitative role, would need to be built in from the planning stage itself, with clear, mutually agreed upon time lines.

The Rural Self Employment Training Institutes (RSETIs) for rural youth referred to in the document, may consider tie ups with the Vocational Training Institutes (VTIs) of the Labour department at district level, where possible and feasible.

Convergence with relevant line departments as envisaged would certainly optimize resources and efficiency, provided the line departments do share their resources in practice.

A system of on going self evaluation at all levels, apart from ensuring timely outputs, will further strengthen the sense of ownership, especially at the beneficiary level, which the NRLM aims at.

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### **Nune Srinivasa Rao, Hyderabad**

I am regularly observing the migrated families in slums of Greater Hyderabad Municipal Corporation (GHMC). The rural families are migrating from some of districts in Andhra Pradesh and other states like Orissa and Bihar and they are living at slums areas in GHMC. Most of these families are getting daily labour at apartment constructions etc. But really they are struggling for accessing minimum government sponsored benefits like rice, water and house. The migrated SHG women are already active member in SHG in their native village, but when she migrated from rural area to urban area, she is unable continue her membership in SHG at their own village or urban slum.

Based on my observation, The NRLM Should focus on

- Develop and Management of online web based central database of SHGs in India and it should be link with Aadhar. So the Government can track all SHG members.
- Coordinate with Ministry of Urban Poverty Alleviation and provide support to migrated SHG women for transfer her membership from rural to urban. If NRLM provide this facility, the migrated women can join in any Urban SHG, continue her regular savings get local support from SHG members and she can access food, water and health facilities immediately. Because of membership transfer, she can easily get financial assistance from Banks / FIs.



- With the help of this track system, the Government can continue to provide support to BPL families, avoid duplication, and develop convergence between SJSRY/RAY/JNNURM and other line departments.
- Before promoting of livelihoods, The NRLM may focus on below target groups and identify appropriate niche area
  - Some of SHGs are expecting financial support only for consumption, Income generation (Agriculture and allied sectors ) and other requirements
  - Few SHGs want to start small and medium scale enterprises
  - Few SHG members are looking at daily labour works
- At National level the NRLM may promote one SHG brand name. And also the NRLM should provide training on quality standards to all SHG entrepreneurs and sell the SHG products through online sales and district sales counters

**Indu Chandra Nagar, Janhit Foundation, Lucknow**

I would like to offer my views on the issues raised as under;

- **What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor, effectively**

Banking industries must look for engaging appropriate number of professional (mix of agriculture and social) to service the ever increasing credit requirement of the poor through proper and genuine identification, selection of appropriate Income Generating Activities (IGAs) considering local needs (both availability of raw materials and consumers) and providing them prompt and timely much needed credit to them to enable them to enhance their livelihood towards food security and resultant to livelihood security.

- **Most effective ways of using the subsidy component to reach the poorest of the poor.**

The only option left for Government and policy makers is to consider extending the subsidy component by way of credit to bank account of the beneficiaries under publication so that awareness can be created about the benefits of subsidy being passed on to them. Here again, to tackle the work load, additional manpower must be considered by banking sector. If needed, Government can make some provisions for part financing the cost so as to minimize the financial burden of banks.

- **How to promote livelihoods, skills development, market linkages and other activities of the value chains**

The first and foremost thing which comes to my mind is selection of appropriate Income Generating Activities (IGAs) considering local needs (both availability of raw materials and consumers) and providing them prompt and timely much needed credit to them. There is also urgent need for mass awareness among civil society (consumers) about the benefits of products/ produces being produced/ made by rural poor. For example, Making of Dal from Pigeon Pea (Arhar) and packaging in 250 gms to 1000 gms of packets and establishing market linkages with corporate who are in this business. Simultaneously, we have to promote CBOs/ Federations to empower them so that they can bargain for better prices.

- **What could be the strategies for engaging civil societies, particularly NGOs, for field implementation, as resource organizations, to promote best practices, technology and innovations**

In my firm opinion, there are thousand of good and dedicated NGOs/ organizations and somehow they have no reach to such programmes. Government and Policy makers, have to reach out to these dedicated NGOs and actively engage them for implementation at all levels of programme implementation i.e. planning, implementation, monitoring & documentation. They can also be well engaged as resource organizations.

- **What should be the support structure, implementation mechanism and M&E for NRLM**

I advocate the support structure, implementation mechanism and M&E for NRLM as mentioned in point no. 1. Further, there are thousand of qualified and experienced professionals who opted for VRS during 2001 in banking industry who can be well and gainfully engaged in for successful implementation in the most cost effective and result oriented manner. Additionally, use of IT at all levels of programme implementation i.e. planning, implementation, monitoring & documentation will add effective and timely review and prompt corrective actions if needed.

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**Nilanjana Dasgupta, Panchayat and Rural Development Department, Government of West Bengal, Kolkata**

I am furnishing my views below:

**What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor, effectively?**

Though Banks are planning for 100% inclusion by 2012, I as a grass root worker have doubts on it. BC Mode is also not working. There cannot be a straight jacket for every where. In some remote areas outside banking coverage involvement of other financial institutions like Primary Agriculture Cooperative Society having may be thought. Other wise Clusters at Gram Panchayat level may be registered under state cooperative act as Thrift and credit cooperative and perform the banking functions.

**Most effective ways of using the subsidy component to reach the poorest of the poor**

Instead of capital subsidy, interest subsidy may be thought.

**How to promote livelihoods, skills development, market linkages and other activities of the value chains:**

This is the most crucial and most important part. In West Bengal under SGSY we have tried one initiative in some pilot areas. In this initiative, some SHG members are identified as Livelihood Resource Persons and were trained by an NGO/ Institutions in different category. In a year long phase and season based training. They acted as apprentice under that organization. They are monitored by both the institutions and Government. Ultimately each cluster must have experts in different livelihood aspects. Bharat Nirman Volunteers may also be utilized for this purpose.

**What could be the strategies for engaging civil societies, particularly NGOs, for field implementation, as resource organizations, to promote best practices, technology and innovations?**

Special projects like that are SGSY may initiate some innovations by CBO/NGO etc. Besides they may be utilized for Technology transfer, IEC etc.

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### **Ravi Chandra, Bihar Development Trust, Patna**

It would be interesting to map all the brokers (middleman) who keep lurking around all government offices and banks and get your work done. Can these brokers (middleman) be thought as a community extension worker who charges service fees for providing services to masses? Can the brokers (middleman) be integrated with NRLM for training and capacity building as they will remain in the community for long term and will act an institution? There may be need to train one million such people so that NRLM works effectively and delivers on ground.

These middleman are generally educated 10th or 10+2 youth (middle ages if decades of experience) having motorcycle and know the documentation required. They do the photocopy and type the document formats for fees. They control the SGSY, IAY and many other schemes which involve subsidy from bank component. They are well connected to Mukhiya/ Sarpanch and lower level bureaucracy. Everyone knows who is the middle man through which work gets done except the bank officials and government bureaucracy. Brokers (*middleman*) can be formally trained in documentation of Banks, leadership, communication besides agriculture and NRM issues commonly affecting the community. They can be convergence agents for all schemes that government keeps launching and refresher training may be planned quarterly/half yearly basis for 2-3 years.

The selection of these middlemen for training may formalize a sector which facilitates the access of government services to poor.

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### **Jos Chathukulam, Centre for Rural Management (CRM), Kottayam, Kerala**

The Framework for Implementation of NRLM is an enriched document of the Ministry of Rural Development, Government of India. As the document says, "it will lead to freedom for the hungry and spiritually starving millions". The concept of self employment for addressing the poverty had been started with a well designed centrally sponsored scheme (CSS), 'Integrated Rural Development Programme (IRDP)' in 1980 and almost 20 years the programme was in operation. In 1999, it was transformed in to Swarnjayanti Gram Swarozgar Yojana (SGSY). IRDP was widely popularized in the entire country and still people feel that it is under operation. In some parts of the country, SGSY is nothing but IRDP even for officials of rural development. Building social capital based on associational life of SHGs, wedded with trust is the major philosophy of the SGSY.

My major observation is that the philosophy, concept and framework of implementation are concerned; these two programmes were well conceived and well designed. However, it had not been properly translated and communicated to the middle and lower level of staff of the rural development department and banks. Both these two schemes were expected very strong bank credit also. As an evaluator of both the schemes, I have wide field experience all over the country and had come cross a number of top officials in the rural development department who did not have proper idea on 'integration' which was the corner stone of IRDP. Many officials at various levels have poor understanding on the concept of 'back end subsidy' and 'lock in period' of the SGSY. There are banks who levied interest on the subsidy part. The same may be the case of NRLM. Here, the basic question is how to translate and communicate the basic framework for implementation of NRLM to those who are at the level of implementation. Majority of the people at the implementation level may not be in the position to understand the basic framework for implementation of NRLM. The major challenge of the NRLM is how to build capacity of middle and lower level officials. This service of technical support institutions (TSIs) can be employed at the district level and it may be a workable strategy for better implementation of NRLM.

Here, I would like to raise another recent issue which has series implications in the implementations of NRLM. The Meeting of Planning Commission on 21 April 2011 considered a presentation on 'Issues for the Approach to the 12<sup>th</sup> Plan' which argues that central funds to all the centrally sponsored schemes (CSS) are initially provided as loans to the state governments and subsequently converted to grants on

achievements of pre-specified outcome or output targets. If this is applicable to NRLM, the existing limited ownership of the state governments also will wither away.

We would like to suggest the following implementation strategy for the five specific questions raised by C. S. Reddy.

***What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor, effectively?***

**Target of NRLM**

- Identify the demand and supply side of financial inclusion of the SHGs.
- Meet the demand and supply side of financial inclusion.
- Promote financial literacy among the poor.
- Encourage financial outlet (Bank Mitras).

***Implementation Strategy by the Support Agency for addressing the above targets***

- Provide support to SHGs (both at demand and supply side) for achieving universal financial inclusion.

***Most effective ways of using the subsidy component to reach the poorest of the poor?***

**Target of NRLM**

- SHGs will be trained to inculcate the habit of thrift and saving.
- SHGs will be supported to manage the revolving fund and capital subsidy for continuous and easy access to finance at reasonable rates.
- Ensure affordable credit to eligible SHGs.

***Implementation Strategy by the Support Agency for addressing the above targets***

- Provide support to avail the subsidy to SHGs.
- Train SHGs in managing revolving fund and capital subsidy.

***How to promote livelihoods, skills development, market linkages and other activities of the value chains?***

**Target of NRLM**

- Forming and nurturing new institutions.
- Efforts to strengthen all existing institutions of the poor in a partnership model.
- Networking and Federating of SHGs and other livelihoods collectives.
- Knowledge and technology dimensions to these institutions.
- Continuous capacity building of individuals, families, SHGs, livelihoods collectives, PRIs, local NGOs, lower level government functionaries.
- Information Communication Technology (ICT) will be applied to disseminate knowledge and capacity building efforts.
- Look at the entire scenario of the livelihoods of each poor households and work to enhance their incomes.
- Ensure infrastructure needs of the livelihoods activities of the poor.
- Ensure market support and market research, market intelligence, technology extension, backward forward linkages and business plans.

- Scale up the existing skills and placement projects through partnership mode. 15 % of central allocation is earmarked for this purpose.
- Leading support from National Skill Development Corporation (NSDC).

***Implementation Strategy by the Support Agency for addressing the above targets***

- Locate centers and partners for skill development and placement project.
- Provide marketing support and support for infrastructure creation.
- Provide for stabilizing, enhancing and diversifying their livelihoods options.
- Providing training, capacity and skill building.
- Promote institutions of the poor.

***What could be the strategies for engaging civil societies, particularly NGOs, for field implementation, as resource organizations, to promote best practices, technology and innovations?***

**Target of NRLM**

- Encourage successful innovations.
- 5 % of Centre allocation is earmarked.
- High emphasis on convergence with other programmes.
- Seek partnership with NGOs and CSOs for strategy formulation and programme implementation.
- Mutually beneficial and working relationships between Panchayats and institutions of poor at grassroots level.
- Dedicated support structure at district level for process intensive efforts

***Implementation Strategy by the Support Agency for addressing the above targets***

- Constitute and support District Mission Management Units (DMMU) at district level and sub district levels.
- Established linkages between panchayat and institutions of poor without affecting the autonomy of the respective institutions.
- Develop district level frame work for partnerships.
- Develop convergence models and synergies with institutions of poor.
- Work out those innovations which have maximum potential with minimum resources.

***What should be the support structure, implementation mechanism and M&E for NRLM?***

**Target of NRLM**

- An elaborative monitoring and learning system with the support of web enabled comprehensive MIS, process monitoring studies, concurrent evaluation and impact evaluation.

***Implementation Strategy by the Support Agency for addressing the above target***

- Develop tools for monitoring and learning.
- Conduct monitoring and evaluations.

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**Bhaskara Rao Gorantla, APMAS, Hyderabad**

I agree with Mr. Sudhir Katiyar's analysis and like to add further. When the NRLM was announced in 2009, in place of SGSY, we have conducted a desk review of SGSY and made some suggestions to NRLM.

You may see the paper at <http://www.apmas.org/pdf/NNRO%20paper%20on%20NRLM.pdf>. In that paper, we have pointed out that the rate of open unemployment, in the country, especially in rural areas, is quite low compare to poverty rates. That is, the poverty among the working people is more severe than unemployment per se in the rural areas. NRLM may focus on increasing the remuneration of the **working poor**, rather than promoting more individual oriented micro-enterprises, especially in the primary sector. In the paper we suggested for more focus on financial inclusion to meet the existing credit needs of all financially excluded sections, including the 'non-poor'. It will revitalize the rural economies and boost the demand for wage employment in the local economies.

As of now, migration, as pointed by Mr. Sudhir Katiyar, is an important livelihood source for a large number of to the poor. Improvement in the 'whole chain of migration' including remittances services will benefit all sections and the whole economy, especially, the poor. On the other hand, artificial disruptions in migration, if any, may hamper the development at destination and may force the employers to adapt labor replacement techniques and practices. At the same time, seasonal migration should not be viewed as the permanent solution for the unemployed and underemployed people. Promotion of the local/ rural economies' transformation, revitalization of under performing primary sectors, promotion of the labor intensive industries and activities and skill up gradation of labor force, etc are the long term solutions. I will elaborate some of these in another posting.

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#### **Kailash Iyer, Pipal Tree Ventures Private Limited, Mumbai**

This is with specific reference to the Skill Development and Placement Projects and Innovative Projects component of the document. Pipal Tree Ventures, Mumbai is working on improving the standard of living of infrastructure industry workers using the following means:

- Training for skill development of rural youth w.r.t construction skills with ensured job placement
- Ensuring better living standards and conditions for construction workers, especially labour
- Better wages through on-the-job skill enhancement

In India, construction has accounted for around 40 per cent of the development investment during the past 50 years. Around 16 per cent of the nation's working population depends on construction for its livelihood. On one hand, the construction industry is growing at double digit rates and on the other, there is a severe shortage of skilled manpower in the sector. This demand - supply mismatch is leading to an increase in wages in the industry. This is the right time to capitalize and skill the rural youth in construction skills.

However, companies like Pipal Tree does not have the wherewithal and expertise on community mobilization. Though we are experimenting with NGOs and CBOs to cater to this component, the strategy is scattered and lacks scalability. A partnership with a national program like NRLM, which has community mobilization expertise will definitely bridge this gap and ensure sustained flow of employment for thousands of rural youth targeted by NRLM.

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#### **Binay Kumar Sahay, Gramin Vikas Trust, Ranchi (response 1)**

Natural Resource Management is one of the major components for addressing the livelihoods of the rural community. An integrated plan based on the five capitals of livelihoods to be developed to insure the sustainability. The Five capitals are:

- Social Capital
- Human Capital
- Natural Capital



- Financial Capital
- Physical Capital

We have a successful model based on Natural Resources i.e. Horticulture based WADI (NABARD), Drip Irrigation for Commercial Vegetable Cultivation (Jharkhand State Livelihood Promotion Society), Seed Village (Gramin Vikas Trust), and Sericulture (JHARCRAFT) etc. Similarly Poultry farming, Vermicompost, Aquaculture, Bee Keeping etc

These activities may be promoted through SHG/ Federation / Farmers Company etc and it should be promoted on commercial basis for an area. The Role of CSO is very important in addressing, capacity building and organizing the Federation/ Company and making the activity economically viable.

The Marketing of the product may be addressed on priority basis based on the JHARCRAFT model in Jharkhand.

**Monika Khanna, Solution Exchange – United Nations Development Programme - India, New Delhi**

I appreciate the approach adopted in designing the framework of the NRLM. I am responding with a few suggestions on the points/chapters in the Framework.

### **Most effective way of using the subsidy component to reach the poorest of the poor**

For this to happen, I feel that it is important for the Self Help Promoting Institutions (SHPIs) as well as the SHGs to be clear on the purpose of formation of a group. Since the entire implementation mechanism of NRLM is based on the SHGs it is imperative to ponder on the question – how can the poor reap the benefits and move out of poverty through the formation and participation in the groups. Is formation of the group a way to get the subsidy or there is a need to avail the subsidy so as to provide impetus to the livelihood activity chosen by the poor/group. Besides this, the subsidy component should be designed in the way that it reaches the last mile in a timely and cost effective manner. Moreover, for different target groups the subsidy can be designed as per their requirements in the livelihood value chain. Similarly for the poorest of the poor, first round would be to cover their basic consumption needs through subsidized food, pension facilities and economical credit facilities.

### **Skills and Placement Projects**

As mentioned in the Framework there has been 15% allocation earmarked for Skills and Placement Projects. So I feel that there is a need to link NRLM with the existing work of **National Skill Development Corporation** (NSDC) whose mandate is to skill 30% of the overall target of 500 million people by the year 2022. Lot of proposals (under the PPP mode) have already been submitted to NSDC and may be in the pipeline of sanction as well. To avoid further confusion at the district level (as it is mentioned in the implementation guideline of the NRLM – “Ordinarily one project shall be approved for one district at a time”) there is a need to closely work with the NSDC so as to avoid duplication and adoption of an inclusive approach.

### **Financial Inclusion and National Rural Livelihoods Mission**

- There is a need to work with the financial institutions (FI) so that **timely** financial services are provided to the SHGs/Federations as per the Micro Investment Plan rather than the wishes/targets of any particular FI at a given point of time. Many a times in other programmes and schemes it has been observed that SHGS and federations have not been able to mobilize credit as per their requirement, time and demand of their business. In any livelihood activity, timely availability of

finance is important. So it is important to work closely with the banks from the initial stages of the project so that the livelihood activity of any group does not suffer.

- Further there is a mention of positioning the Bank Mitra (dedicated customer relationship managers), however who will bear the cost/salary of Bank Mitra is not clear. Also it has been mentioned in the framework that – “specialized spearhead teams could be constituted by banks for business development and origination services, monitoring and recovery of loans to SHGs and federations”. In case cost of Bank Mitra and spearhead team has to be born by the Banks there is a need to look at the existing initiatives of Financial Literacy and Credit Counseling Centers (FLCC) of various financial institutions with similar mandate. Even the circular of Reserve Bank of India focuses on up scaling the FLCCs in various districts. For more information on the FLCC model, please visit: <http://rbidocs.rbi.org.in/rdocs/notification/PDFs/FLCCCIR1.pdf>. Please also refer to link - <http://rbidocs.rbi.org.in/rdocs/notification/PDFs/HLCCLBS190310.pdf> focusing on the Report of the High Level Committee to Review Lead Bank Scheme - Implementation of the recommendations (highlighting - Each Lead Bank is expected to open a Financial Literacy and Credit Counseling Centre (FLCC) in every district where it has lead responsibility)
- Since NRLM plans to work on remittances (especially in the areas where migration is endemic), there is a need to collaborate with not only financial institutions but also with **Postal Department** as well as other institutions that offer **remittance services at the door step** in the rural areas.
- Alongwith the Financial Institutions, the role of Community based Microfinance Institutions (CBMFIs) in achieving financial inclusion cannot be undermined. There are many CBMFIs that are working effectively and efficiently in the areas where financial institutions either are not present or their services are still far from the reach of the poor.
- To expand outreach, NRLM will focus on training youth as Business Correspondents (BCs). However, it is important here to learn from the existing challenges, specifically the issue of returns/profit for becoming a Business Correspondent. So from the beginning itself it is important to work/compute the returns that could possibly be generated in the area, how many BCs are required in a geographical area and the requirement of the basic IT infrastructure facilities.

### Monitoring, Evaluation and Learning

Under this it is proposed to develop and put in place a robust IT based Monitoring, Evaluation and Learning (MEL) system. While appreciating the Management Information System (MIS) based input-output monitoring, I feel that there will be a need to capture the common information from various districts and states so that it can be compiled at the National level and effectively analyzed.

Generally it has been observed that at the time of capturing and compiling the information some important factors/criteria are not common in different states. Moreover, the left/missed criteria are added at different intervals of the Project Stage which in return creates confusion for the Implementation Agency and other stakeholders. So it is important to have a Common Framework (from the beginning) for all the states and accordingly the information needs to be captured at district, state and later compiled at the National level.

### Situational Analysis

It is important to prepare a Repository of the existing organizations (at district and state level) and the people's institutions created by them. To roll out the NRLM at state level this repository will further help in taking into account the existing institutions in the given geographical area and figuring out how NRLM could help in up scaling the already done good work by the collectives, cooperatives and federations specially the ones taking up the livelihood activities. Also it will relate to further analysis of existing civil

society organizations and their potential role in the form of Resource Organization and Implementation Organizations.

Moreover, as fifteen percent funds are earmarked for financing the skill development initiatives, I feel that there is a need to include the existing best practices of Rural Development and Self Employment Training Institutes (RUDSETIs), Industrial Training Institutes (ITIs), and PPP models of skill development in the extensive list of situational analysis (page no 57). Also, there is a need to enlist the presence of potential industrial hubs (district or state wise). This will help in formulating and sanctioning the projects near these hubs so that there is collaboration of industry from the beginning and the courses/trades are customized for better placement opportunities.

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**Rakesh Srivastava, State Institute of Rural Development, Arunachal Pradesh**

Implementation of NRLM requires amongst other things a major change in the mindset of the government functionaries. In such states and regions which have not been able to benefit from the group approach and/or from self employment initiatives in the past require a holistic strategy with dedicated implementation measures.

MoRD can no longer and should ideally no longer adopt an approach of release based progress monitoring. These areas require handholding support and a greater degree of monitoring of the process of implementation so that bottlenecks are removed. It is because of these bottlenecks which hinder the progress of self employment initiatives and thereby deprive the poor of opportunities to come out of poverty by themselves for no fault of theirs. To that extent this also inhibits the overall aim of achieving any meaningful gram swaraj.

In hilly states, the approach under Special Projects need not concentrate on placement linked projects because of absence of meaningful private sector presence and also because of limited opportunities to develop skill sets. The absence of agriculture markets have also been a limiting factor. To compound to the problem the bankers in these areas (especially Arunachal Pradesh) adopt a pessimistic attitude towards extension of credit.

Since NRLM is a flagship programme and at least at present there is no fund shortage for its implementation. Therefore an effort should be made for bringing together the efforts of Department of Social Welfare, Department of Agriculture, Department of Rural Development, etc. on a common platform and ideally through a dedicated implementation mechanism (as is already suggested in the framework) in a time bound manner. The development funds including subsidy etc should be released based on the coverage of SHGs, individuals, etc. So long as these departments shall continue with their watertight efforts, the implementation mechanism at the cutting edge level shall always have ways and means to put in half hearted efforts.

The other aspect that needs to be considered is the treatment of subsidy and the process of allocation based implementation. While the implementation framework mentions an increase in subsidy, it becomes suggestive that the subsidy shall be treated much in the same manner as it was under SGSY, leaving to much leakage and favoritism, etc. One of the recourse suggested is that practice of cash subsidy should be discontinued and instead bankers should be provided this amount as interest subsidy, leading to easy and economical credit to the interested. The districts that perform better should be allocated more funds from the total State allocation. This will incentivize the district set ups and motivate the concerned blocks. It will also put pressure on non performing districts within the same states to match performance. However in case of hilly states the district wise targets should be based on district specific conditions.

SHGs, especially women SHGs have always shown a zeal for learning and coming out of poverty. Therefore some impetus must be emphasized upon for rewarding leading SHGs.

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**Dinabandhu, Professional Assistance for Development Action (PRADAN), West Bengal**

I am trying to promote and strengthen livelihoods in different agro-climatic zones of India (primarily confined in the states of West Bengal, Orissa, Jharkhand, Chhattisgarh, Madhya Pradesh, Rajasthan and Bihar). My realization is to ensure sustainable livelihoods through Natural Resource Management, most important /potential intervention would be to create irrigation infrastructure / sources that will provide each smallholder an access to 2000 cubic meters of water at the end of monsoon (This figure I have arrived at considering food grain productivity per unit volume of water, provided other factors of production are met and requirement of water to produce some additional cash income through vegetables / pulses/ oil seeds etc). Though this volume of water might come from varied sources and rain water harvesting should get prime focus. Ground water should be preserved for drinking water and for next generation, who are going to face a much more difficult challenge. Once access to such amount of water is ensured, converting that into livelihoods would be pursued through disciplining farming practices through intensive community processes.

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**Arun Jindal, Society for Sustainable Development, Karauli, Rajasthan**

This query is timely raised. Please see below the responses to the questions raised in the discussion:

**What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor, effectively?**

We all are trying to promote financial inclusion and bank linkages to include poor to reach formal credit institutions, but here banks or cooperative unions are not so interested to open accounts of the poor or provide credit to them. Hence I would suggest that banks (Nationalised, Private, and Cooperative etc.) Should be involved and have responsibility from beginning to extend financial inclusion and bank linkages to reach the poor. Civil society organisations, NGOs, SHGs, and other villages based organisation should be involved to mobilize people for financial inclusion and bank linkages. These organisations should get fair amount of money to promote inclusion.

**Most effective ways of using the subsidy component to reach the poorest of the poor.**

Back ended subsidy should be provided to the beneficiaries. Village based organizations, NGOs, CSOs, CBOs should monitor with the active cooperation of Gram Panchayat the activity, subsidy and loan component.

**How to promote livelihoods, skills development, market linkages and other activities of the value chains**

One NGO at district level should be selected with prior experience to promote livelihoods, skill development, market linkages and hand holding support. NGO should be local and has presence and experiences of minimum five years.

**What could be the strategies for engaging civil societies, particularly NGOs, for field implementation, as resource organizations, to promote best practices, technology and innovations?**

NGO selection should be transparent and have clear norms.

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**Vidhya Das, Ama Sangathan, Orissa**

Thanks Mr. CS Reddy for a very crucial question. This is an important issue, and the response needs time to be framed properly. My response here is primarily in the tribal context. As tribal communities are amongst the most deprived and marginalised groups and yet still lead lives which have some of the smallest ecological foot prints, it is important to focus attention to their livelihood issues:

**What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor, effectively?**

Specially for the tribal sectors, this should not be the priority area. Tribal regions have a rich agricultural bio-diversity. In the tribal regions, more than 80% of the workforces are in the agricultural sector. They are either owners encroachers and/or farm labourers. The effort should be to help them improve their agriculture, and have better land use, moving out of shifting agriculture to more intensive forms of land use, so that other land use are freed up for livelihood and income generation plantations, which will enhance ecosystem services at the same time.

**Most effective ways of using the subsidy component to reach the poorest of the poor**

There are good schemes in place, the NHM has a scheme of support to farmers where they can develop horticulture plantations. At the moment, this does not have much success, as the subsidy component is what attracts the farmers. The whole scheme needs to be integrated with agro ecology designs based on permaculture systems that combine improved food security, with livelihood services and income generation. Several such efforts have been made with much success with indigenous farmers in other countries. Experts who have long experience of working with local communities of farmers like Miguel Altieri, Stephen Gleisman, Ken Hargeishmeir could be involved to develop pilot models to be taken up in selected districts. Local ecosystem knowledge should be combined with such newly developed models, which can be subsequently up-scaled to other regions. Agro ecology and focus on developing small farmer production systems is being given increasing importance globally, and needs to be focused on very sharply in India as well, especially in the tribal regions.

**How to promote livelihoods, skills development, market linkages and other activities of the value chains**

Addressing livelihood needs for the tribal communities has to begin with ensuring security of land tenure. Tribal communities have indigenous systems of land tenureship. The superimposition of present day revenue land on these systems have had several serious consequences, leading to land alienation, and destruction of indigenous production systems, rendering tribal farmers encroachers on land that has been theirs for centuries. The first effort should therefore be clear and proactive steps to reverse this by facilitating land ownership for the tribal farmer through the several enabling legislations including the Forest Rights Act, the PESA, and other revenue laws.

There is also a need to address policy issues, under the NRLM especially for the tribal regions. Prioritizing land settlements and putting into place enabling laws should be part of the policy statement of the NRLM, so that CPRs, community forests, water bodies are brought under effective community management for long term and sustainable use. The NRM focus on women is a very positive step, as women have the most intense and long standing relationship with their natural resource base. Women's groups, organic, and village and community level, *not* SHGs, should be provided with training and orientation so that they are able to manage the CPRs effectively.

This should be backed by supportive subsidies for reclamation and development of these lands, so that cropping and production become viable, as much of these are marginal lands. Here again, the priority should be given to indigenous cropping practices, and subsistence needs of the tribal communities.

There is also need to recognize the existing production potential of tribal communities. They produce high value crops, which are siphoned off by middle-man traders at throw away prices. Processing units in tribal, as well as rural areas could go a long way in addressing this problem. Processing units in tribal regions to value add to local produce would increase the competitive price of the tribal products, help provide local employment, provide an incentive to local communities to produce more, as also develop local entrepreneurship. It could also be an effective way of engaging educated youth in the tribal regions, who are increasingly at a loss about their future and careers. Training and handholding supports to tribal youth for setting up small scale enterprises for processing and marketing would help local economies in rural as well as tribal regions to improve significantly. Alternatively, the processing, and marketing could also be done through collectives, where management could be taken up by educated and trained young people. Apprenticeships for youth could also be thought of.

In states like Orissa, there is a crying need for such supportive interventions. Cotton producing regions, do not even have ginning and carding units, oil producing regions do not have oil expellers, all this results in produce being taken out of the state to neighbouring states, with consequent shrinking of the local economy.

**What could be the strategies for engaging civil societies, particularly NGOs, for field implementation, as resource organizations, to promote best practices, technology and innovations?**

NGOs or civil society organizations work closely with the community, and have a rapport and open communication channels with local communities that is often lacking with government departments. NGOs with good track records of people's mobilizations should be brought into district and national level advisory boards / steering committees to guide and monitor the effective monitoring and reach of the NRLM. The local specific design for the NRLM should also involve NGOs in planning, monitoring, and fund allocations. Model pilots could be taken up by NGOs for implementation in selected districts.

**What should be the support structure, implementation mechanism and M&E for NRLM?**

Support structures, and implementation mechanisms should be transparent, and ensure the involvement of civil society organizations at different levels, as mentioned above. State governments should be encouraged to involve community leaders, CSOs as advisory bodies, as well as in implementation and most importantly review and documentation of the projects at different levels. It is important to have critical documentation of the best and worst practices so that effective learning can help in taking the programme forward.

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**Ashok Kumar Sinha, Karma Consultants, New Delhi**

The response in this post is diversified and many individual are reflecting on the agenda. This clearly reflects that SHGs / Federation movement has created its own priorities among stakeholders. NRLM is a positive step towards Women Empowerment and Gender Development in the country. We all have experienced the successes of SHGs / Federation movement under the range of programme like SGSY, NABARAD promoted SHGs, NGOs promoted SHGs, etc. But ultimately subsidy has major roles in creating conflicting situation at the community level. Though subsidy is an encouraging factor but it also defeated the very purpose of SHGs in many areas especially when it was formed especially for the BPL families. I have experienced that community members are looking only for the subsidy component in the formation of SHGs. And now time will come when loan repayment under SHGs / Federation will become a crucial issue. Different promoters have different sets of successes in the SHGs / Federation movements. Sometime I also feel that that community member come out with judgmental statement that Bank functionaries not supporting but I have experienced that proper homework and collective pressure helped in bank linkages. There is also vested interest in bank linkages.



Here I would like to add some reflections, which could be instrumental for larger stakeholders.

SHGs should have their own image and identity at governance level – so that SHGs members / leaders could be able to place their individual as well as collective needs with courage and confidence as members / leaders of their respective SHGs

Engagement of SHGs in programme / schemes implementation – many SHGs are engaged in Mid Day Meal Schemes – Provision should be made that at least 25% programme / schemes will be implemented through SHGs / Federation structure in the respective gram panchayat

Skill development towards job employability (special SGSY) and self employability are exploring in the country very fast and lot of NGOs are engaged in candidate mobilization / outsourcing of candidates - Could SHGs be platform for candidate mobilization / outsourcing of candidates in the coming days?

Engagement of SHGs members in individual income generating activities in small level was largely accepted but there are fewer examples of collective business / micro enterprises development. While framing the NRLM one should also think towards business plan promotion in the local context.

Project v/s Sustainability – Many SHGs used to be functional when project is in progress but just after completion of the project (support) SHGs become defunct. One should also look into aspects of sustainability of the SHGs in some different way.

History are there when SHGs are known for *Papar* Making Training, Pickle Making Training, Candle Making Training, etc – but all these models not worked out well as it was not properly linked with marketing – completion with market is also encouraging now a days when larger consumer are opting for branding – so I will say that in this Model efforts should be linked more towards linkages with existing market.

Financial literacy and financial linkages are important but at the same time use of loan amount and its utilization in the same purpose is very challenging aspects with the perspective of poor and marginalized groups, who always struggle for meeting their consumption and emergency needs. I came out with observation that SHGs has done the bank linkages and they have also received first grading amount of Rs 25,000 but after receiving it the members have divided it among themselves and the very purpose of the loan was defeated. We have to develop some mechanism for tracking of use of loan amount also.

Repetition of SHGs was also experienced when different stakeholders are claiming that these SHGs were formed and functional by our agency. Community members also affected with this claim in absence of proper MIS and displaying of the SHGs at the village level in transparent ways.

**What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor, effectively?**

- Flexibility in lending amount as per the need and plan of the respective SHGs with fixation of lower and maximum range rather than generalizing the amount for loan / grading

**Most effective ways of using the subsidy component to reach the poorest of the poor**

- Awareness about the subsidy component
- Clarity about the role of promoters / NGOs among SHGs / Federation

### **How to promote livelihoods, skills development, market linkages and other activities of the value chain**

- Over researched issue – it should be always local and contextual base with clarity about the business plan in self employment and opportunity in job employability

### **What could be the strategies for engaging civil societies, particularly NGOs, for field implementation, as resource organizations, to promote best practices, technology and innovations?**

- CSOs could focus more on Business Plan Development and facilitation in initiation / extend of income generation activities and micro enterprises
- CSOs can help in reaching among the poorest and socially excluded groups by following some innovative ways of SHGs / Federation formation and strengthening – I have experience that still SHGs was not much successful among the women members of socially excluded category like musahar (know as rat eater community), Saharia and Tribal, etc
- CSOs can be effective in ensuring convergence under the leadership of the SHGs / Federation only

### **What should be the support structure, implementation mechanism and M&E for NRLM?**

- Though range of service providers are available and functioning in the villages but one separate service providers for the SHGs / Federation will definitely make larger difference in the SHGs / Federation movement
- Provision for proper MIS maintenance should be also given priorities, which could be effective in ensuring transparency in the implementation of NRLM
- Space in the Gram Sabha for M&E
- Social Audit Component should be introduced in the NRLM

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### **Soma KP, Independent Researcher and Advisor (Gender Livelihoods and Development), New Delhi**

Dr Reddy, thanks so much for posting this query. It gives us a chance to reflect on the possible alternatives to address the issues that have been fore grounded by practitioners and researchers - and how NRLM can be made more responsive, and whether it is really the right strategy to be adopted for strengthening livelihoods and addressing poverty alleviation

My rejoinder to the NRLM is from the lens of gender and inclusion and institutional responses – I have also shared most of these views on the queries raised on the scheme by Rajesh Ramakrishnan and Sumi Krishna on the Jivika egroups website.

A poverty alleviation scheme in another guise - the NRLM once again places the onus of alleviating poverty on the rural poor, through being a part of a SHG and by initiating self employment while ignoring the larger policy institutional and structural constraints. Implicit in this mode is the state's investment of faith in the collective model on the one hand, and belief that self employment rather is the key to enhanced livelihood security. While the first –collective organization as an imperative for addressing structural impediments to livelihoods- is a strategy that has been established and demonstrated by several people centered democratically functioning organizations, the state's institutional machinery is ill-gearred to facilitate collective development processes and views groups merely as a watchdog and mutual benefit mechanism for financial gain. On the second issue of self- employment, most will agree that livelihood vulnerability is generated not by the lack of work alone but by the multiple vulnerabilities that the poor experience. It is through holistic approaches that poverty and vulnerability can be addressed as the experiences of DDS and Anandi and others in the livelihoods sector have taught us. Yet the myopia persists.

For those of us who have been initially blown away in the early 90s and then quickly disillusioned by the mode of the Credit based model of poverty alleviation as it gradually revealed itself for what it is – a liberalization tool, which enables capital based credit providers the means of penetrating rural market with new and highly at risk segments hitherto untapped at minimal risk to themselves for their own interests of profiteering, but enables them to toy with the lives of the poor by providing only micro sums to address the macro disadvantages they experience. The SHG approach seems more pragmatic for several reasons- it offers people the opportunity to work with mainstream structures of banks and compels state institutions to facilitate linkages with such institutions as a matter of right. Yet we know that these institutions are not attuned and nor are their rules designed to facilitate poor people in accessing credit and repaying it at affordable rates. A major issue that we raised while I was in Nirantar and has also been raised by peoples organizations and peoples movements have been raising is that bank credit should be accessible to rural poor women and at reasonable rates- implying rates of less than those charged to more affluent clients and at DRI. I wonder how the NRLM plans to address this significant issue. As I understand even the recommendations of the Malegaon Committee to cap interest rates and institute watchdog mechanisms to check malafide operations and profiteering by private agencies and banks has been hugely resisted by the major actors in the Micro finance sector. The NRLM would need to operate within the framework of the guidelines of the RBI in terms of adherence to norms for institutional accountability in lending and recovery practices etc and one can only hope that these guidelines -as and when they are finally put into place- will address the issues from a pro poor and gender equality perspective.

To put NRLM into perspective, **SHGs and bank linkage approach** is considered a more desirable approach than other credit based approaches for the following reasons-

- Access to mainstream institutions –mentioned above
- Governed by rules formulated by state bodies, can be compelled to consider equity considerations
- SHG rests upon savings of the poor and provides a security that groups themselves can draw upon.
- Ownership of institutions rests with the members - notionally at least. In the case of MFIs that I have had an opportunity to interact with more closely, I find that women are the 'clients' and have little say in the decisions that govern the operations of such organizations which are primarily driven by motives of business and profit. Although some MFIs /NBFCs have brought client women into share holder positions and they are represented on their boards, the decision making processes are controlled with the strict vigil of a profit making venture from which such women may have reaped benefit themselves and may therefore seldom be willing to challenge by raising issues of gender or equity, taking onto themselves instead the mantle of vanguards and spokespersons of the model itself.
- SHG as an institution provides the locus for engagement by women in accessing entitlements and services and can also provide the potential for women's rights to be addressed and for solidarities to emerge among poor women

The shortcomings as we have found from our research and experience are however many and will need to be addressed in this programme for any significant impact:

### **Multiple facets of poverty**

Most planners will acknowledge that mere income increase is not an adequate condition to decrease vulnerabilities and that other aspects also need to be addressed for a frontal attack on poverty, yet the focus remains limited to the enhancement of income of the poor and vulnerable through their own risk absorption through enterprise, with little effort to address the deeper structural issues of their poverty- such as decreasing access and control over common pool and natural resources, inadequate availability of education and training and skill development opportunities, food and health care availability, and voice in the political processes that determine their futures. Vulnerabilities of such communities compel them to remain dependent on a health care system that is fast being rendered redundant and privatized and only

serving to enhance their disadvantage. Moreover, since the majority of the poor are SC and ST and minorities, and such communities are majorly dependent on the natural resources available to them but are negligibly represented in the forums of decision making that determine the access and control to these resources, the political distance from impacting the decisions related to these resources for instance are as significant as factors determining their poverty and therefore vulnerability as the access to income.

### **Focus on women- negative gender ramifications**

The SHG approach implies a primary focus on women. This tacit marriage of liberalization policies with use of women's labour towards redressal of developmental goals at minimal cost to the exchequer is problematic from a gender perspective as well as from a perspective of inclusion that the government espouses so eloquently. Women are being encouraged even by their families to join SHGs, but this does not mean that women themselves are always benefiting, either materially or otherwise.

Instrumentalization of women as a means for families to benefit materially often results in greater pressure on women to access loans, even multiple loans and then to bear the responsibility for repayment. And at the end of the day women seldom have any asset or security for themselves, and remain the most impoverished in the family, in positions of subordination and dis-entitlement. This implies a need to focus on a gendered approach to the NRLM with gender orientation and training needing to be a significant part of the program strategy at every stage, right from the selection of institutions for training and formation of groups to institution building etc.

### **Group solidarities and entitlement negotiation**

Group formation has been a task assigned to organizations in the field on contract basis for a 3 month basis in the SGSY program. Huge gaps are observed between the number of groups formed and those surviving, primarily due to the lack of perspective and time devoted to actually nurturing groups to be able to function cohesively and for women to view themselves collectively. These are cornerstones of the process of group building processes and cannot be undermined. Yet the cost invested at this stage is a small fraction and nor is any process adopted to see if the women are actually willing to enter into collective action or support each other apart from the lending processes. Groups need to be nurtured and allowed to develop as affinity groups, their formation being based on shared civic problems and economic criterion rather than on issues of caste and kinship. The haste with groups being formed spontaneously compels traditional bonds to be reinforced thereby re-enacting the given social hierarchies of a society, and re-emphasizing the divides.

### **Inclusion of the real poor**

The issue of inclusion of the poor is a serious concern oft raised in the context of SHGs. SHGs are exclusionary of the real poor by virtue of the processes they adopt to build cohesion –a minimal amount of regular savings, and a compulsion to attend group meetings or be penalized, whereas most poor women are wage workers and can ill afford a day away from work in order to attend group meetings. Only rarely does one find groups that are willing to adopt timings and norms to suit the marginalized or to waive rules to ensure their inclusion. Numerous studies show that women engaged in daily wage labour or single women who form the majority of households headed by women, and these are the poorest households invariably, are usually left out of SHGs. How does the NRLM plan to address this issue is so far unclear.

## **Holistic framework for capacity development and institutional development**

This leads us to strategies for Capacity building being envisaged. Lacunas observed which will need to be addressed are:

- Seldom do the strategies address gender issues, or adequately address the root causal factors of poverty.
- Since the focus is on self employment, the content rarely addresses issues of community or collective issues for solidarity creation or redressal of problems such as food security or resource sharing. Despite the several innovations where SHG groups have adopted such strategies successfully, these are not integrated into the mainstream model of SHG training.
- Rights based agenda are studiously avoided, such as access to NREGA and the loopholes thereof, as these are seen as anti state agendas, whereas such programmes can go a long way in redressing poverty through creating entitlements. Instead business ideas for self employment are explored and some training is provided in skill based training to support such activities. Invariably one finds that those enterprises that have survived in the State sponsored programmes are those which the state bodies such as DWCRA federations etc continue to run on behalf of the women or those where the state is itself the client of the SHGs. Each of these institutional linkage frameworks suffers from their own loopholes. This points us to the need for a concerted focus on holistic strategies to address poverty, from securing work and food as well as access to basic services like health and education and access to their common pool resources which are a mainstay of the livelihoods of rural populations in many areas, to enhancing income generating opportunities, while ensuring that women themselves are increasingly gaining control of their assets, businesses and lives

**Institutional building processes** have been encouraging in few instances where women have come into leadership and been able to negotiate their interests with banks and government departments as well as negotiate their rights within their families. By and large however these have been centered on the giving and taking of credit and more recently to provide some social security cover. IN order to address poverty however it is necessary that institutions are developed and leadership is enabled to build strong mechanisms for demanding rights and entitlements from state and other parties as well as to take actions on agendas to change the situation of access to and control over assets resources and incomes from a gender and equity perspective.

## **State as deliverer**

All these actions to operationalize an effective NRLM program imply an overhauling of the rural development and poverty alleviation machinery in the country to take up an inclusion and facilitative process that is embedded in the faith that the institutions of the poor can enable them to negotiate their interests at multiple levels, to secure their livelihoods as well as to enhance their capacities. The machinery itself will need to charge itself with the task of ensuring such empowerment processes, wherein they are the facilitators of such change. Charged with the onerous responsibility of delivering this magic bullet of poverty alleviation through women's economic participation they must also be committed to the potential of women's empowerment in economic social and political spheres as a prerequisite. A tall order I believe, but a challenge that a committed bureaucracy and adequate political will must propel forward and bring to bear upon anti poor lethargic state machinery in a hostile development environment. Only with the active engagement with people's organizations and committed pro poor and feminist groups can such a mission of enabling the poor to be empowered be addressed in any measure. The flow of resources in adequate measure towards embedding these processes of change with transparency, avoiding those pitfalls that led to the manipulations of poverty related resources by vested interest groups in the past is a challenge. The process of selection of institutions organizations etc will be critical to setting the process in motion towards the achievement of these ends.

Much depends on the perspective of the promoting organizations and the nature of capacity development processes and the paradigm that informs them. Given the plethora of organizations that have mushroomed to take advantage of the micro credit boom as a means of their own sustainability, and the lack of a critical engagement with the processes of development I doubt very much that there is likely to be a significant shift in the way that the SHG processes envisaged under the NRLM will unfold. If we recall the means by which the Mahila Samakhya program was initiated within the government framework and yet nurtured and fiercely fortified by actors from the women's movement to keep intact its basic philosophy in the early years, there may be reason for optimism. However in the case of NRLM the proponents themselves seem to be from the pro liberalization genres who have espoused the opinion often enough that access to credit is an adequate and appropriate means for empowerment and livelihoods strengthening. There is also too much evidence presently that points to the thrust on liberalization policies and to the adversarial role of the state especially in some states viz a viz the rights and entitlements of marginalized populations, and leaves one with little hope. There is however greater awareness and mobilization among the poor and marginalized to use the pathways to demand accountability from state and other parties for the delivery of programmes that are rightfully their entitlement. I hope that they may prevail!

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**Shubham Singh, SRIJAN IDS, Bangalore**

Few points to ponder on:

### **Using the subsidy component**

Turn the subsidy component into a performance incentive, and link the subsidy amount to the performance of the group functioning. A system of quality check is usually built in before releasing the subsidy amount.

### **Skills and Placement Projects**

How do we focus on the informal sector jobs as that is where the most vulnerable sections find jobs? Should one attempt to explore and build on existing 'inherent' skills of a person while deciding on what job s/he would be trained on? The idea being trying to find employment for the person in which there are possibilities that s/he might excel in, rather than just finding any job and placing her? Case of learning from the high attrition rates in most skill and placement projects?

### **Financial Inclusion**

As others have pointed out, appropriate (amount) and timely credit is the key. The State has made efforts to get the financial institutions involved in the past too, with limited success. We all have learnt from these and NRLM would surely put in place strategies to 'partner' with the Financial Institutions. But, should there be a **PLAN B** (for ensuring appropriate and timely credit to the institutions of the poor)?

### **The HR Conundrum**

Having worked on HR issues and large scale recruitments for livelihoods projects across many states now, we know how difficult it is to find candidates who 'fit the bill'. There are just not enough 'good' people available. States (and projects within the state too) have started competing with each other to attract the best talent.

If we look at the present universe from which human resources may be drawn from for NRLM, there exists a fairly large pool (quality remains a concern) of skills in community mobilization. Partnering with NGOs, strategies of using community resource persons for mobilization would further enhance this pool. However, there is dearth of a pool of skilled (not only knowledgeable) human resources to work with the



community to build livelihoods. Another area of concern is the availability of managerial skills to run programmes at scale. To illustrate, similar ongoing projects have fairly young people (with a maximum of 2-3 yrs of work experience) handling a team of up to 20 staff at the Block level. Apart from managing the challenging targets, s/he is expected to liaise with the BDO and other government staff for convergence! A core strategy to **build capacity of staff** should be built in. States would have to see their **human resources as assets** and not 'expenditure' items which should be minimized as far as possible. Retaining the existing talent pool, once the states have invested in building their capacity through sound HRD policies should also be thought of. NRLM may also think of strategies to enhance the HR pool in the long run.

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### **Nidhi Sadana Sabharwal, Indian Institute of Dalit Studies, New Delhi**

Recently, the Indian Institute of Dalit Studies completed a study on caste and ethnicity linkages with farming performance and poverty, with the support of IFPRI. The analysis of the study is important in context of giving inputs on the framework of NRLM and also in identifying the poorest and the most vulnerable in rural India.

The data show that scheduled caste groups have the highest dependence on leased-in land and significantly lower agricultural productivity. The results of the analysis in the study may have important policy implications. While it is well documented that members of SC/ST have lower access to land and education, this study shows that lower crop yields by SC/ST members are not only due to the lower educational access of SC/ST members, but also due to their lower access to a wide range of agricultural inputs and services.

The analysis of the data on the "State of the Indian Farmer" survey conducted by the National Sample Survey Organization (NSSO 2005) in 2002/2003, covering 51,770 farm households spread over 6,638 villages across the country indicates:

- As compared to households from other castes, a lower share of SC households uses fertilizer (71.8% of SC versus 83.4% for general castes), improved seeds (45.0% vs. 55.2%), and pesticides (42.8% vs. 57.5%)
- SC/ST farmers use approximately the same amount of credit than other farmers (50.5 vs. 49.8%), but their share of non-business related credit is larger (53.5% vs. 38.7%), and they rely more on money-lenders (33.9% for SC vs. 18.5% for general castes).
- The share of households paying more than 30% interest is also higher among SC castes (8.2% vs. 1.3%). Scheduled Caste members participate less in co-ops (21% vs. 36%), they have lower access to all sources of extension, and often quote lack of technical advice as reason not to adopt new technologies.
- The yields for most crops are lower for SC members than for non-SC members. For example, average cereal yields in the Kharif season are 28.4 quintal/ha for SC farmers and 35.2 quintal/ha for farmers from general castes.
- Their net income is lower (Rs.19,400 vs. Rs.24,700 per ha), contributing in lower consumption levels.
- For members of Scheduled Tribes (ST), the differences are even larger for most parameters. Members of the so-called Other Backward Classes (OBCs), which are not untouchable but traditionally disadvantaged, also have lower levels of input use and production as compared to general caste members.
- The results of the production function analysis and the propensity score matching suggest that controlling for their lower access to inputs and credit, SC, ST and OBC members are as technically efficient as members of the general caste groups.

The analysis suggests that it is, indeed, their restricted access to inputs and services that accounts for lower yields across the excluded communities. In addition to restricted access to factor inputs, the excluded groups such as the scheduled caste also suffer from 'unfair inclusion' in the form of

discriminatory access to various sources of livelihood including agricultural land and non-farm business. The results of pilot studies in rural market (IIDS study supported by ILO, 2005) suggest that:

- Land sales and purchase is generally confined to persons of the seller's caste or of a higher caste, and this provides restricted entry to the 'untouchable' buyers.
- Forms of discrimination: refusal to sell them land that is adjacent to the farms of high castes, near to the village, and/or adjacent to an irrigation project command area. As a consequence of this, the untouchables generally end up buying land at a long distance from their native village, or land that is of inferior quality and away from an irrigation facility.
- There are selective restrictions on the sale of consumer goods, particularly vegetables and milk. Accordingly, low-caste sellers must depend on members of their own caste as consumers, and/or sell their products and goods in markets away from their villages, where their identity is not known. This, however, adds to their transportation and labor costs.

The factors that cause lower agricultural productivity mainly include lack of access (or ownership) to agricultural land and other inputs such as fertilizer and credits amongst others. Agricultural productivity is also closely associated with education and skills. However, in the case of marginal and small farmers belonging to excluded groups, in addition to these known causes of lower crop yields, the farmers from excluded/discriminated groups suffer from group-specific problems which are one of the causes of low agricultural productivity among them. These discriminated groups suffer from exclusion or discriminatory access which results in denial of equal access to opportunities and hence impacts their agricultural productivity among them. They face problems of "exclusion induced deprivation", from which only excluded and discriminated groups suffer. Therefore, the problem of excluded group farmers differs in certain respects (if not all respects) from that of rest of the farmers.

In addition to policies which are designed to improve agricultural productivity for improvement through increase in access to agricultural land, agricultural inputs and services, education, etc. which are required for 'all' farmers (i.e. farmers from the discriminated group and the rest of the farmers), farmers from discriminated groups need additional policy measures.

The aim of such measures will be to overcome the constraints posed by "unfair exclusion and unfair inclusion" and to provide equal but non-discriminatory access to farmers to rights and entitlements'. Therefore, the dual policy model will cover general policies for all farmers which are measures for improving agricultural productivity including farmers from discriminated groups.

It is therefore suggested that there should be a second set of policies for the farmers belonging to discriminated group so as to provide safe guards against discrimination which they face in accessing agricultural land, inputs and services.

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### **Jaya Patel, The Tata Power Company Ltd., Ranchi, Jharkhand**

After reading the draft document of NRLM and based on my previous experience of working with Uttarakhand Livelihoods Improvement Project (ULIPH) of IFAD, I would like to suggest the following points –

Apply Nodal Agency Concept: If we really want to make NRLM successful, we need to apply Nodal Agency concept by identifying a Nodal Agency (reputed CSOs) in every district. A Nodal Agency in a district is required to avoid duplication of SHGs, maintain minimum standards and also for monitoring lending and livelihood activities in a district. Multiple lending to SHGs as well as individual members has to be avoided. The suggestion of Nodal Agency is based on my experience of working with 'Ajeevika' /ULIPH project. In this project, we had to create new groups and also adopt SHGs (formed under SGSY). We faced following problems in adopting and merging SGSY- SHGs in our programme –

- Savings and Credit records were not available in some of the SHGs
- In some cases, the funds from banks reached up to SHG level but members of SHGs were not benefited with revolving funds and subsidies
- Many SHG members lost their kinships/relationships due to creation of SGSY- SHGs

- In many cases, common activities for entrepreneurship were imposed by DRDAs and consent /participation of members was missing
- The concept of 'Self-Help' and 'Group Action' was absent in many cases due to the gaps in trainings/capacity building activities

Under Aajeevika project, standardized capacity building initiatives were taken up in five districts so as to bring all the SHGs at one minimum standard level. Here standardization of training in terms of content and methodology was also important. On NRLM implementation framework, my suggestions are –

- As proposed under NRLM, revolving fund can be given after 3 months if SHG members are meeting weekly. In this aspect, I will suggest that it should be given only after the SHG has done inter-lending (thrice of the total savings used in inter lending and 60% members have availed one rotation of short term loan) successfully. This is suggested so that group members can handle funds with ownership & care.
- A clear guideline for SHGs about savings and credit needs to be an integral part of the mechanism to provide revolving loan funds so that implementer or any other person may not interpret it, in different ways. Poor should be given 'empathetic support' not sympathy of grant as it will restrict them to become self-dependent.
- A clear cut By-law with norms for saving & credit should be part of the DPR. There needs to be a provision for training, including functional and financial literacy for each and every SHG.
- Draft report describes about the capital subsidy to be provided to SC/ST BPLs as well as general BPLs. The provision of differential subsidies divides BPLs into two categories. When NRLM is only for BPL families and we are also doing 'Well Being Ranking' which provides vulnerability context of the members, then it will be good to avoid doing caste-wise differentiation within BPLs.
- The implementation plan of NRLM needs to be such that the system itself minimizes possibilities of corruption.
- If possible, the fund of capital subsidy should be shifted to Revolving Fund in a phased manner so that at the end, this fund could be utilized as 'share capital support fund' for membership in successful and profit making federations / companies. We should be open if SHGs want to take share of any cooperatives or company and aligning their business with them.

NRLM should promote a variety of entrepreneurial activity and if required should give emphasis on individual activities for long term sustainability.

RSETIs (Rural Self Employment Training Institutes) can be established in every district with committed CSOs and can also be linked with BPOs for long term business. Tata Power is running 2-3 BPO for providing skills and employment to rural youth in Maharashtra.

I am sure that for implementation of NRLM, MoRD will not depend on DRDAs as these institutions have limited capacities to monitor and support enterprise related activities.

### **Radha Gopalan, Rishi Valley Special Development Area, Chittoor, Andhra Pradesh**

The NRLM framework is comprehensive and attempts to look at numerous aspects both of policy and implementation. I would like to focus my comments specifically on the ground-level implementation because that is where most large Government programmes seem to be ineffective in realizing their objectives.

### **What could be the appropriate strategies for promoting financial inclusion and bank linkages so as to reach the poorest of the poor effectively?**

The economically most challenged sections of society are fundamentally ill-equipped to obtain financial assistance that is not a grant. This has been observed time and time again in all Government subsidy programmes aimed at enhancing livelihoods. However, to enable this section of society to build its

resources to propel itself to a more sustainable position in society, any financial inclusion or bank linkage programme must mandatorily be accompanied by some strong entrepreneurship training and opportunities programmes. In the absence of such a linkage, any financial inclusion programme is bound to fail. To enable bank linkages to be effective some suggested actions include:

- Maintaining an accurate, up-to-date database of ground-level information on local resources, livelihood skills relevant to a given area (determined usually by local resources e.g. weaving in traditional weaver communities where sericulture is practiced or where wooly sheep and goat are raised by pastoralists, operation and maintenance of solar powered lights in remote areas with unreliable electricity etc.) so that the appropriate support (financial and technical) can be provided;
- Promoting community / collective driven livelihood support system which will allow for more responsible management of financial resources e.g. like NABARD's Farmers' Clubs where members can support each other by serving as guarantors, enhance livelihoods by lateral networking and sharing resources;
- Introducing built-in capacity building programmes e.g. management of accounts, social mobilization, and basic administrative skills in the form of "on the job training" programmes. A necessary part of the implementation of any effective livelihood enhancement programme is that it must be driven from within the community through resource persons who are from the community and understand local conditions, constraints and dynamics.
- Not adopting the "one size fits all" approach but encouraging social experimentation which may generate broad, flexible models of livelihood enhancement that will necessarily need to be adapted for each location. For Example, in rain-fed areas, it will be good to provide assistance in the form of soft loans for livelihood supporting activities. This is logical because in resource-fragile areas, forcing purchase of resource-intensive animal breeds or supporting cultivation of resource intensive crops will only undermine this programme.

### **Most effective ways of using the subsidy component to reach the poorest of the poor**

This must necessarily be done only through streamlining documentation requirements and drastically improving the transparency in information requirements. Most often, the poorest of the poor are illiterate and mostly they are at the mercy of the local functionaries. The E-Seva facility could be effectively used in communicating clearly the requirements for subsidy components. For the subsidy amounts to reach the beneficiary effectively direct transfers must be made to beneficiary bank accounts or Post Office accounts from the Government Department implementing the programme. Regular and complete communication of information regarding the subsidy schemes to the poorest of the poor is the most crucial. This is one of the biggest lacunas in most subsidy programmes today.

### **How to promote livelihoods, skills development, market linkages and other activities of the value chains?**

Livelihood promotion cannot be planned in isolation from universal quality education linked to vocational training. Enabling provisions must be made in education policies and legislation which counsels students at the high school level (Class IX and X) with appropriate aptitudes to opt for a vocational stream linked to specific livelihoods such as agriculture, livestock management, carpentry, masonry, electronics and electrical skills, construction etc.

Enabling provisions should also cover policies in other Department programmes in animal husbandry/agriculture through which resource intensive schemes are not made mandatory. There is no substitute to driving the skills development programme and market linkages from the community. Foot Soldiers are the mainstay of effective livelihood enhancement programmes. Provision must be made in the NRLM to appoint community foot soldiers.

**What could be the strategies for engaging civil societies particularly NGOs for field implementation as resource organizations to promote best practices, technology and innovations?**

- Ground-level information collection, updating and maintenance to a suitable MIS;
- Social Experimentation through pilot efforts to test innovative ideas and then transferring lessons learnt to Government to support expansion of the programme with complete community ownership;
- Support training e.g. entrepreneurial skills; capacity building of community resource persons etc.
- Facilitating and forming a bridge between Government and community so that the ground realities are fed back into the programme design.

**What should be the support structure, implementation mechanism and monitoring and evaluation for NRLM?**

Social accountability and audits by third parties are absolutely essential for the NRLM to be effective. The third parties could be drawn from civil society, community and area experts. Guidelines for social accountability and requirements for the social audit, report on actions taken must be standardized. There should however be some built in flexibility to allow for local variations.

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**Raj Jani, Freelance Micro-Enterprise Development Practitioner, Jaipur**

While complementing MoRD for a well drafted NRLM framework, I want to offer my solutions towards the following-

**How to promote livelihoods, skills development, market linkages and other activities of the value chains**

Non-farm sector livelihood creation may seem an easier task as compared to farm-based livelihoods as much of it is already done by scores of service providers/agents working at the behest of private sector entities in existing value chains- textiles, handicrafts etc. These menial jobs fetch a low return but significant and steady revenue stream for millions of poor households spread over length and breadth of the country. But the demographic dividend by employing vast number of home-workers especially women has always been reaped by the forward end of the value chains, who have the market linkage. It's not easy to transform these existing and often exploitative value chains into pro-poor unless a market mechanism is put into place.

This essentially takes the following approach to create meaningful wage employment. First task is to identify a champion product in a cluster which has the potential to create mass employment i.e. Textile Handicrafts in Western region of Rajasthan (Barmer-Jodhpur-Bikaner-Churu) in which hundreds of thousands women in over 500 villages are engaged. Next comes identifying the key market players around the product variants like embroidered textiles, tie-dyed textiles, printed textiles etc. operating both in domestic and export markets. Tracing/Mapping the product value chain comes next to identify key intermediaries (including service providers like NGOs, jobbers, textile merchants) and the primary producers and intermediate processors like dyers, block/screen makers etc. Many of these primary producers would have been roped already into SHGs under some government program or by some CBOs/NGOs. In order to avoid duplication of efforts, these groups even if lying dormant can be revived under the process.

After making a tentative head-count/census of such primary producers (groups and individuals), the product champions - key market players (retailers, chain stores, exporters etc.), may be approached to adopt a certain number of SHGs/federations as per respective comfort level. Now comes the role of NRLM to facilitate a firm tie-up (and not merely a MoU) with the product champions who would take the lead in creating sustainable livelihoods for identified and contracted groups in an end-to-end service delivery model. The package of services may include capacity building, provisioning of small production



equipments like sewing machines, looms etc. to the beneficiaries/cluster on a common facility center basis, exposure of resource persons to better technology and practices, quality control and marketing/out-sourcing of produced goods.

The best champions (direct marketers) would like to provide all such services to SHGs themselves to retain exclusivity and maintain secrecy. NRLM should encourage incentivizing these market makers for providing the package of services on milestone/deliverables basis and on the premise to bring these people up the value chain (such as by increasing wages on re-skilling, providing better work conditions etc.) or else the alternative service providers can be identified in conjunction with the product champions. Another incentive in the system can be built by encouraging such champions to apply for Fair-Trade and/or similar social-accountability certification/standards, which on one hand would raise income levels of producers/processors and on the other would enable marketers to avail benefits of such unique branding to compete in the otherwise cut-throat markets. NRLM could go a step further and create niche marketing channels like Expo and Trade-fairs exclusively for such ethical minded and certified product champions creating meaningful livelihoods for poor masses.

This would also attract private sector on its own as many of them in the past who have been wooed by different schemes have either withered away for not getting required lead and flexibility to perform or a handful of them have quietly gulped govt. subsidies on finding loopholes in the system. Still on conducting feasibility analysis of such cluster development in the past, I found that on the demand side it is much easier to engage existing marketers/corporates to expand business and outreach in non-farm products than creating an alternative and competing channel on government expense, which dies its own death. While on the supply side, many successful entrepreneurs and businesses in the present era want to go an extra mile and create employment for disadvantaged people if such an opportunity is coming their way, which partially fulfills their CSR ambitions also.

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**Arif M. Akhtar, Jharkhand State Livelihood Promotion Society, Jharkhand**

I would like to share following thoughts on NRLM and its implementation framework, based on my previous experience of working in Uttarakhand Parvatiya Aajeevika Sanvardhan Company (UPASaC) –

- First and foremost, proper capacity building and coaching of group members is required by applying different kinds of training modules & taking the group members to exposure trips/study visits.
- Regular tracking of the group is essentially required. A group should not be linked with bank without assessment of credit needs of the members. For consumption purpose, SHGs can use their savings based common fund and do internal lending. However, if the members' needs are for production/income generation activities, then it is better to link SHGs with banks under SHG-Bank linkage programme.
- It is important to know the village economy and role of money lenders before linking SHGs with banks. In some places the network of money lenders is so deep rooted that it is difficult to ignore the role of money lenders. In such circumstances, bank linkage should not be provided without creating new livelihood options for the members of SHGs. In the absence of credit needs for income generation activities, it is quite possible that the beneficiaries are trapped by both the sources e.g. banks and local money lenders.
- Subsidy is required to be given as reward to the group/individual. Subsidy should be used as tool for the community mobilization which belongs to marginalized/low income group.
- It is essential to give demonstration of a good livelihood models. Livelihood models cannot be demonstrated through micro credit plan only. Usually, well mobilized communities easily start income generation activities like flour mill, grading & packaging unit, grocery shop, electrician shop, repairing shop, transport work etc. However, these initiatives have limitations in terms of their annual income growth and sustainability. Community generally makes traditional kind of livelihood plans due to little or no exposure to potential livelihood options. Strong and structured planning in campaign mode is needed to demonstrate livelihood activities which are innovative and more profit oriented.



- It is the right time to work on important value chains e.g. organic farming, dairy farming, NTFP, eco-tourism, village tourism, forest tourism, integrated vegetable production, poultry farming, Rural Non Farm Sector etc. A chain of demonstrations of these subsectors is needed to provide basket of livelihood options to the poor. It is obvious that each and every demonstrated activity will not get success, but some of the demonstrations will definitely be succeeded and that will be a boon for the community. Hence, a separate fund is required for establishing demonstration units of successful livelihood models. The expenditure for the livelihood demonstration should come from the project grant money, instead of loan. Grant for demonstration units are important due to the probabilities associated with the success of the units. Community can be asked to deposit some percentage of demonstration expenses, if demonstration units become successful.
- Micro plan could be prepared by the Project implementation Agency (PIA) by involving PRI representatives. In next step, micro plan must be approved by Gram Panchayats. NRLM block level body should take care of capacity building of SHG members and livelihood promotion of the clients. Specialized and separate agency/technical NGOs should be appointed to arrange livelihood demonstration/best practices of different value chains.
- It is indeed important to create parallel structure of development professionals. Fund flow system of this structure should be free from the existing system.
- Micro plan of every village should be prepared with involvement of PRI representatives, micro plan experts and PIA/mission representatives. As a next step, these plans can be approved by Gram Panchayat.
- SHGs should be formed and strengthened in a campaign mode. A series of demonstration units should be arranged to create credit need among the community for its expansion. Successful models will automatically attract the community for its expansion and hence groups/individual will approach for getting credit for the expansion of activity. VDC members and community should be capacitated in such a way that they can monitor their own performance.

I have observed in my present & last project that micro financing activity cannot become a sole agent that influence and promote livelihood options. But dovetailing of micro financing services with livelihood promotion activities is necessary to provide a solution to some extent. I am keen to see NRLM as a very successful project.

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**Binay Kumar Sahay, Gramin Vikas Trust, Ranchi** (*response 2*)

We have experienced that a lot of money has been pumped in to pull the rural tribal poor above the poverty line and to bring them into the mainstream of development process. Different studies proved that the targeted community has not been benefited out of the programmes to change their pattern of life. In fact, the willingness of the tribal poor to improve their condition of living has perhaps failed to bring about the desired pace of sustainable growth in the absence of the critical factor -“The spontaneous participation.” Shifting of the approach from ‘top-down’ to a decentralized ‘bottom-up’ approach or ‘Participatory Approach of Development’ has proved to be effective for poverty alleviation.

With a view to encourage the rural poor to develop their own plans, some fundamental considerations have been envisaged to have sustainability of technology and recycling of generated resources along with provision of ‘minimal subsidies’ instead of ‘high subsidies’ from the government. The participation of these tribal-poor in the development process created confidence and led them to build up a platform to plan for their own development.

The CSOs have played a key role in mobilization, capacity building and empowerment of the rural poor. The food security is one of the issues to be addressed on the priority basis under NLRM. Under SGSY programme, attempts were made to provide micro finance as well as livelihoods to the poor. Now, under NRLM, suitable mechanisms are required to be developed for management and productive use of the natural resource for addressing the issue of food security. In order to make NLRM a sustainable programme, professional approach with long term planning is essential.

NABARD's Adivasi Development Programme through 'Wadi' approach in collaboration with NGOs is providing an opportunity for productive use of the land as well as processing & marketing of the products. The central focus of the programme is on "Wadi" (small orchard) with other development interventions like soil conservation, water resource development, community health and sanitation and women development. The CSOs can play an important role to identify one or two products which can be marketed. The support in the form of infrastructure, skills development, technology and market etc. may be planned with the support of professionals. One or two NGOs may be engaged at the Block level for the development of comprehensive plan for productive use of the existing natural resources as well as facilitation of the community. Formation of the Produces Companies could be useful in management of the value chain especially in marketing of the products at a large scale. These initiatives are also important to address the food security issue by way of increasing production and also enhancement of income.

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### **Tushar Dash, Vasundhara, Orissa**

The National Rural Livelihoods Mission (NRLM) is going to be a major intervention in field of poverty alleviation and livelihoods enhancement in the upcoming days. I am associated with Vasundhara which focuses on natural resources, governance, forest rights, forest based livelihoods, community forestry and environmental related issues. It is interesting to note that under NRLM the focus is on the aspects of institution building for poor, community mobilization, social inclusion, creation and strengthening of federations for collective action and building social capital.

We have been working with community forestry groups, cooperative institutions of the poor and marginalized tribal communities in Odisha who primarily depend on forests for their livelihoods. Security of tenure and access rights over forests, recognition of community based institutions involved in protection of forests and forest based livelihoods have been some of the key demands of the forest communities in the state.

In this regard, the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act 2006, which is under implementation for three years now, has brought in the necessary scope for recognition of forest rights of the tribal communities. The framework for recognition of rights under Forest Rights Act is quite relevant for the discussion on NRLM as it focuses on the following aspects -

- Implementation of the Act at the community level is through the gram sabha and Forest Rights Committee which, as provided in the law, includes members of the tribal and forest dwellers and in that way ensures that the process is implemented through institutions of poor and marginalized tribal communities
- Strengthening of gram sabha and traditional institutions of the community

As per our observations, till date, the Forest Rights Act has greatly contributed to mobilization of local communities in tribal and forest areas and is laying an institutional foundation for the community and gram sabha to manage and develop forests as well as local livelihoods.

I am sending here some articles – [The Forest Rights Act: Redefining Biodiversity Conservation in India](#), [Forest Rights Act: A Blueprint for Future Conservation](#) and [Early Gains From Forest Rights Act](#) written by me on the Forest Rights Act which I hope would benefit the ongoing discussion on the framework for implementation of NRLM. At this point, I would like to suggest that there should be a discussion to find out ways of convergence and integration of NRLM with the FRA framework in the areas of institution building, social mobilization etc.

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**GV Krishnagopal, Access Livelihoods Consulting India Private Limited, Secunderabad, Andhra Pradesh**

I have gone through the 'NRLM Implementation Framework' document and analyzed the key aspects of the framework. The core issue remains that the capital of rural poor has to multiply. It will only happen when rural poor or marginalized themselves invest in the same. There should therefore be great emphasis on savings, deposits and transaction based savings products in SHGs and SHG Federations. Otherwise, they tend to become government delivery channels.

Also the important feature which the design is forgetting is that SHG - Bank Linkage performance has come down over the years. Some latest figures indicate 70 to 75% recovery only on SHG portfolio. So it might be important to keep the same in view while expanding to the entire country. Also lessons learnt from Micro-finance that there is a need for Capital Subsidy one time and Interest Subsidy on an ongoing basis is not being incorporated in the 20% work on livelihoods producer organizations being promoted. So it might be useful to incorporate the same for the producer organization promotion also.

On the whole, the role of civil society organizations is something which is a big worry. It is also important that Rural Development department take cognizance of the work of other Government departments and try to interlink with the same. So certain departments are going ahead with producer organization promotion while RD through these guidelines insists on graduation process from SHG - SHG Federation - Committee of SHG Federations - Producer Organization. On the framework of NRLM implementation, I have given point-wise analysis of various aspects and suggestions below:

**Observations on development model –**

**Developing Equity** - Rural economies can only grow when capital of poor – equity is given space for growth. Poor should not be seen as simple receivers of credit from the banks through creation of capital and interest subsidy. The crucial question is how to strengthen savings, assets and deposits of the poor in their own institutions.

**Parallel Development Approach** – Where both economic development institutions (producer collectives – cooperatives and companies) and financial inclusions development institutions (SHG – SHG federations) are developed together. There should not be a precondition on sequence of steps – like SHG – SHG Federation – SHG Federation Sub Committee on Livelihoods – Producer Collectives. After all other programs of government like Watershed Initiatives, Irrigation Based Initiatives, Horticulture Mission Based Initiatives, Livestock Initiatives and National Vegetable Initiative are going to promote producer cooperatives and companies even before the SHG – SHG federations are developed.

**Bridge Finance for Financial Inclusion & Economic Inclusion** – Bridge finance for financial inclusion has been factored but for economic inclusion has not been considered. It might be important to consider bridge finance for producer collectives to emerge. More importantly it is important that bridge finance should have both capital and interest subsidy components even for the producer companies and cooperatives.

**RSETI** – Only public sector banks are eligible to set up RSETI's instead of this why not specify conditions of life cycle support to youth and also encourage private players (CSOs and others) to participate in the process. Banks can finance and also involve in the process of development but there should be some partners who should be involved.

**Key Challenge – Adequately motivated committed professionals to manage this entire work** - It therefore essentially means there should be encouragement for CSOs and private players to develop quality academic institutions in backward states to train the existing staff, emerging staff and to train the youth. Training is required for community resource persons, community leaders, paraprofessionals,

project implementing staff and other stakeholders (bankers and others). Since the number is huge there is a need to develop all these accordingly.

**ICT Applications for Accounting** – There should be clear encouragement for application of ICT applications for accounting in SHG and SHG Federations. It will become almost impossible to create robust institutions without that.

#### **Observations on Structure –**

- A chapter on acronyms used should be incorporated
- A chapter with key definitions should be incorporated – on key words – skill development, self employment, SHG, producer group, social capital, micro investment plans, safety nets, etc. needs to be incorporated
- A chapter of key learnings derived from poverty reduction projects undertaken so far can be incorporated at the beginning itself giving all the justifications like –
  - Why SHG
  - Why women as members for universal social mobilization
  - Why producer organizations

Core chapters to be organized as –

- Rationale
- Framework and Approach
- Key Implementation Guidelines

Case Study

#### **Observations on Content –**

**Page 6** - Manpower – sensitive support structure paragraph – can be replaced with human resource.

**Entire Document** - Poor – may be replaced by – economically marginalized and socially vulnerable

**Page 4 – Preface** - 'Hard' – non negotiable or non compromise able & 'Soft' – Flexible or adoptive

**Page 5 - Mission statement** – grass-root institutions to be replaced by – self managed and self sustaining institutions of economically marginalized

**Page 5 - Mission Mode Approach – point c** – monitoring outcomes if fine but should not be written as principle statement as obviously inputs will also be monitored like resources spent, human resource working, extent of capacity development support etc. So one cannot say that only outcomes will be monitored

**Page 6** – Universal Social Mobilization – what needs to be done – organizing at least one women in each household in to SHG and organizing economically marginalized (farmers, weavers, fisher folk) in to produce groups, cooperatives or associations – compulsory coverage of vulnerable and quotas - that needs to be said in a paragraph – while justification on why women and all other things can be put together in the key learnings chapter.

**Page 6** – Promotion of Institutions – it might be clearly mentioned that there are two different forms of institutions envisaged –

- **SHG** – SHG Federations – Primary functions envisaged are universal coverage of financial services (credit, savings and insurance) , social services (education, health and nutrition) and better access to government programs (NREGA, old age pension and other schemes)
- **Producer Organizations** – Cooperatives or Producer Companies – Primary function is market intermediation of forward and backward linkages – value addition and providing access to markets ensuring productivity enhancement, income improvement and risk reduction.

**Page 8** – Innovations – definition to be clearly mentioned – this is the criteria to treat things as innovations often it is construed as anything related to technology is innovative or something else. We are also talking of social innovations in terms of implementation structure, institutional design etc. which will result in to maximum coverage at low resource intensity.

**Page 8** – Infrastructure – both physical (processing, storage, etc) and knowledge or only knowledge? Not clear

**Page 9 – Interest subsidy** – up to per capita Rs. 1 lakh is about the size of loan and not about the cap on total interest subsidy. The language needs to be corrected

**Page 10** – Allocations for skill development and innovation can be mentioned in two separate rows for clarity. This is because innovations is not just about skill development

**Page 11 – 19 (viii)** – focus on pro – poor livelihoods in farm, off – farm and non farm shall be mentioned rather than few sectors like agriculture and livestock leaving out large professions like artisans and weavers. So better to mention generic names.

**Page 11** – description on what components to be taken in to the perspective plan of states may be actually given in the annexure where we talk of perspective plans rather than in the core chapter.

**Page 13** – the content can actually brought down to few lines. Lot of repetition on social inclusion, institution development, vulnerability analysis and universal social mobilization. This could be avoided and crisply written in few bullet points.

**Page 15 – Specialized institutions like livelihoods collectives** - Mention specialised institutions for farm, off farm and non-farm sectors and do not limit examples to agriculture and livestock everywhere

**Page 15 & 16 – Creating Social Capital** – Experience states that social capital especially para professionals are not viable unless they are interlinked and supported by institution like book keepers by Village Organizations, para health workers by PHCs and para agriculture worker by farmers cooperative. The salary should be derived from surplus of business operations of federations and collectives as well as service fee to sustain. So it is important to mention that the social capital are employees of collective institutions and they need to focus on sustainable income models using a mix of product/service fee and surplus of business operations.

**Page 16 – Facilitating process Self Managed and Self Sustaining** – The key is to maintain ratio of equity to debt ratio – which means there should be enough emphasis on savings, transaction based deposits, annual deposits, retaining distributed surplus as deposits. All these mechanisms are important to create ownership. Ownership is just no social process but is also combination of social (participatory, decision making involvement, reservations in governance), emotional (identity creation, rating and awards/recognitions, provision life cycle services) and financial processes (building equity).

**Page 17 – Financial inclusion strategy** – There is no clear emphasis on developing equity through variety of products and processes. Growth of the capital of poor is an important mechanism of reducing poverty. No strategy emerging on how the capital of poor will multiply. There is enough mentioned on

developing quasi equity by capital subsidy and financial incentive by interest subsidy but no real strategy to develop the equity of poor.

**Page 32** – In skill development and formal sector employment there should be mention of accreditation, certification, apprenticeship and quality management as integral component. Also there should be mention of traditional and emerging sector needs should be talked about.

**Technical Support** – Can be broadened to look at variety of service requirements in the whole process.

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### **Bishnu C Parida, GOI-UN Joint Programme on Convergence, Jharkhand**

Ministry of Rural Development (MoRD) has done commendable job in formulating a well articulated Framework for Implementation of National Rural Livelihood Mission (NRLM). Members of working group also discussed relevant things about the framework in its first meeting held on 2<sup>nd</sup> May 2011. I have some points on the Framework for NRLM Implementation for consideration of the members of the working group and MoRD –

### **Reaching Poorest of Poor through NRLM**

While working in PRADAN with poor tribal communities in Odisha and Jharkhand for more than 12 years, I have observed that poorest and most vulnerable people (Primitive Tribal Groups, landless, wage earners, single women, old and destitute persons) normally do not come forward to form Self Help Groups (SHGs). As per a rough estimation, they constitute around 10 % of total population in a block. NRLM may not able to reach them through SHGs intervention in the initial years. Some separate mechanism, special attention and resource allocation must be there in NRLM programme to reach these people. There may be some relaxation in norms i.e. nos. of members in each group (allowing less than 10 members) for these categories of people. As an entry point activity to include these families in NRLM programme, individual family level interventions i.e. providing wage employment, pensions, subsidy in inputs, housing through IAY, etc. may be taken up. Special exposure visits, handholding and facilitations must be done for these categories of people. Civil Society Organizations (CSO) can play a significant role in these areas.

### **Convergence with MGNREGS & other development programme**

All the members of a SHG will not opt for self – employment or skill based jobs. Poorest of Poor (categories mentioned above) need wage employment to sustain their lives. NRLM should adopt a strategy of proactive convergence with MGNREGS and other development programmes, for this category of people. Multiple insurance schemes i.e. death / accident, medical, pension etc. must be taken up for these category of people.

### **Corpus and Subsidy components for Livelihoods Collectives**

Apart from forming and strengthening women SHGs, NRLM should also promote two types of secondary level people's organization i.e. SHG federation for mutual support, cross learning, collective bargaining for services and entitlements; and Livelihoods Collectives (cooperatives, Mutual benefit trusts, producer companies etc.) for managing backward and forward linkages in promoting livelihoods, skill development and self-employment. In order to develop and sustain these organizations, revolving fund may be given to individual SHGs, grants to the Federations and corpus and subsidy components to Livelihoods Collectives. Mechanism should be developed in a way that full loan amount come to livelihood collectives from the banks. Livelihoods collectives should be allowed to retain the subsidy amount after returning the loan to the banks.

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**Astad Pastakia, Freelance Development Consultant, Ahmedabad**

Drawing upon best practices of poverty reduction in India and elsewhere, the NRLM framework visualizes creating people's institutions of poor households as a primary pre-requisite for their socio-economic development. While the goal is indeed a laudable one, the following design related issues may need to be reconsidered in order to accomplish the mission:

**Facilitation of People's Institutions (PIs):** Facilitating PIs, especially the ones for whom collective enterprise is a highly specialized job, for which the human resources are scarce and located mostly with a few NGOs which are known to work closely with the people, and perhaps a few Government officers at the grass root level. The latter may need to be identified as champions so that they can become resource persons/trainers within the department.

The project envisages creation of a governmental structure that will carry out the job of facilitation. It is well known that such process intensive tasks are not well suited to bureaucracies. If NRLM is interested in creating durable and self-reliant institutions, it must involve those civil society organizations which have this particular expertise. WASMO in Gujarat is one instance of a quasi-government organization working in close partnership with civil society. WASMO has received rich accolades for its work in implementing participative drinking water and sanitation schemes.

**Creating a cadre of PI Facilitators:** The project assumes that competent facilitators of people's institutions can be brought together through deputation from other departments or through the open market as long as competitive salaries are paid. The fact is that competent facilitators are in short supply and many of them would prefer to work for small organizations where they have a non-bureaucratic work culture and the freedom to try out new approaches.

Given this situation, there is a need to harness the top training institutions in the field of rural development and encourage them to start short term (say 6 to 12 months) diploma courses on facilitation of people's institutions. Institutions such as IRMA, IIFM, IGNOU and others could collaborate with more grassroots oriented training institutions like Development Support Center, PRAXIS, Jan Vikas, The Livelihood School – BASIX and others to come out with relevant training modules, with at least a third of the time spent on practical experience in the field (with organizations such as PRADAN, BAIF, MYRADA, SADGURU etc.).

**Time frame of the project:** The project hopes that the PIs will emerge "over a period of time" and in due course become the internal support organizations of the poor. The block programme management unit (BPMU) would have 3-5 spear-head teams which will be responsible for social mobilization, institution building and creation of a cadre of community resource persons (CRPs). It is assumed that over a period of 2-3 years, saturation would be achieved at the block level and federations of the poor will be established, after which the facilitators would be re-located and re-trained. While spear-head teams can set up large number of SHGs in a short time, there is no guarantee that these will continue to function once these teams move on to other villages. The very idea of process intensive facilitation is undermined in the assumption that social capital could be built on a large scale in such a short time-frame and be expected to be self-supporting.

Facilitating cooperatives and producer companies as part of pro-poor value chain interventions require even more intensive facilitation and over a longer period of time. The pro-poor value chain for tasar silk in Jharkhand promoted by PRADAN for instance took almost two decades to develop. The organic cotton value chain in Kutch facilitated by AGROCEL took more than a decade to develop. There is a need to rethink the time-frame of the project. A modular approach could be thought of, involving 2-3 phases over a decade or more. Small groups could graduate from micro-finance to micro-enterprise and collective enterprise and finally to value chain development.

**Collaboration with Civil Society Organizations:** The SHG movement was largely initiated by CSOs and as such NRLM seeks to scale up this movement to cover majority of the poor in the country. The CSOs that have moved on to promoting micro-enterprise and collective enterprise could be supported by NRLM through the 20% budget allocated under value addition and market led interventions. The experience gained would be useful for a possible second phase of NRLM which focuses entirely on pro-poor value chain development. These CSOs may also be drawn upon to help NRLM in saturating certain blocks where they have been active. Given the experience of these CSOs in sustainable livelihood augmentation, it is only proper that NRLM should involve them at the highest level and work in partnership with them to cover the maximum target population in the shortest time period. Their inputs would be particularly useful in strategic decision making, design of interventions, monitoring and evaluation, training of trainers and government functionaries and research studies.

**Financial self-reliance of federations:** The project envisions a cadre of community professionals working to support the federations continuously in the management and governance functions. These professionals will have to be supported by the federations in the long run. The project assumes that the federations will become self-sustaining over time, but it is not very clear how this will happen. A number of successful NGOs are still struggling with the question of making the federations (especially the ones of farmers, which are not involved in savings and credit activities) financially self-sufficient even after a decade of hand-holding. This is not to say that it cannot be achieved. Suitable strategies will have to be worked out to make the federations self-reliant.

**Assumptions about withdrawal:** The project assumes that the “role of the external support structure will shrink”, once the internal community owned support structure takes over all the responsibilities. This is the basis on which the project is optimistic about covering large areas with small spear-head teams. Experience of successful NGOs especially the ones involved in creating pro-poor value chains shows that the role of the external support structure must change over time and may diminish to some extent, as the local leadership takes over the day-to-day operations, but it cannot be removed completely. There will always be certain sector-development functions (such as training, research, policy advocacy, market forecasting, technology acquisition, etc.) that will have to be performed, which the federations cannot be expected to take up on their own. These functions are no less challenging and will require substantial time and attention of talented officers, which should be factored in while doing human resource planning for NRLM.

Self reliance of PIs will also depend on the extent of capacity building and hand-holding that has taken place for functionaries of the primary as well as secondary institutions. Thus the beneficiary for capacity building and skills training will require that a capacity building strategy and implementation plan is developed taking into account the specific needs and livelihood interventions identified.

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**Man Mohan Singh and R K Atri, Livelihood and Skills Development Alliance (LiSDA), New Delhi**

We must commend the wonderful plan envisaged under the NRLM. At the outset we would like to inform that we have been conducting orientation workshops so as to empower participants to avail the local employment opportunities through skill developments. These workshops have been conducted in eight states and twenty districts so far. On the basis of these experiences, we would like to offer our suggestions for implementation framework of NRLM.

- We feel that there should be regular formal meetings for sharing of experiences at regular intervals and this interval should not be more than once in a quarter.
- Presentations of success stories should be the focus of these meetings.
- It has been experienced by us during our orientation workshops that the rural citizens are feeling disenchanted and neglected. These factors lead to unrest in rural areas, including naxalism. They migrate towards the cities seeking opportunities. This phenomenon shows an unhealthy trend. The

employment opportunities in rural areas to grow are non-existent. This trend can be halted by generating rural-based employment through skills development in various trades, including agro-based cottage industries, mechanical workshops, khadi, village and micro and small scale industries.

- Thus gainful employment in rural areas will initiate cycles of overall growth and development.
  - Skills development of unemployed rural youth can be a panacea for the unemployed and untrained rural youth. It is needless to highlight that lack of skills reduces productivity. Skilled manpower is definitely going to increase the overall productivity in different manner.
  - Adequate rural skill development institutions are nearly non-existent in the country and the agriculture sector is grossly ignored.
  - NRLM should give whole-hearted support for setting up skill development institutions exclusively in rural areas catering to the local needs, especially for the farm sector.
  - It is important to highlight an unfortunate existing situation that the present scheme has been hijacked by urban corporate agglomerates and urban-based bigger NGOs etc. There are information gaps related to NRLM and its associated schemes in rural areas. Thus the actual rural needs are neglected.
  - NRLM must give weightage to the institutions and organizations which are based in hinterland however small they may be. Such institutions need to be given necessary priorities for making available the existing rural infrastructure i.e. School and college buildings etc.
  - The scheme needs relaxation on the point of 25% contribution for the skill development institutions which are exclusively catering to the rural areas.
  - Strict social audit on the results of all NGOs, Organizations and institutions availing of benefits through NRLM should be conducted and made available for public scrutiny to avoid outsourcing by large organizations to smaller ones. This will reduce the trend of subcontracting by bigger organizations and thereby exploiting smaller organizations.
  - Presentations on skill development should be invited from various organizations.
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### **Vijay Kumar, National Council for Cooperative Training, New Delhi**

In the implementation of NRLM, the network of credit and non-credit cooperative societies can be used for livelihood promotion. In India there is a huge network of Primary Agriculture Cooperative Societies. Some of these societies are also promoting Self-Help Groups. Primary Agricultural Cooperative Societies (PACS) working as mini banks can very well provide financial services to the SHGs as these societies are catering to rural poor of the nearby villages.

Under NRLM the farm and non-farm products of SHGs can be sold in the women consumer cooperative societies. It has been seen that this is not happening due to restriction in many states to purchase directly from SHGs and consumer cooperatives are forced to purchase from wholesale consumer stores. By making changes in the regulations of cooperatives and making them freer to do business with the organizations giving them better services, cooperatives can start playing major role in livelihood promotion. In many places the godowns of PACS are not fully utilized. These godowns can be used for various purposes in NRLM programme. These godowns can be used for storing the raw material as well as finished products of SHGs.

It has also been observed that cooperative societies that have promoted SHGs are in a better situation due to the fact that the savings are utilized by the members in getting productive assets whereas other business-related support is provided by the cooperative societies. So it will be useful to link SHGs formed under NRLM with cooperatives for business purposes

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**Jayshree Vyas, Sewa Bank, Ahmedabad**

I agree that cooperative structure is very appropriate structure and working with SHG and cooperative institutional structure for livelihood promotion is a good idea. Business management education can be linked with it.

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**Murari M Choudhury, NEEDS, Jharkhand**

I went through the guidelines and directives related to SHG – Bank linkage. NABARD is taking proactive role in Jharkhand to help facilitate bank linkages/credit linkages. However, despite fulfilling all criteria, not all banks are cooperating to support SHGs. To give one example, NEEDS have facilitated over 190 SHGs for annual crop planning and credit planning covering over 2300 families during last kharif crop period. But, hardly any group has been financed except of those which are formed under SGSY.

Around 30 members of 2 SHGs are struggling to get loan for poultry since last one year but in spite of good savings base of Rs.8000 per member kept as collateral with the bank, the groups are not able to get finance. The bank is raising question of Service Area for providing finance. Similarly in Chandan block of Bihar, the banks have taken three years to understand that SHGs can be given loan and out of 100 applications of SHGs they are giving credits to less than 30 groups. In justification to low coverage of SHGs for credit, they give the logic stating that - "we are testing the first lot, if they do well, then we will lend to other groups". Here, important point is that these groups are more than three years old and are rated 'A' as per NABARD rating criteria. These groups are also having excellent internal lending records and also good records with MFIs.

The purpose of elaborating the whole scenario is to inform that willingness, attitude and to some extent targets are required to enhance financial inclusion and also successful implementation of programmes like NRLM. Banks being the key financing agencies for NRLM, will play key role in the whole process and therefore a separate strategy will be required to motivate and build capacities of the practitioners engaged with different banks.

I also think that if all banks are given targets for SHG lending and it is considered as a performance indicator for SHG lending, then probably SHG lending would get some focus. Recently, in order to enhance the financial inclusion, few banking institutions have started giving importance to JLGs. Investigations are required to understand the reason of low attention on SHGs in some of the bank branches. I think, NGOs now should start facilitating SHGs to ask for their entitlements and Ombudsman also needs to play a proactive role in the whole scenario.

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**James Neil, world Vision India, Chennai**

In the domain of Livestock based livelihoods, following are the steps for implementation -

**Identification of Right Target Group:** By just following the people below poverty line, we will miss out reaching the bottom up poor. Specific tools need to be applied to identify different segments of the target group. NGOs and Line Departments (implementing dept.) need to be trained in 'Wealth Ranking' exercise or 'Ladder of life' exercise. Wealth ranking will bring out four categories - a) Poorest b) Poor c) Middle d) Rich

If 'ladder of life' tool is applied, you will find the following categories: In last 10 years : People moved above the poverty line; People moved down to poverty level ; People who are stagnant; and people moved up from poorest to poor .

Participatory Identification of Poor (PIP) is another best practice which is followed in the Vazhndukattuvoor Project. This project is being implemented in 50 Districts and funded by the World

Bank. The project is in the second phase of implementation. PIP is a one day exercise wherein poor are being identified in a village through participatory method and the list is pasted in the PRI office to ensure transparency and final approved of PRIs.

If beneficiaries are not identified properly, resources under NRLM will not reach out to the targeted poor. It is equally important to enhance the capacities of NGOs and PRIs. Secondly, livelihood assessment needs to be done on livestock sub sector. However, it will still be a question that who will do the assessment and how it will be done? Hence, capacity building related issues need to be addressed. Another major issue in Livestock subsector is - procurement of animals in Bulk. For the procurement, a list of national level vendors to get competitive quotations will be required.

I also feel that it is important to find out various livelihoods sub groups in the Livestock sub sector such as poultry, piggy, dairy, and goat rearing etc. We need to facilitate value chain on each livestock based sub sector to bring out constraints and opportunities available in the subsector. Who will do value chain development and Management? How many value chain development needs to be developed? These are some issues to be addressed by NRLM. Under NRLM, it will be good if we can plan for a 'single window system' wherein livestock services including fodder development, animal health services, AI services, market services, finance related services etc. can be provided through a single door/Agency.

I would suggest the following framework for implementation of NRLM -

There needs to be a four level implementation team in each state: 1) State implementation unit, 2) District implementation unit 3) Block implementation unit 4) Implementation Unit at PRI level. At each unit - a responsible person needs to be identified and trained. Besides a well defined implementation guideline, livelihood specialists (Agriculture, Livestock, small enterprise and skill development) are also required.

I suggest a generic implementation business process:

- Identification of poorest and poor in the community (General BPL list cannot be followed as it is)
- Identification livelihood activities / sub-sectoral livelihood intervention for the villages (there may be four sub sectors in a village)
- Conducting feasibility - Financial viability, market feasibility, Institutional capacity to manage
- Preparation of Business plan and implementation plan for the activity
- Capacity building for the specific sub sector
- Funding and implementation of the activities
- Monitoring of the program - indicators tracking
- Impact reporting
- Plan for a standard user friendly software - (like NREGS) entered on daily basis on what has been accomplished (end of the day process completion). This can be viewed at four levels and also at the national level by Ministry of Rural Development.

In the whole process, the key questions are - Who will do what? When will they do? What kind of structure is required at the four levels? It is important to make use of technical team at the district level. This technical team / unit may consist of KVK, Agriculture University research unit and extension department etc. This technical unit can do the assessment of - Agriculture based livelihoods, Livestock based livelihoods, Skill development and Small business based livelihoods.

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#### **Subhankar Bhattacharya, Menstrual Hygiene Management Initiative - Department of Panchayat & Rural Development and UNICEF, West Bengal \***

I strongly feel that in view of objectives and proposed coverage, innovation has a significant role to play. It is therefore important to prepare a document/ map of Innovative technology options and assess

applicability. Innovative technology options, both developed at institutions and by grassroots innovators are available. These can be accessed at various organizations, including IITs, National Innovation Foundation, Honey Bee Network etc.

In many cases, beyond the pilot phase, there are not replicated at a wide scale. NRLM provides an excellent opportunity to adapt already available technology and encourage R&D efforts. The State Mission has an important role to support this initiative. There is also great scope for sharing of innovative solution across state.

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**Neelesh Kumar Singh, WASSAN Consortium, Ranchi \***

I have following comments to make on the NRLM framework.

### **Over all framework**

The entire framework seems to be concentrating around multi tier institution building rather than on the livelihood. Institutions are though an important part of livelihood promotion but this might be noted that not all livelihoods can revolve around similar institutions and not all families can be comfortable in this set up. Framework is designed or rather it evolves based on the reality. However, often we see that we fell in love with the framework so much that we deny the reality in order to accept the framework. Reality of poorest of the poor families are; that they cannot do regular saving, that they migrate and work hard every day and cannot meet regularly, that they cannot read and write and maintain their books (with lack of saving, any way there is hardly anything to maintain in the books), inter-loaning and regular payment is distant dream any way. In short, they don't fit in any of the panchsutra principle of a quality SHG. It's not that we don't know this. Since the inception of NABARD's SHG-Bank Linkage programme in 1992 poorest of the poor are have not been the part of such institutional structure, not that Civil Society didn't put effort, but the framework was not suiting the reality of poorest of the poor. At last they were left as the irreducible residuals of the framework. With my experience in Andhra, I know many groups who have fulfilled the panchsutra indicators overnight to access the bank loans. After all, collecting the saving of entire year in one day, filling the minute books and showing the savings as inter-loan in rotation, etc are not such hard indicators for comparatively well off groups and bankers with matching willingness. That time (1992) also we thought that at the cost of 10% of the population we cannot give away with such robust framework which is so convincing and has the potential to rationalize everything. Some of the realities of the poor population are as follows:

- Normally in any wealth ranking exercise the families which is categorized as poorest falls under the criteria of Old headed, physically challenged, female destitute and dalit. If you fall under all the four criteria then you will be the poorest. Normally the poorest families fall under more than one above criteria. How to engage with them is most challenging thing, leave alone convincing them to join any institution. It takes more than 6 months to a development worker (committed and qualified) to have a cup of tea at the house of any family of the above category.
- These family are health wise so weak that even if the job is available for 6 days they may not be able to work more than 4 days at a stretch, if at all they are able to work. Measurement of their work will be far from the normal unskilled labour.
- They are so tired at the end of the day that without taking alcohol they may not be able to sleep.

In this backdrop, it is better for NRLM to design a separate programme for them merely convergence (which is another myth) with NRHM, welfare schemes, NREGS will not do. It is good to exclude them from the frame work and also say in the paper that these groups are excluded and would need separate paper/ programme than counting them included and exclude them in field. My personal experience says that not only all entitlement schemes are inaccessible to them they are also inaccessible to most of the village level cadre of whatever scheme.



## **Livelihood**

Perhaps we all have heard on almost every platform of livelihood that credit is not the only thing that one needs to strengthen one's livelihood. If we also believe such statement and experiences then perhaps 'Micro Credit Plan' and Bank Mitra shall be replaced with 'Comprehensive Livelihood Plan' and 'Livelihood Mitra'.

Federation based pyramid structure are often created just for the sake of it and then we go on looking for a livelihood plan which can fit into this three or four tier institution. There have been many pyramids (federation) that doesn't have their base (SHGs). Such wonders are found in every states of India now. It is interesting to witness such pyramid being constructed. Often they are constructed from the tip of the pyramid. Further, often these federations are made for the administrative convenience which limits the services of the resource organizations to only federation. The base SHGs where actually the activities are happening don't even know how to access such services. We cannot just assume that services provided at federation level will trickle down to the SHG level or to individual level on its own. The hidden irony here is we start our approach with 'Bottoms up' and then make such pyramids for 'trickling down'. So, where all this leads us to?

## **Contradictions in the paper**

- We are saying wealth ranking exercise is crucial, we say BPL list is false, then why don't we just discard them. Why do we have to deny reality and accept anything false?
- Why do we have to consider 50% SC/ ST, women, Minority etc in the institution building when we are saying homogeneous group. Do we have to deny the reality that there might less than 10 SC families in some habitation and it is ok to make their separate group or evolve the facility of 'sub group, or even individuals (having its route linked to some or other group? Sub group) than mixing them with other groups and calling it homogeneous. The definition of homogeneity is up to the convenience of participating families and not that of us.

## **Dedicated Structure**

- We have the experience of dedicated structures in many centrally sponsored or bi-lateral projects. Most of the times these structure are in housed in some or other government office. After that, it is just the matter of time, when 'government culture' seeps into such dedicated structure. After that the whole spirit behind the formation of such dedicated structures gets lost in completing the files than completing the work.
- The dedicated structure also needs to build their own capacity and assessment of their performance. However, HR services are found missing in such dedicated structure once you are enrolled.

## **Suggestions:**

- We must have separate programme for 'Poorest of the Poor' or 'Ultra poor'. We can pilot it in some of the district since working only with ultra poor are not there in India (or the knowledge in not shared). BRAC experience may also be consulted for this.
  - Instead of SHG and Federation we may alternatively have livelihood groups.
  - Dedicated structure shall not be in housed in any government office anywhere. Now it's high time we shall start trusting people even outside the government office. I don't know why after all sort of scams still only government officials can be trusted and qualified for being signatory of bank account in every dedicated structure. Alternatively we may have person with established credential and knowledge even outside the government who can play such role.
-

### **Purushotham Kota, Management and Rural Resource Development Foundation, Hyderabad \***

Worldwide, awareness on secured financial transactions is increasing. The extent of financial exclusion is quite alarming in women, especially in rural areas. Following estimates based on various studies and market survey provides the pathetic picture.

- Check in accounts 40%
- Life insurance 10%
- Non life insurance 0.6%
- Credit cards 2%
- ATM debit Card 13%
- Only 5.2% villages are having a bank branch, Out of 119 million farmers, 97.7 millions farmers are not covered:
- 82.01% are excluded.

The self help groups still the under privileged sections in both rural and urban areas like farmers, small vendors, agriculture and industrial labor, engaged in un organized sector, unemployed youth, women, child labor, old people, physically challenged people. The financial exclusion is because of lack of options in technology, absence of reach and coverage, not having business model and lack of delivery mechanism at the ground lived. The belief that poor have innate capabilities and a strong desire to come out of poverty, through building strong grassroots institutions of the poor. These institutions enable the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable increase in their incomes, on a sustainable basis". And it is possible only if they are financially inclusion is done at this stage .In India Financial excluding communities are more in numbers.

In India, the financial inclusion is a big issue because of population availing the Banking services prior to nationalization was very low, after nationalization the percentage was increased. Day to day financial transactions is the need for survival and sustainable development. Now it is decided by the planning Commission of Government of India to make available the Banking services at the grassroots level through banking interventions and literary promotion through BC/BF model, especially to OBC and SC women, through building strong grassroots institution of the poor from grass root level. It enables the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable increase in their incomes, on a sustainable basis through strong belief on SHG model, providing capacity building on micro saving, micro enterprises, micro marketing and micro insurance in a macro way.

- Scaling up access to all types of financial products
- Strengthening their ability to micro budgeting
- Capacity building in asset creation
- Introduction to financial institutions, promoting various financial channels
- Inculcate knowledge levels for self management of their own financial situation.
- Awareness about inflation on day to day financial conditions
- Awareness about financial products like savings, credit, loan,
- Awareness about cash and non cash dealings

We can work towards increasing their net income – in turn motivates them for better productivity and results. It develops leadership, entrepreneurship and cooperation qualities, and ultimately aims at bringing and developing a change in culture, attitudes and orientation in banking habits through economic, political and social sector and representation in decision making as "TEAMS (Group Dynamics)". The cluster approach on product line, market line, skill line, trade and technical will promote and support capacity building and partnership of women in management, resource development and skills development program so that it ensures and promote partnership among Government and Non Government Organizations of financial literature promotion and training

**Navin Anand, United Nations Development Programme – India, New Delhi\***

I would also like to share some of my broad ideas about implementation of NRLM -

**Clear Classification of Sector and Subsectors:** Under NRLM it is important the sectors and subsectors are well defined in the beginning of the programme itself so that it facilitates creation of subsector strategies. There are different possibilities of classifying livelihood subsectors however the simplest will be – Farm and Non-farm.

Farm sector can be further classified into Agriculture (relates to cultivation activity and incorporates – cultivation of food grains, pulses, horticulture produce, forest produce, medicinal plants etc.) and Agriculture-Allied (such as Dairy, fisheries, Poultry, bee keeping and such other activities.). It is important to note that till the product is not converted into any industrial product such as sauce, Jam etc. it comes under the purview of Agriculture allied sector. Once it is converted into an industrial product it becomes non-farm products.

Non-Farm Sector can be further classified into – Manufacturing and Production, Trading and vending and Services. Again in context of NRLM it is important to classify non-farm sector due to the fact that financial intermediation and non-financial intermediation for three different types of NFS activities will be different.

**Supporting various levels of Value Chains:** It has been observed that the schemes for poor focus mainly on primary value chains ignoring the upper level value chain in terms of providing policy and financial support to the other chains. Keeping in view the theory of economic interdependence it will be important in NRLM to have holistic approach of livelihood promotion and therefore providing support to all the three value chains – Primary, Secondary and Tertiary. This becomes more important because NRLM is also focusing on wage employment in addition to self-employment.

**Generic and Specialized CSOs:** Under NRLM another important aspect will be appropriate engagement of civil society organizations. CSOs can be utilized in NRLM in different ways as these organizations form a good network and outreach. In order to engage CSOs in an appropriate way classification of CSOs will be useful. The CSOs can be classified into two types – 'Generic CSOs' and 'Specialized CSOs' for taking up general implementation tasks as well as sub-sector specific and technical task. Specialized CSOs will function as Resource Organizations so that they can be utilized for technology based value added services as well specialized services in which the organization has the core competence. These institutions can also be identified as nodal agencies for a particular subsector such as dairy or sericulture etc.

**Development of Quick Assessment Tools for CSOs**

It is important that standardized assessment tools are developed for the identification of CSOs for the purpose of Partnership and Collaboration. It can be called as CSO – PACT tool (Partnership Assessment and Collaboration Tool). The norms and indicators for selecting CSOs at different levels will be different. Specialized CSOs will function as Resource Organizations so that they can be utilized for Technology Transfer, IEC etc. on a particular subsector. The parameters for assessment of Generic CSOs and Specialized CSOs will be different therefore both will be assessed separately.

**Mapping of Organizations, Resources and Human Capital**

Success of any livelihood initiative will depend on the intervening organizations, various type of resources available at different levels for a particular subsector and also human capital. Mapping of all these three in different districts, states and at a national level will give clarity to strategize livelihood promotion under NRLM.

### **National Federation of SHGs/National level institution**

At present the whole network of SHGs, SHG-Federations and other people's institutions related to SGSY is not linked in context of livelihood promotion, subsector development and financial intermediation. Under NRLM, providing a national umbrella in the form of a sustainable national institution, representing various collectives functioning under the programme will be useful. Hence establishment of a national federation or any other suitable national level entity need to be part of the implementation framework.

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### **Raj Ganguly, Food and Agriculture Organization, New Delhi \***

It is heartening to take note of the preparedness of the government and its mammoth plan to implement the National Rural Livelihood Mission. The stakeholder engagement and consultation, as has been promoted through this discussion on Solution Exchange platform, should be taken forward in the overall mission implementation also. The insights received from diverse stakeholders from such engagements will not only help to plan and effect mid-term corrections but shall also help the ministry to develop collaborative networks and disseminate valuable best practices across the states.

Livelihood as it is the core focus of this mission needs to be unbundled into its basic elements before planning and strategizing any intervention. The poorest of the poor who are extremely cornered due to the fast pace of market economy and constraining natural resources under changing climate scenarios, are extremely vulnerable groups. Their livelihood system, thanks to high seasonal variations, itself is complex and needs to be expanded carefully. The core competence of the people, resources and geographical area should be the driving element in improving and strengthening the existing livelihoods. Extreme care is warranted in designing new livelihoods because the associated risks could prove heavy for the targeted segments. For sustainable livelihoods it is important that asset creation is aimed at personal, human, physical, financial and social levels.

The direct inputs to the queries in this discussion are mentioned below for review and consideration by the members.

- A pro-profit business approach for the planned livelihood intervention will help the financial institutions to provide sustainable financial linkages. Prioritizing the business objectives should not take the back seat in any community business initiative. In our experience, lack of skill and capacity in producing business strategies and plans often hinder the CBOs to access credit. About 139 producer companies (PCs) have been formed till date in India. But the financial and operational viability of majority of them is questionable. The mission also intends to promote PCs but it should be noted that as a competitive alternative to other institutional formats, the model of PC needs to be further strengthened. For any community business organization to succeed it is imperative that these are founded on solid business principles. The grant or subsidy should be used to improve the business efficiency rather than putting into non-productive activities. Substantial training in financial and business management is required to make these possible. The best practices in successful models of PC, cooperatives and other community business organizations should be documented and made use of while promoting new institutions. The partnering financial institutions should also come forward in providing necessary capacity building inputs. The criteria of project appraisal should be reviewed and made robust by including more emphasis on business profitability and its long term sustenance.
- It would be prudent to split the subsidy component into direct and indirect components. While the capacity building, technical assistance and creating linkages etc. could be outsourced from appropriate agencies using the indirect subsidy component, the direct components can be routed as 'in kind assistance' besides the revolving fund that has been included in the mission document. Small tools and machineries, that could improve the production and marketing efficiency such as grinders/pulverizer, leaf plate making machine, rice puff making machine etc. could be planned with direct subsidies.

- Incubating small training courses on market led new livelihood initiatives and offering these through appropriate national agencies like National Institute of Rural Development, National Institute of Agriculture Marketing, National Institute of Agriculture Extension Management, Entrepreneurship Development Institute, Fragrance and Flavour Development Institute etc. should be planned. These training inputs could be channelized through agencies like Agriculture Technology Management Agencies, Agri-clinics, Krishi Vigyan Kendras, Khadi and Gramodyog Centers etc. along with resource backing from suitable banking and financial institutions including micro-finance agencies. The civil society organizations like Basix Livelihood and foundations from Cooperative and corporate sectors like IFFCO foundation, Gramin Vikas Foundation, Reliance foundation etc, could be also engaged in this endeavor.
- The M&E structure should be based on a result based management framework. The criteria for evaluation as mentioned in the NRLM implementation document are weak. The elements like 'innovation' needs to be further unbundled and very specific and measurable criteria should be fixed. These criteria should be maintained in all the stages from project appraisal to delivery level. The idea of including 'learning' as key criteria in the M&E framework is laudable. However, such measures should be also made specific and measurable.

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***Many thanks to all who contributed to this consultation!***

*If you have further information to share on this topic, please send it to Solution Exchange for the Microfinance Community in India at [se-mf@solutionexchange-un.net.in](mailto:se-mf@solutionexchange-un.net.in) or to Solution Exchange for the Work and Employment Community at [se-emp@solutionexchange-un.net.in](mailto:se-emp@solutionexchange-un.net.in) with the subject heading "Re: [se-mf][se-emp] FOR COMMENTS: Framework for Implementation of NRLM. Additional Reply."*

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**Consolidated Reply on  
Designing  
the  
National Rural Livelihood  
Mission**





## Poverty



## Microfinance Community

## Work and Employment Community

### Solution Exchange for the Microfinance Community

### Solution Exchange for the Poverty Community

### Consolidated Reply

#### ***Query: Designing the National Rural Livelihood Mission (NRLM) - Experiences; Advice***

**Compiled by Navin Anand and Radhika Desai, Resource Persons and Monika Khanna and Warisha Yunus, Research Associates**

**Issue Date: 09 December 2009**

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**From G. Bhaskara Rao, Andhra Pradesh Mahila Abhivruddhi Society (APMAS), Hyderabad**

**Posted 17 September 2009**

I work with National Network of Resource Organizations (NNRO), APMAS. At present, NNRO has seven members, viz. APMAS, Hyderabad; Chaitanya, Pune; CmF, Jaipur; GMO, Kolar; ISMW, Ahmedabad; Reach India, Kolkatta; WBSHGPF, Kolkatta. The vision of NNRO is: 'vibrant women SHG movement in India'.

Recently the Ministry of Rural Development (MoRD) has decided to redesign the Swarnjayanti Gram Swarozgar Yojana (SGSY) to enlarge its scope significantly and make the programme more effective to alleviate the rural poverty by 2015. In the UNION BUDGET 2009-10, the Government announced the renaming of the program as National Rural Livelihood Mission (NRLM). The Government has also proposed to enroll at least 50 percent of all rural women in India as members of Self-help groups (SHGs) over the next five years.

The MoRD is in the process of wider consultation to prepare the blueprint for the NRLM. The MoRD prepared a preliminary note and shared with key stakeholders to initiate a wider debate (For details, please visit: [http://rural.nic.in/latest/Draft\\_SM\\_9sept09.pdf](http://rural.nic.in/latest/Draft_SM_9sept09.pdf), Size: 244 KB). In the note, the MoRD proposed various measures like giving more space to states to prepare their own plans, doubling of capital subsidy amount per participant, introduction of interest subsidy, setting up dedicated and permanent implementation machinery, promotion of SHG federations from village level to national level, universal coverage of all rural poor in the program, etc.

In a meeting of Rural Development ministers of different States and UTs held on 9 September 2009, the Prime Minister had proposed NRLM to be implemented in a Mission mode by adopting a multi-pronged strategy for poverty reduction.

NNRO feels that designing of NRLM (or redesigning of SGSY) should be based on thorough analysis of SGSY experience gained over the past decade. As SGSY is closely intertwined with SHGs in general and SHG-bank linkage in particular, the performance of one will definitely have a large impact on the other. In order to convert the challenges of SGSY into opportunities so as to strengthen India's fight against poverty, NNRO wish to initiate a national dialogue on designing the NRLM. A paper prepared by NNRO, entitled "NRLM: A Blueprint for alleviation of the poverty" is available at: [www.solutionexchange-un.net.in/mf/cr/res16090901.pdf](http://www.solutionexchange-un.net.in/mf/cr/res16090901.pdf) (Size: 513 KB)

With this background, we request the members of the Microfinance Community to share:

- Experiences and learnings of Swarnjayanti Gram Swarozgar Yojana
- Comments and feedback on
  - Draft Background Material on National Rural Livelihoods Mission (NRLM)
  - the NNRO's paper
- Suggestions on designing the NRLM and also effective strategies for implementation of the programme

Your experiences and suggestions will help us to modify the paper on NRLM and in giving collective recommendations from microfinance community to strengthen the design and strategies for National Rural Livelihood Mission (NRLM).

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### Responses were received, with thanks, from

1. **Bhupal Neog**, Livelihood Improvement Finance Company of Meghalaya (LIFCOM), Meghalaya
2. **Tarun Kumar Debnath**, SHG Promotional Forum, Kolkata ([Response 1](#); [Response 2](#))
3. **Joy Daniel**, Institute for Integrated Rural Development (IIRD), Aurangabad, Maharashtra
4. **Sanjeev Kumar**, The GOAT Trust, Lucknow
5. **Vibha Puri Das**, Department of Higher Education – Ministry of Human Resource Development, New Delhi
6. **Aloysius P. Fernandez**, MYRADA, Bangalore ([Response 1](#); [Response 2](#))
7. **Subhankar Bhattacharya**, Menstrual Hygiene Management Project, (Dept. of Panchayat & Rural Development and UNICEF), Kolkata
8. **James Neil**, World Vision India, Chennai ([Response 1](#); [Response 2](#) \*)
9. **G. K. Agrawal**, Rural and Microfinance Consultant, Mumbai
10. **Biswajit Mohapatra**, North Eastern Hill University, Shillong ([Response 1](#); [Response 2](#) \*)
11. **L. P. Semwal**, Shri Jagdamba Samiti, Rishikesh
12. **N. Srinivasan**, Consultant Pune
13. **N. Jeyaseelan**, Helping Hand Micro Finance and Services, Kancheepuram, Tamil Nadu
14. **Nilanjana Dasgupta**, State Institute of Panchayat and Rural Development, Kalyani, West Bengal
15. **Uma Shankar Sharma**, Jaipur Zila Vikas Parishad, Jaipur
16. **Venkatesh Prasad**, Consultant, Mysore
17. **Bibhu Prasad Mohanty**, BISWA, Orissa
18. **Narendra Baduni**, Agricultural Finance Corporation Limited, New Delhi
19. **Jai Pal Singh**, Center for microFinance, Jaipur

20. [G. Bhaskara Rao](#), Andhra Pradesh Mahila Abhivruddhi Society (APMAS), Hyderabad
21. [Prameela](#), Sampark, Bangalore
22. [Subhash Chand Garg](#), National Bank for Agriculture and Rural Development (NABARD), Uttarkashi, Uttarakhand
23. [Arif M. Akhtar](#), Uttaranchal Parvatiya Aajeevika Sanvardhan Company (UPASaC), Tehri Garhwal
24. [Ruturaj Pattanaik](#), Sahayog Foundation, Bhubaneswar
25. [Bibhu Prasad Mishra](#), Spandana Sphoorty Financial Limited, Hyderabad
26. [Neelam Maheshwari](#), State University at Buffalo, New York
27. [Binod Raj Dahal](#), Professional Assistance for Development Action (PRADAN), Godda, Jharkhand
28. [S. Ramkumar](#), Rajiv Gandhi College of Veterinary and Animal Sciences, Pondicherry
29. Amit Srivastava, Consultant, Germantown, USA ([Response 1](#); [Response 2](#); [Response 3](#))
30. [Shubham Singh](#), SRIJAN Infratech and Development Services, Bangalore
31. [Niranjan Sahu](#), Western Orissa Rural Livelihoods Project, Bhubaneswar
32. [Sanjay Bhargava](#), UFA Movement, New Delhi
33. Ranjan Mohapatra, Vision Foundation, New Delhi ([Response 1](#); [Response 2](#))
34. [Gurusamy Gandhi](#), Consultant, New Delhi
35. Vidhya Das, Agramee, Kashipur, Orissa ([Response 1](#); [Response 2](#); [Response 3](#); [Response 4](#) \*)
36. [Sunil Kaul](#), The ANT, Assam
37. [Harish Chotani](#), Independent Consultant, Gurgaon
38. [Anita Sharma](#), Independent Consultant, New Delhi
39. R. K. Atri, Bharat Shodh, New Delhi ([Response 1](#); [Response 2](#))
40. [Kirti Prasanna Mishra](#), MART, Noida
41. [P. Uday Shankar](#), Microfinance Consultant and Trainer, Coimbatore
42. [Satish Kumar and Prabhjot Sodhi](#), GEF UNDP Small Grants Programme - Centre for Environment Education, Lucknow
43. [Krishnaiah P. Dodda](#), Pariraksha, Ramachandrapuram, Andhra Pradesh
44. [Ashwini Saxena](#), International Finance Corporation (IFC), Rajasthan
45. [R. K. Mukherjee](#), ACCESS Development Services, New Delhi
46. [M. S. Subhas](#), Karnataka Institute of Management Studies - Karnataka University, Dharwar
47. [M. V. Raman](#), Elitser IT Solutions India Private Limited, Hyderabad
48. [Vighnesh Jha](#), PATH, New Delhi
49. [Radha Thakur](#), The Livelihood School, Indore
50. [Sunil Vishwakarma](#), Catholic Relief Services – India, Hyderabad
51. [K. Sasikumar](#), Ekgaon Technologies Private Limited, Madurai
52. [Prakash Kumar](#), Consultant, Ranchi
53. [Hemantha Kumar Pamarthy](#), Hand in Hand Micro Finance Limited, Chennai\*
54. [Rajan Babu](#), Vazhnhukaatuvom Project, Kancheepuram\*
55. [V. Sarat Patnaik](#), A. P. Grameena Vikas Bank, Visakhapatnam, Andhra Pradesh\*
56. [Navin Anand](#), United Nations Development Programme, New Delhi \*

*\*Offline Contributions*

*Further contributions are welcome!*

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[Summary of Responses](#)  
[Comparative Experiences](#)  
[Related Resources](#)

## Responses in Full

### Summary of Responses

The biggest poverty alleviation programme of India - Swarnjayanti Gram Swarozgar Yojana ([SGSY](#)) is in a process of being redefined and reengineered. The discussion was focused towards finding out lessons from SGSY implementation and getting suggestions on designing the National Rural Livelihood Mission as well as evolving effective strategies for implementation of the programme. The **Key lessons of SGSY implementation have been –**

- The target approach in the SGSY could enhance the **number of SHGs** but **not the quality**
- The focus was on savings and bank linkages not **livelihood promotion**
- Groups were formed on external criteria – **not on affinity**
- The habit of regular savings was not promoted in a **mandatory** manner
- **Overlapping** seen in SHGs formed under SGSY and SHG-Bank Linkage program
- The pattern of lending practically shifted to IRDP pattern - from **group to individual lending**
- Absence of **Institutional capacity building** seen - states did not follow SGSY strategy
- No **assessment** of groups was made in the initial years of SGSY implementation
- The **purposes** of the major loans were decided by each district and **selection of livelihood options** were made irrespective of the viability of the economic activity
- There were **inadequate institutional linkages**, suboptimal financing, non-availability of multiple doses of credit and the endemic **hostile micro environment** for the poor
- Low level of education & skills and lack of beneficiaries owned umbrella organizations
- Evaluations revealed that a major factor of failure relates to **weaknesses in delivery systems**
- Credit plus subsidy to the SHGs reached even 100 times of their savings and SHGs were not having **sufficient managerial capacities** to utilize the funds.

### Strategic shifts suggested by Practitioners /Members

- Adopting holistic approach – **a multi-pronged strategy** for poverty reduction
- Shift in strategy - from **fund driven** to **livelihood resource driven**; from household to **local economy development**; from individual to **collective social capital**; and from **activity level approach** to **sub sector level approach**
- Shifting of the power from **Government's delivery** systems to **People's institutions**
- Adopting a '**demand driven**' strategy and need based **partnership Models** – Public-Private or Public-Private Community/Development Institution partnerships (PPP/PPCP/PPDIP)
- Transition from **micro to macro** finance for creating sustainable livelihoods - focusing not merely on spatial growth but also on **qualitative transformation**
- Focus on Rural Product **Marketing Infrastructure** and connectivity to the markets but keeping the mission **people centered and environment friendly** not just driven by banks and markets
- Using '**Stakeholders**' in place of '**Beneficiaries**'

### Suggestive Implementation Methodology

- Developing multifaceted capacities of BPLs and other micro-entrepreneurs. Shift from "**what one can produce**" to "**what one can sell with profitability and what is in demand in the market**"
- **More application of concepts of Clustering, Subcontracting and Ancillarisation**
- Going **beyond SHG and other Microfinance** models to cover poorest and the most marginalized
- Applying **cluster approach** in tandem with the **support systems**
- **Planning for self-sustaining system in the long-term** based on Lessons of **SHG Bank Linkage program**
- **Clear timelines for clearing proposals** along with accountability to the partner organizations

- **Focus on Resource Mapping** – Individual Households, Collective, Common Resources
- Application of **3 M approach** (micro planning, micro finance and micro-marketing)
- Do **value chain analysis** - group based and special activities based
- Introducing innovative concept of **Micro leasing**

### **Key Recommendations for National Rural Livelihood Mission (NRLM)**

**Implementation Strategy and Planning:** NRLM can strategically have **Livelihood Promotion and Financial Inclusion divisions**. Based on the need of different segment of poor, there can be three major **functional categories of services**: Community Institution Development Services; Livelihood Enhancement and Development Services; and Livelihood support services / Social Venture Capital Services. Keeping interstate disparity in mind, Government of India is required to give **autonomy to the states Governments to adopt their own operational strategies** i.e. project outlay, time schedule, coverage, engaging participating NGOs and other private agencies etc. as per the local situations and need of the people. Members suggested for establishing a Social Venture Capital Company or a Micro Finance Institution at the state level and a District Livelihood Technical Forum at district level. There is a need to bring in more **community representatives** in a phase manner into the structures. The **time frame of the project** needs to be at least seven years. Members appreciated the provision of eight **Mission Managers** at the state level units representing various fields like Social mobilization, Institution building, Livelihood Promotion, Marketing, Micro finance, Risk mitigation and MIS and suggested for the same at district levels also.

Based on the successful example of IFAD assisted SHG program ([Tamil Nadu Women Development Project](#)), it was suggested to **depute Rural Development Officers** of Banks at the District Level Units to Coordinate the Credit Linkage Process with Banks. The campaign/**IEC materials** on NRLM should address the message that ensuring self-reliance and thrust on collective operation of the groups is the basic objective of the programme. Since Ministry of Rural Development will be involved in the day to day management therefore it is quite possible that it will lead to micro management and will not give space for creativity of CEO. Hence, CEO shall be taken from the Open Market – Person with proven credentials from the Government or Development sector can be engaged.

**Target Group and Convergence with other programmes:** The selection process as suggested by the Government of West Bengal and [NABARD](#) for “convergence model” can be a useful guide. Members recommended for including real poor like widows, separated women and people with disabilities (PwDs) adopting multiple strategies. Members shared the example of [Uttarakhand Livelihood Improvement Project](#) for Himalayas and informed about the importance and process of **segmenting poor into four different categories** including ultra poor. Experienced NGOs can be engaged to identify the poor in villages using PRA methods. Convergence of National Rural Livelihood Mission with National Rural Employment Guarantee Program, various Government departments, Private sector and NGOs is required to achieve sustainable development at the village level. The local level infrastructure can be developed under **NREGS** where as NRLM can provide sustainable livelihood utilizing the infrastructure. It is important that these convergences are to be spelt out clearly. It is essential to create a structure under NRLM mission to foster this demand driven bottom up convergence. Integration of shifting cultivation models under NRLM for the north eastern region is also recommended.

**Strategic Planning and promotion of Livelihoods:** A careful **study, research, and participatory planning** approach are required for successful livelihood interventions. Economic activity has to be identified matching with the livelihood profile of the specific area, resource profile and the market demand. The livelihood development activities are to be chosen in tandem with locally available resources and market opportunities. There is a need for a comprehensive livelihood profile and **specific sub sector livelihood** profile. Several programmes and impact studies reveal that there is a need of basket full of inputs which includes enterprise counselling, skill trainings, market and credit linkages. To promote, build up and sustain a model of livelihood in rural areas, planning can be on the



basis of: Resources (natural, agricultural, industrial and human resources); Technologies (tested for value addition); Finances (institutional or grant); and Markets. In order that resources at local level are utilized optimally, it is perhaps necessary to do **Resource Mapping**.

**Engaging Resource Organizations/Spearhead Groups:** The organizations having expertise in a particular sub-sector are to be identified as **Resource organizations and engaged in NRLM implementation**. NGOs have performed creditably in the livelihoods domain - [PRADAN](#), [Dhan Foundation](#), [BAIF](#), [MYRADA](#), [Sadguru Foundation](#), [AKRSP](#) and many others have established sustainable access to markets and incomes for the poor. Experts and organizations that have proven work on livelihoods may spearhead NRLM. NGOs could be engaged to offer services like Social mobilization, Institutional building, Livelihood promotion, Marketing, Micro finance and Risk mitigation on time bound manner with clear deliverables on enterprise promotion.

GoI through State Government could consider **pilot projects** such as Livelihood Improvement Project for the Himalayas and other such projects in different states. Members highlighted the importance of **agriculture allied sector** especially dairy in context of livelihoods. Referring back to IRDP lessons, they recommended for providing necessary animal husbandry skills and knowledge before going for any investment in livestock Resources. It is a fact that all SHG members can not become micro entrepreneurs. However, those who succeed in their entrepreneurial activities are likely to create employment for others. Hence, focus could be on the human development programmes especially rural youth with new areas that could make them to adopt new entrepreneurial skills to develop into SMEs thereby developing a linkage with MSMEs or to large scale industries. NRLM may explore possibilities for partnering with [World Fair Trade Organization](#)/Fair Trade Forum of India.

**Collaborations, Linkage Models and Marketing:** Collaboration with private players in agriculture and allied sector, ICT and Technology, financial services, marketing of inputs and consumables as well as skill development will be useful. Organizations like [ITC](#), Intel, [Bharti Group](#), [HUL](#), [DSM](#), [Tata](#), [AMUL](#), [Suguna](#), [ICICI](#) etc. and many more have been making strides in this direction and can be meaningfully partnered. While integrating the already existing agriculture and horticulture departments in all the states was suggested by the members, the need of a concrete and systematic mechanism towards involving women SHGs in agriculture marketing was also felt. Forging of linkages with state level Khadi and Village Industries Commission ([KVIC](#)), Corporate Social Responsibility (CSR) wings of retail outlets, Government procurements etc. can give good results. Under NRLM, Primary Agricultural Cooperative Societies (PACS) can also be engaged and encouraged to form SHGs and handhold them.

**Incentive Systems and subsidies:** A system of Incentives to members, workers and institutions has yet to be introduced in the programme. Members recommended incentives at least in the form of social recognition through government platforms. Providing performance based incentive package to the NGOs in order to leverage credit from financial institutions could also be introduced. To promote and strengthen livelihoods, **subsidy** needs to be given as reward and not as a target. Subsidy amount should be converted and used for providing the technical support. Subsidy provided by Government can have two parts – One for the individual members and other for the group as whole so that SHGs can use it for getting higher level of borrowings from banks.

**Institutional Capacity Building (ICB):** Stressing on importance of ICB, members proposed that NGOs spearheading NRLM are required to identify affinity groups and train them in Institutional Capacity Building. It is observed that providing credit to SHGs is not a problem, however bankers have been hesitant to give loans to SGSY groups because they are weak as per the grading norms. Focused institutional capacity building will strengthen SHGs in terms of - creating the habit of thrift and creating empowerment as a result of the dynamics of active participation of members.

**Skill Development trainings:** Mission should critically address the issue of lack of trained human resources to undertake Livelihoods and build a cadre with required skills sets. Based on the analysis of



purposes of loans of some sample SHGs, importance of providing off-farm technical skills were highlighted. While strengthening traditional livelihoods options found essential, focusing on tertiary / service sector activities such as – tourism, masonry, hand-pump repair, mobile repair, electronics repair etc. was recommended by the members. It is realised that the exiting capacities of ITIs are to be enhanced based on the needs of the small industries so that there is a balance between demand and supply of appropriately skilled human resources. Members highlighted the problem of minimum requirement of 10<sup>th</sup> pass in ITIs and suggested for creating informal technical institutes for the dropouts. A mechanism for identification and application of appropriate technology must be incorporated in the programme. It would be useful to enter into tie-up with Universities, Poly-Polytechnic institutes, Small Industries Service Institutes (SISIs), local companies, organizations involved in promoting innovative and environment-friendly technologies.

**Promotion and Support to Groups and SHG Federations:** Groups of different sizes and types can be promoted as per the need like Swarozgar groups/common interest groups/Sub sector specific groups. The introduction of self rating and regular external rating can be done by competent NGOs. These ratings can be used by the Banks and other support agencies for selection of the Groups. Formation of **multi layers of federations** viz. Cluster Level Federations (CLF), Block Level Federations (BLF) and District Level Federations (DLF) has become important as the whole movement matures. These federations can be provided support in the form of - operational expenses; interest subsidy/ interest free loans as working capital support; Grant for developing infrastructure. Grants to the federations could be enhanced to Rs. 50000 (For CLF), Rs.200000 (for BLF) and Rs.500000 (for DLF).

**Monitoring and Evaluation (M&E) systems:** M&E Systems to be developed for NRLM can focus on results and information on financial condition of households and tracking it over a period of time. Members mentioned about the success of NABARD's Wadi model wherein continuous support to tribal families was provided for about 8 years based on regular monitoring. **Risk reduction** in the livelihoods of the poor is another critical concern which is not being addressed. Risks to the person (life, accident, health) and the enterprise (asset, technology, markets and incomes) should be managed. A well structured **grievance redressal mechanism** should also be part of the design with external monitors for adjudicating on grievances.

NRLM may create conducive conditions for creation and sustainability of producer collectives such as federations, cooperatives, producer companies etc. Members suggested for taking up experiences and learning from the following programmes Like - Western Orissa Rural Livelihoods Project; Jeebika programme of Govt. of Orissa: Orissa Tribal Empowerment & Livelihoods Programme (OTELP); DFID Supported [DelPHE Project](#) on Livestock; Himalayan Action Research Centre ([HARC](#)) in Naugaon – Purola area of Uttarkashi (for the value delivery chain management of farm and farm based non-farm products); PRADAN and MYRADA (for micro finance interventions); Sadguru Foundation (for water and irrigation experiments); BAIF (for wadi and animal husbandry sectors); [Madhya Pradesh Rural Livelihoods Project](#) and Orissa Rural Livelihoods Project ; Mother Dairy (highlighting the importance of forward linkages for marketing); [IFFCO's initiative in Jhansi](#) (for links with market for the agriculture based women groups);and GEF UNDP Small Grants programme ( for Environment theme - Land Development and POPs)

**Financing for livelihood Promotion:** Members recommended that Fund disbursement needs to be done directly into the bank accounts of the stakeholders, through SHGs. Promotional /capacity building funds may have to be released by MoRD, GoI through national level autonomous agencies having experience in managing and monitoring promotional funds and dealing with NGOs/SHGs. Micro-financing institutions still have not been able to penetrate into the short term and very small credit demand of poor farmer and therefore landless and poor farmers still rely on the costly informal credit support for cultivation. This limits their capacities to invest properly into cultivation, especially in terms of technology and methods. The NRLM plan can specifically address the problem of marginal and small farmers. Members felt the need of services like health/crop/livestock insurance, access to banking services, farm

specific advisory services, weather forecasts, access to market information, access to better infrastructure etc.

A software 'NAB-YUKTI' was recommended for doing analysis to assess the purpose and size of loans and indicating peoples choices for a livelihood activities. It is recommended that the funds should be allocated beyond the activity level and the budgetary provision for financial inclusion, small and medium enterprises and livelihood promotion.

In nutshell, members proposed for a livelihood promotion programme supported by innovative microfinance options with a clear vision of shifting the governance and management to the community based organizations with sustainable business linkages with private, public and development institutions.

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## Comparative Experiences

From [Bhupal Neog](#), *Livelihood Improvement Finance Company of Meghalaya (LIFCOM)*, Meghalaya

### Assam

#### **Some SGSY Project Activities have been Very Successful**

In order to facilitate SHGs become self-reliant, the SIRD on a cluster basis implemented special SGSY schemes on farm mechanization, dairy, backyard duck rearing and handloom. The approach of SIRD was to develop specialized products on a regional basis. Now SIRD-Assam is facilitating marketing of these products through specialized products. These steps have helped SHGs women brought about a revolution in the rural belt of Assam.

#### **Difference in SGSY and Other Project Promoted SHGs**

The NERCORMP project promoted SHGs in six hilly districts in Assam, Meghalaya and Manipur. They hired professional, set up dedicated structure to promote livelihood activities, focus on NRLM, use of participatory approaches, direct release of funds to SHGs, facilitation for convergence with line departments, gender interventions etc. It was found later the SHGs promoted by the project were better on quality standards than the SGSY groups.

#### **Rickshaw Bank Intervention very Useful for Rickshaw Pullers** (from [Navin Anand](#), *United Nations Development Programme (UNDP)*, New Delhi) \*

To help rickshaw pullers gain ownership of the rickshaw, an organization provides loan to them to buy it. The installment is to be repaid on a daily basis for a period of one year after which the rickshaw puller becomes the owner of the asset, something hitherto only a dream as they used to take rickshaws on rent and pay on a daily basis. They could never own the asset. This intervention has helped them tremendously and also provided them social security benefits.

### Orissa

#### **Special Attention must be Paid to the Capacity Building Needs of the SHGs** from [Bibhu Prasad Mohanty](#), *BISWA*, Orissa)

Mission Shakti - for women's empowerment provided training to SHGs through Shakti Sahayikas that trained these women in business development. The mission also provided federation management trainings to federation leaders. However it was found that there was confusion at the level of trainers on content and methods of the training because of which the knowledge that went to the women leaders was not effective.

**Enterprise Promotion Must be Done on the Basis of the Locally Available Resources** (from Vidhya Das; [response 1](#))

The raw material for making brooms was available locally. Hence, Agramee set up small broom making units to provide employment opportunity to the people based on the locally available resource. Market linkages helped in designing of better brooms. The unit today is completely independent and providing employment to 100 illiterate and semi-literate tribal and dalit members.

From [Narendra Baduni](#), Agricultural Finance Corporation Limited, New Delhi

## **Uttarakhand**

**Good Quality Inputs and Marketing Support Brings a Lot of Change, Uttarkashi District**

In Naugaon Purola area, farmers grew only cereals despite the land being very fertile. HARC provided good quality vegetable seeds for cultivation. Villagers were enthusiastic and soon the whole village came under vegetable cultivation. The farmers were also linked with Mother Dairy that bought their vegetables at good price and later they explored Mandis in North India to sell their produce with the help of Farmers' Federation. [Read more](#)

## **Madhya Pradesh**

**Market Linkage Ensures Sustainability of the Livelihood Activity, Jhansi**

IFFCO has promoted womens' groups and with their help reclaimed a large tract of barren land. Further, it provided them broilers for rearing in their courtyard and linked them with the Indian Army base camp, near to the village. The villagers have been able to expand the broiler business well. Even the wife beating has stopped because women have control over money and husbands have to ask them for money. [Read more](#)

## **Karnataka**

**Non - formal Training Institutes Open-up Employment Avenues for Drop-out Youths, Bangalore** (from Aloysius P. Fernandez, MYRADA, Bangalore; [response 2](#))

To train unemployed youth in employable skills, MYRADA runs two non-formal technical institutes for drop out youths. It provides training in electricals, electronics, metal work, automobile, welding etc. Besides skills development, the organization also places them in various companies and organizations through campus recruitments. All the trainees are able to get employment. [Read more](#)

## **Tamil Nadu**

**Capacity Building of Youths Yield Positive Results, Kancheepuram** (from [Rajan Babu](#))

In Vazhnhukaatuvom Project, in order to provide employment opportunities to young people, they are provided training on how to mobilize the community, develop positive attitude etc. Also these youths are trained to mobilize other youth of the community and provided various skills development training as well. So far 4870 youth have been trained and placed in various corporate houses.

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## **Related Resources**

### ***Recommended Documentation***

From [G. Bhaskara Rao](#), Andhra Pradesh Mahila Abhivruddhi Society (APMAS), Hyderabad

**Draft Background Material on National Rural Livelihoods Mission (NRLM)**

Report; by; Ministry of Rural Development (MoRD)

Available at [http://rural.nic.in/latest/Draft\\_SM\\_9sept09.pdf](http://rural.nic.in/latest/Draft_SM_9sept09.pdf) (PDF; 244 KB)

*Provides a background on the SGSY scheme, its weaknesses, failures and the rationale for restructuring the scheme into a mission*

### **National Rural Livelihoods Mission (NRLM): A Blueprint for Alleviation of the Poverty**

Paper; by G. Bhaskara Rao; National Network of Resource Organizations (NNRO); September 2009

Available at [www.solutionexchange-un.net.in/mf/cr/res16090901.pdf](http://www.solutionexchange-un.net.in/mf/cr/res16090901.pdf) (PDF; 514 KB)

*Lists the design related limitations of SGSY and provides suggestions for revamping it for a better design and implementation in NRLM*

### **SHG Promotional Forum's Feedback on the Proposed NRLM** (from Tarun Kumar Debnath; [response 1](#))

Report; by SHG Promotional Forum (SHGPF)

Available at <http://www.solutionexchange-un.net.in/mf/cr/res16090902.doc> (Word; 91 KB)

*Provides critical feedback on the NRLM saying that it has exclusive focus on financial services and livelihood activities with no focus on related issues of health, education etc.*

### **The Gum Collectors: Struggling to Survive in the Dry Areas of Banaskantha** (from [Warisha Yunus](#), Research Associate)

Report; by Self Employed Women's Association; Ahmedabad; June 2000

Available at [http://www.sewaresearch.org/pdf/researches/gum\\_collectors.pdf](http://www.sewaresearch.org/pdf/researches/gum_collectors.pdf) (PDF; 800 KB)

*Highlights the conditions under which the gum collectors of Banaskantha district works and the fact that various schemes and programmes fail to reach the actual poor*

From [Monika Khanna](#), Research Associate

### **Report of the Committee on Credit Related Issues under SGSY**

Report; by Ministry of Rural Development, Government of India; Feb 2009

Available at <http://www.microfinancegateway.org/gm/document-1.9.36704/01.pdf> (PDF; Size: 804 KB)

*Ministry of Rural Development, GoI constituted a committee to analyze the constraints in the adequate flow of credit to SHGs of SGSY and suggests strategies for promoting it*

### **Swarnjayanti Gram Swarozgar Yojana (SGSY) - Quick study on gap between sanction and disbursement of loans under SGSY**

Report; by Reserve Bank of India; 8 July 2003

Available at <http://rbidocs.rbi.org.in/rdocs/notification/PDFs/37624.pdf> (PDF; Size: 27.7 KB)

*Shares the report of study conducted by RBI through eight regional offices to ascertain the reasons for gap between the sanction and disbursement of loans under SGSY*

## **Recommended Organizations and Programmes**

From [Bhupal Neog](#), Livelihood Improvement Finance Company of Meghalaya (LIFCOM), Meghalaya

### **State Institute of Rural Development (SIRD), Assam**

G.S. Road, Khanapara, Guwahati - 781022; Tel: 91-361-2331663, 2332138; Fax: 91-361-2337466, 2333496 [sirdassam@vsnl.net](mailto:sirdassam@vsnl.net)

*Apex Institute for training and research in Rural Development also implementing the SGSY special projects.*

**Meghalaya Rural Development Society (MRDS), Meghalaya**

Project Management Unit, Laitumkhrach, Upland Road, Near MIDC Office, Opposite Grace Systems, Shillong, Meghalaya; Tel: 91-364-2506383; Fax: 91-364-2506382; [mrds@sancharnet.in](mailto:mrds@sancharnet.in); <http://mrds.nic.in/Strategy.htm>

*Aims to improve the livelihood of vulnerable groups through the promotion of improved livelihood opportunities and strengthening of local institutions*

From [Tarun Kumar Debnath](#), Self Help Group Promotional Forum (SHGPF), West Bengal

**Self Help Group Promotional Forum (SHGPF), West Bengal**

101/A, Kankulia Road, Kolkata - 700029; Tel: 91-33-24610566, 91-33-24612842; Fax: 91-33-24610566; [wbshgpf@yahoo.co.in](mailto:wbshgpf@yahoo.co.in); [www.shgpromotionalforum.org](http://www.shgpromotionalforum.org)

*State level network of SHG promoters, providing a wide platform for sharing, learning and addressing policy and operational issues of the sector*

**National Network of Resource Organizations (NNRO), Andhra Pradesh**

APMAS, Plot No. 20, Rao and Raju Colony, Road No. 20, Banjara Hills, Hyderabad; Tel: 91-40-23547927/52; Fax: 91-40-23547926; [info@apmas.org](mailto:info@apmas.org); [www.apmas.org](http://www.apmas.org)

*A network of five resource organizations working on the issue of microfinance and SHGs and creating a common brand for standardization and uniformity*

**National Institute of Rural Development (NIRD), Andhra Pradesh**

Rajendranagar, Hyderabad 500030; Tel: 91-40-24008526; Fax: 91-40-24016500; [dhiraj@nird.gov.in](mailto:dhiraj@nird.gov.in); <http://www.nird.org.in/Training.html>;

*Instituted to promote integrated rural development; the institute can be used for building the capacity of the NRLM staff to ensure effective implementation on the ground*

**Bankers Institute of Rural Development (BIRD), Uttar Pradesh**

Sector - H, LDA Colony, Kanpur Road, Lucknow 226012; Tel: 91-522-2421097; Fax: 91-522-2421047/176; [bird@sancharnet.in](mailto:bird@sancharnet.in); [http://birdindia.org.in/bird\\_training.htm](http://birdindia.org.in/bird_training.htm)

*Instituted to offer training, research and consultancy in the field of agriculture and rural development banking; it can be used to train the implementation staff of NRLM*

**Professional Assistance for Development Action (PRADAN), New Delhi** (from [Sanjeev Kumar](#), The Goat Trust, Lucknow)

3, Community Shopping Centre, Niti Bagh, P. B. No. 3827, New Delhi 110049, Tel: 91-11- 26518619, 51640611; Fax: 91-11- 26514682; [headoffice@pradan.net](mailto:headoffice@pradan.net); <http://www.pradan.net/>

*Aims to promote Self-Help Groups, develops locally suitable economic activities, mobilizes finances and introduces systems to improve livelihoods of the rural poor.*

**Rural Development and Self-employment Training Institute (RUDSETI), Karnataka** (from [Vibha Puri Das](#), Department of Higher Education – Ministry of Human Resource Development New Delhi)

Central Secretariat, Ujire, Dakshina Kannada District 574240; Tel: 91-8256– 236222; Fax: 91-8256– 236982; [rudseti@sancharnet.in](mailto:rudseti@sancharnet.in); <http://rudsetitraining.org/>

*Aims to promote rural entrepreneurship among rural youth by developing skill and positive attitude among them through dedicated training*

**The North Eastern Region Community Resource Management Project (NERCORMP), Meghalaya**

Ministry of Development of North Eastern Region, Government of India, 'Sympli Building', First Floor, Near Law College, Malki-Dhankheti, Shillong 793001; Tel: 91-364-2500494/495/496/497; Fax: 91-364-2500027; [info@necorps.org](mailto:info@necorps.org); <http://www.necorps.org/about.htm>

*The project successfully promoted SHGs in Assam, Meghalaya and Manipur and created a dedicated structure to promote livelihood activities through these groups*

From [Aloysius P. Fernandez](#), MYRADA, Bangalore

**Ministry of Rural Development (MoRD), New Delhi**

Krishi Bhawan, New Delhi 110001; Tel: 91-11-23782373, 23782327; Fax: 91-11-23385876

<http://www.rural.nic.in>

*Initiated SGSY, an anti-poverty alleviation programme that provides micro credit and group insurance services to the poor through SHGs*

**Mysore Resettlement and Development Agency (MYRADA), Bangalore**

No.2, Service Road, Domlur Layout, Bangalore 560071; Tel: 91-80-25352028; Fax: 91-80-25350982;

[myrada@vsnl.com](mailto:myrada@vsnl.com); <http://www.myrada.org/projects.htm>

*Supporting microfinance programmes through Sangahamitra Rural Financial Services and provides non-farm skills & enterprise development through technical training institutes*

**Reserve Bank of India (RBI), Mumbai**

Rural Planning and Credit Department, Central Office Building, 13th Floor, Mumbai 400001; Tel.: 91-22-22610261; Fax: 91-22-22658276;

<http://www.rbi.org.in/scripts/AboutUsDisplay.aspx?pg=Depts.htm#RPCD>

*Rural Planning and Credit Department of RBI formulates policies relating to rural credit and monitors timely and adequate flow of credit*

**National Dairy Development Board (NDDB), Gujarat**

NDDB, P.B. No. 40, Anand 388001, Tel: 91-2692-260148/260149/260160; Fax: 91-2692-260157;

[anand@nddb.coop](mailto:anand@nddb.coop); <http://www.nddb.org/partners.html>

*Institution focussing on planning and organising programmes for development of dairy, agriculture and allied industries along cooperative lines*

**Swarna Jayanti Gram Swarozgar Yojana (SGSY), New Delhi**

Krishi Bhawan, New Delhi 110001; Tel: 91-11-23782373/27; Fax: 91-11-23385876;

<http://www.rural.nic.in>

*Anti-poverty alleviation programme that provides micro-credit and group insurance services to the poor through SHGs*

**Madhya Pradesh Rural Livelihoods Project (MPRLP), Bhopal**

3rd Floor, Beej Bhawan, Arera Hills, Bhopal, Madhya Pradesh; Tel: 91-755-2766812; Fax: 91-755-2766815; [mprlp@mpirlp.in](mailto:mprlp@mpirlp.in), [mpirlp@mp.nic.in](mailto:mpirlp@mp.nic.in), [pc@mpirlp.in](mailto:pc@mpirlp.in); <http://www.mprlp.in/strategy.htm>

*Works for poverty reduction through village-specific livelihoods promotion plans, including microfinance*

**Institute for Integrated Rural Development (IIRD), Maharashtra (from Joy Daniel)**

IIRD Project Office, Kanchan Nagar, Nakshatrawadi, Aurangabad 431002; Tel: 91-240-2376828/336; Fax: 91-240-2376866; [info@iird.org.in](mailto:info@iird.org.in); <http://www.iird.org.in/>

*Works in Marathwada region with dry land farmers and favours providing incentives through the NRLM to the dry land farmers who grow traditional food crops*

**Western Orissa Rural Livelihood Project (WORLP), Orissa (from [James Neil](#), World Vision India, Chennai)**

Watershed Mission Complex, Siripur, Bhubaneswar 751003; Tel: 91-674-2397308/309; Fax: 91-674-2397988; [general@worlp.com](mailto:general@worlp.com); <http://www.worlp.com/default.aspx>



*The project supports livelihoods of the poorest in four districts of Orissa; has learnings that can be fed into the design of the NRLM*

**Small Industries Development Bank of India (SIDBI), Lucknow** (from [G. K. Agrawal](#), Rural and Microfinance Consultant, Mumbai)

SIDBI Tower, 15, Ashok Marg, Lucknow 226001; Tel: 91-522-2288547/48/49/50;  
<http://www.sidbi.in/Micro/mfi.htm>

*Works for strengthening the micro, small and medium enterprises; have promotional funds that can be used to build the capacity of SHGs to make NRLM successful*

From [N. Srinivasan](#), Consultant, Pune

**Development of Humane Action (DHAN) Foundation, Tamil Nadu**

18, Pillaiyar Koil Street, S. S. Colony, Madurai 625016; Tel: 91-452-2610794/805; Fax: 91-452-2602247;  
[ghan@md3.vsnl.net.in](mailto:ghan@md3.vsnl.net.in); <http://www.dhan.org/themes/index.php>

*Works for poverty alleviation through livelihood promotion of the rural poor; can play a key role in successful implementation of the NRLM*

**BAIF Development Research Foundation, Maharashtra**

Dr. Manibhai Desai Nagar, Warje, Pune 411058; Tel: 91-20-25231661; Fax: 91-20-25231662;  
[baif@vsnl.com](mailto:baif@vsnl.com); [http://www.baif.org.in/asp/asp\\_pages/programs.asp](http://www.baif.org.in/asp/asp_pages/programs.asp)

*Works to promote sustainable livelihoods through research, effective use of resources, technology transfers and skills up gradation; can implement NRLM well*

**Sadguru Foundation, Gujarat**

Post Box 71, Dahod 389151; Tel: 91-2673-238601/602; Fax: 91-2673-238604; [nmsadguru@yahoo.com](mailto:nmsadguru@yahoo.com);  
<http://www.nmsadguru.org/DevelopmentApproach.html>

*Promotes livelihoods of the poor tribals through natural resource management; due to its experience in livelihoods, it can implement NRLM successfully for livelihood enhancement*

**Aga Khan Rural Support Programme (AKRSP), Gujarat**

2nd floor, Choice Building, Swastik Char Rasta, Ahmedabad 380051; Tel: 91-79-6427729/0864;  
[akrspl@icenet.net](mailto:akrspl@icenet.net); [http://www.akdn.org/india\\_rural.asp](http://www.akdn.org/india_rural.asp); Contact Apoorva Oza; [apoorva@akrspl.org](mailto:apoorva@akrspl.org)

*Works to promote rural livelihoods through efficient use of natural resources with people's participation; it can play a key role in implementation of NRLM*

**Tamil Nadu Women Development Project, Tamil Nadu** (from [N. Jeyaseelan](#), Helping Hand Microfinance and Services, Kancheepuram, Tamil Nadu)

Chennai; [mstncdw@satyam.net.in](mailto:mstncdw@satyam.net.in); <http://www.tamilnaduwomen.org/ifad.htm>

*The project for economic development of women through SHGs; lessons from this can be useful in designing strategies for successful implementation of NRLM on the ground*

**Mission Shakti, Orissa** (from [Bibhu Prasad Mohanty](#), BISWA, Orissa)

Women and Child Development Department, Secretariat, Post Box No. 2928, Bhubaneswar; Tel: 91-674-2536775; Fax: 91-674-2406756; [wcdsec@ori.nic.in](mailto:wcdsec@ori.nic.in); [http://www.wcdorissa.in/ww/ms/ww\\_ms\\_brow.aspx](http://www.wcdorissa.in/ww/ms/ww_ms_brow.aspx);  
Contact G. V. Venugopala Sarma; Commissioner-cum-Secretary

*The project for empowerment of women through microfinance can be used in designing the NRLM so the mistakes of it are not repeated in NRLM*

From [Narendra Baduni](#), Agricultural Finance Corporation (AFCL), New Delhi

**Himalayan Action Research Center (HARC), Uttaranchal**

744, Indira Nagar, Phase II, Post Office New Forest, Dehradun 248006; Tel: 91-135-2760121; Fax: 91-135-2760121; [info@harcindia.org](mailto:info@harcindia.org); <http://www.harcindia.org/IBS%20New.htm>

*Works with indigenous people for their development through local knowledge and resources; learnings from their work with SHGs can be applied in NRLM*

**Indian Farmers Fertilizer Cooperative Limited (IFFCO) Foundation, Delhi**

IFFCO House, 34 Nehru Place, New Delhi 110019; Tel: 91-11-26436450/26436387; Fax: 91-11-26292519; [dixitak@iffcofoundation.org](mailto:dixitak@iffcofoundation.org);

[http://www.iffco.nic.in/applications/IF\\_Found.nsf?OpenDatabase](http://www.iffco.nic.in/applications/IF_Found.nsf?OpenDatabase)

*Works to strengthen the cooperative movement through advisory and technical interventions; their work with the women's group can be replicated in NRLM*

**Uttarakhand Livelihood Improvement Project for Himalayas (ULIPH), Uttaranchal** (from [Arif M. Akhtar](#), Uttaranchal Parvatiya Aajeevika Sanvardhan Company (UPASaC), Tehri Garhwal)

Project Management Unit, Aajeevika, Bhandari Bhawan, P.O. Gauchar, District Chamoli 246429; Tel: 91-1363-240519; [uliph05@yahoo.com](mailto:uliph05@yahoo.com); <http://www.ajeevika.org.in/empowerment.htm>

*Poverty alleviation project for the mountainous people; the strategies of working with the poor used in the project can be applied in the NRLM*

From [Ruturaj Pattanaik](#), Sahayog Foundation, Bhubaneswar

**National Food Security Mission (NFSM), Delhi**

Department of Agriculture and Cooperation, Ministry of Agriculture, Krishi Bhawan, New Delhi 110001; Tel: 91-11-23381176; [khullar.m@nic.in](mailto:khullar.m@nic.in); <http://nfsm.gov.in/>

*Launched with the objective of increasing the productivity of wheat, rice & pulses in the country; the learnings from the mission can be used to design the NRLM as a mission*

**National Horticulture Mission (NHM), Delhi**

Government of National Capital Territory (NCT) of Delhi, 5/9 Under Hill Road, Delhi 110054; Tel: 91-11-23930783; Fax: 91-11-23957289; [dev.com@nic.in](mailto:dev.com@nic.in); <http://www.nhm.nic.in/>; Contact Ms. Nutan Guha Biswas; Development Commissioner

*Launched to promote holistic growth of horticulture sector based on area specific strategies; the learnings from the mission can be used for finalizing the NRLM design*

From [S. Ramkumar](#), Rajiv Gandhi College of Veterinary and Animal Sciences, Pondicherry

**Department for International Development (DFID), Delhi**

British High Commission, B-28 Tara Crescent, Qutab Institutional Area New Delhi 100016; Tel: 91-11-26529123; Fax: 91-11-26529296; [enquiry@dfid.gov.uk](mailto:enquiry@dfid.gov.uk); <http://www.dfid.gov.uk/Where-we-work/Asia-South/India/?tab=0>

*Bilateral agency that finds for poverty alleviation in developing countries including India; funded DelPHE project that supports livestock program of the women SHGs*

**Development Partnerships in Higher Education (DelPHE), Puducherry**

Department of Veterinary & Animal Husbandry Extension, Rajiv Gandhi College of Veterinary and Animal Sciences, Puducherry 605009; Tel: 91-413-2279468; [vetextension@vsnl.net](mailto:vetextension@vsnl.net); <http://www.delphesindia.org/about.html>

*Works for livelihood security of SHG members dependent on livestock by providing knowledge as an input for poverty alleviation; its strategies can be replicated in NRLM*

**Indian Tobacco Company's Agri Business Division (ITC-ABD), Andhra Pradesh** (from [Amit Srivastava](#), Consultant, Germantown, USA; [response1](#))

31, Sarojini Devi Road, Secunderabad 500003; Tel: 91-40-27800875; Fax: 91-40-27804476; <http://www.itcabd.com/>; Contact: S. Sivakumar; Chief Executive; [Sivakumar.S@itc.in](mailto:Sivakumar.S@itc.in)

*Division of ITC that is engaged in trading of agricultural commodities; its developmental interventions in some villages can serve as models to be incorporated in NRLM*

**Orissa Tribal Empowerment and Livelihoods Programme (OTELP), Orissa** (from [Niranjan Sahu](#), Western Orissa Rural Livelihoods Project (WORLP), Bhubaneswar)

ST and SC Development Department, Government of Orissa, TDCCOL Building, 2nd Floor, Rupali Square, Bhoi Nagar, Bhubaneswar 751022; Tel: 91-674-2541772/2542709; Fax: 91-674-2541772; [support@otelp.org](mailto:support@otelp.org); <http://www.otelp.org/Strategy.asp?id=1>

*Project focuses on development of tribals to ensure their food security and sustainable livelihoods through natural resource management*

**Gujarat Cooperative Milk Marketing Federation (GCMMF), Gujarat** (from [Sanjay Bhargava](#), UFA Movement, New Delhi)

Amul Dairy Road, P. B. No. 10, Anand 388001; Tel: 91-2692-258506/507/508/509; Fax: 91-2692-240208; [gcmmf@amul.com](mailto:gcmmf@amul.com); <http://www.amul.com/organisation.html>

*Largest food products marketing organization in the country; models like this can be replicated through NRLM for livelihood enhancement of the rural poor*

From Ranjan Mohapatra, Vision Foundation, New Delhi; [response1](#)

**Planning Commission, New Delhi**

Yojana Bhavan, Sansad Marg, New Delhi 110001; Tel: 91-11-23096620; [plancom@nic.in](mailto:plancom@nic.in); <http://planningcommission.gov.in/sectors/rural.html>

*Builds long-term strategic vision and identifies and sets priorities for the nation; it can play a critical role in better designing of the NRLM*

**District Supply and Marketing Society, Orissa**

DRDA, Kandhamal, District Phulabani 765001; Tel: 91-6842-254417; Fax: 91-6842-255297

*Deals in products manufacturing and marketing of organic turmeric; DSMSs can become the primary center of activity for marketing of rural products in the NRLM*

**Rural Infrastructure Development Fund (RIDF), Maharashtra**

NABARD, Plot No. C 24, "G" Block, Bandra - Kurla Complex, P. B. No. 8121, Bandra (E), Mumbai 400051; [contact@nabard.org](mailto:contact@nabard.org); <http://www.nabard.org/modelbankprojects/modelbankprojects.asp>

*Set up in 1995 for financing rural infrastructure projects, the scheme is maintained by NABARD; can be used to develop rural marketing infrastructure under NRLM*

**ICICI Bank Limited, Maharashtra**

ICICI Bank Towers, Bandra-Kurla Complex, Mumbai-400051, Tel: 91-22-26536425; Fax: 91-22-26531233; <http://www.icicibank.com>

*Offers banking and financial services to corporates and retail customers; it can contribute funds as share holders for developing rural marketing infrastructure under NRLM*

**Industrial Development Bank of India (IDBI), Maharashtra**

IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai 400005; Tel: 91-22-22189111/66553355; Fax: 91-22-22181294/5179/8137; <http://www.idbibank.com/idbi/subsidiaries.asp>

*The Bank can play a key role in contributing as share holders for the development of organizations that can act as one stop shop for marketing of rural products*

From [Harish Chotani](#), Independent Consultant, Gurgaon

**Khadi and Village Industries Commission (KVIC), Maharashtra**

"Gramodaya", 3, Irla Road, Vile Parle (West), Mumbai 400056; Tel: 91-22-26714320-22/4325/6323/2324/3527-29/1073/3675; Fax: 91-22-26711003; [dit@kvic.gov.in](mailto:dit@kvic.gov.in);  
<http://www.kvic.org.in/v4/homepage.asp>

*Set up to provide self-reliance to poor producers; backward and forward linkages with KVICS can ensure livelihoods of thousands of poor under NRLM*

**World Fair Trade Organization (WFTO), Netherlands**

Prijssestraat 24, 4101 CR Culemborg; Tel: 31-0-345-535914; Fax: 31-0-847-4744 01;  
[http://www.wfto.com/index.php?option=com\\_content&task=view&id=1&Itemid=13](http://www.wfto.com/index.php?option=com_content&task=view&id=1&Itemid=13)

*WFTO is a global network whose members represent the Fair Trade chain from production to sale*

From [Kirti Prasanna Mishra](#), MART, Noida

**Bharti Foundation, Haryana**

Plot No- 47, Udyog Vihar, Phase IV, Gurgaon 122015; Tel: 91-124-4666000;  
<http://www.bhartifoundation.org/wps/wcm/connect/bhartifoundation/BhartiFoundation/Home>

*Provides professional training to poor children to equip them for employment opportunities; can be partnered with under NRLM to ensure livelihood for them*

**MART, Orissa**

A 32, First Floor, Sector 17, Noida 201301 Uttar Pradesh; Tel: 91-120-2512140/4215323; Fax: 91-120-2512140; Website; Contact Nikhil Sharma; [nikhil.sharma@martrural.com](mailto:nikhil.sharma@martrural.com)

*Rural consultancy organization; has done work on collective marketing in Orissa which can be replicated in the NRLM implementation*

**Hindustan Unilever Limited (HUL), Maharashtra**

Corporate Communications Department, Hindustan Unilever Limited, Hindustan Unilever House, 165/166, Backbay Reclamation, Mumbai 400020; Tel: 91-22-39830000; Fax: 91-22-22871970;  
<http://www.hul.co.in/knowus/index.asp> ; Contact R. Ram; [R.Ram@unilever.com](mailto:R.Ram@unilever.com)

*A consumer goods company; can be partnered with under NRLM to provide training and employment opportunities to youth from the marginalized communities*

**Tata Group of Companies, Maharashtra**

Bombay House, 24 Homi Mody Street, Mumbai 400001; Tel: 91-22-66658282; [info@tata.com](mailto:info@tata.com);  
[http://www.tata.co.in/ourcommitment/sub\\_index.aspx?sectid=8UaXnU/ejSw=](http://www.tata.co.in/ourcommitment/sub_index.aspx?sectid=8UaXnU/ejSw=)

*A socially responsible corporate house; in partnership with NRLM, can play a key role in providing employment opportunities for youth from marginalized communities*

**Suguna Poultry, Tamil Nadu**

Suguna Poultry Farm Limited, 1057, Jaya Enclave, 5th floor, Avinashi road, Coimbatore 641018; Tel: 91-422-3073000; Fax: 91-422-3073333; <http://www.sugunapoultry.com/farmers/farmers.asp>

*Exporters of poultry products, works with 15000 farmers; it can play a key role under NRLM in developing rural livelihoods for the poor*

**BIO-VED, Maharashtra**

'BAIF' Bhavan Z Wing, Dr. Manibhai Desai Nagar, Warje Malwadi, Pune 411052; Tel: 91-20-2523 1220; Fax: 91-20-2523 1216; [bvpindia@bioved.com](mailto:bvpindia@bioved.com); <http://www.bioved.com/services.html>

*Using latest technology and international expertise, it produces drugs from Ayurveda for diseases of the aging population; can play role in livelihood generation under NRLM*

**Indian Council of Agricultural Research (ICAR), Delhi** (from [M. V. Raman](#), Elitser IT Solutions India Private Limited, Hyderabad)

Krishi Bhavan, New Delhi 110114; Tel: 91-11-23388991-9; <http://www.icar.org.in/node/325>; Contact Mangala Rai; Director General; [mrailcar@nic.in](mailto:mrailcar@nic.in)

*Apex body for managing research in the field of agriculture; it can play a vital role in improving the extension services thereby affecting farm dependent livelihoods positively*

From [Navin Anand](#), United Nations Development Programme (UNDP), New Delhi \*

**Self-Employed Women's Association (SEWA), Gujarat**

SEWA Reception Centre, Opp. Victoria Garden, Bhadra, Ahmedabad 380001; Tel: 91-79-25506444/6477/6441; Fax: 91-79-25506446; [mail@sewa.org](mailto:mail@sewa.org); <http://www.sewa.org/>

*It is a trade union of poor, self-employed women workers; can play an important role in creating livelihoods for poor women under NRLM*

**Chaitanya, Maharashtra**

787, Bhandarkar Road, Deccan Gymkhan, Kothrud, Pune 411004; Tel: 91-20-25660581; [chaitanya\\_pune@yahoo.co.in](mailto:chaitanya_pune@yahoo.co.in)

*Provides training and capacity building support to NGOs on institution building; their work with SHGs on pickle making and subcontracting can be replicated under NRLM*

**Bandhan, West Bengal**

EC-76, Sector-I, Salt Lake City, Kolkata 700064; Tel: 91-33-23347602/6751-55; <http://www.bandhanmf.com/default.aspx#>

*Have initiated pilots on working with the ultra poor; their learnings from these pilots can be incorporated in the final design of the NRLM*

**Trickle Up Program (TUP), West Bengal**

Tiljala Shed, 6C and 6D Rifle Range Road, Kolkata 700019; Tel: 91-33-22802681/22817392; Fax: 91-33-28350364; [contact@tished.org](mailto:contact@tished.org); [http://www.tished.org/index\\_009.htm](http://www.tished.org/index_009.htm)

*Poverty alleviation project of the Tiljala Shed; funds enterprises of the urban poor families the lessons of which can be incorporated in the design of the NRLM*

**SKS Microfinance Limited , Andhra Pradesh**

Maruti Mansion, Municipal No.2-3-578/1, Kachi Colony, Nallagutta, Minister Road, Secunderabad 500003; Tel: 91-40-44526000; Fax: 91-40-44526001; [sksultrapoor@sksindia.com](mailto:sksultrapoor@sksindia.com); <http://www.sksindia.com/background.htm>

*Works for poverty alleviation by providing financial services to the poor; have taken up pilots of working with the ultra poor the learnings of which can be incorporated in NRLM*

**Consultative Group to Assist the Poor (CGAP), United States of America (USA)**

900 19th Street, N.W., Suite 300, Washington D.C. 20006; Tel: 00-1-202-4739594; Fax: 00-1-202-5223744 ; [cgap@worldbank.org](mailto:cgap@worldbank.org); <http://www.cgap.org/p/site/c/template.rc/1.26.2131/>

*Funds the Trickle Up Graduation Project that works with the ultra poor; the learnings of it can feed into the design of the NRLM*

**Ford Foundation, Delhi**

55 Lodi Estate, New Delhi 110003; Tel: 91-11-47105300; Fax: 91-11-47105380; [ford-delhi@fordfoundation.org](mailto:ford-delhi@fordfoundation.org); <http://www.fordfound.org/regions/indianepalsrilanka/overview>

*Works for poverty alleviation and social justice; has funded pilots to work with the ultra poor which can provide important learnings to be incorporated in the NRLM*

**Centre for Rural Development (CRD), Assam**

Dewan House, Zoo-Narengi Road, Guwahati 781021; Tel: 91-361-2417733/2228281; Fax: 91-120-4320703; [info@crdev.org](mailto:info@crdev.org); <http://www.crdev.org/rb.asp>

*Works for poverty alleviation through inter alia its flagship program called Rickshaw Bank; the learnings from it can be used to design the NRLM*

**Pepsico, Haryana**

3B, DLF Corporate Park, 'S' Block, Qutab Enclave, Phase-III, Gurgaon 122002; Tel: 91-124-2880699; [CSR.Connect@intl.pepsico.com](mailto:CSR.Connect@intl.pepsico.com); <http://www.pepsiindia.co.in/>

*A consumer products company, pepsico has undertaken several various community partnership initiatives under CSR the learnings of which can be incorporated into NRLM*

**Bannariamman Apparels, Tamil Nadu**

Plot No. 45, Ranga Colony, Main Road, Rajakilpakkam, Chennai 600073; Tel: 91-44-64544495/96; Fax: 91-44-22276444; [info@bannariapparel.com](mailto:info@bannariapparel.com); <http://bannariapparel.com/>

*Apparel manufacturing company in which youths from marginalized communities were trained and placed; similar initiatives can be tried under NRLM*

**Intimate Fashions India Private Limited, Tamil Nadu**

7, Nellikuppam High Road, Guduvanchery, Chennai 603202; Tel: 91-44-27468400

*Garment manufacturing company that recruits trained youths from marginalized communities; partnerships with such companies can be explored in the NRLM*

**Recommended Portals and Information Bases****Uttarakhand Conclave, Uttarakhand** (from [R. K. Atri](#), Bharat Shodh, New Delhi)

<http://www.uttarakhandconclave.org/>

*Contains video clippings that can be used to inspire and motivate farmers to take up farming in a scientific manner; can be used under NRLM*

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**Responses in Full****Bhupal Neog, Livelihood Improvement Finance Company of Meghalaya (LIFCOM), Meghalaya**

SGSY has come a long way, covering more than 31 lakh SHGs. However, in NER the performance of SGSY has not been very encouraging. SGSY based SHGs formed in NER has very poor credit linkages. In the beginning of 2002-03, in Assam there was a wave for forming the SHGs. During that time the District Rural Development Agency (DRDA) of Assam even went ahead with branding the SHG products, district wise. But today, I hardly see these branded products in Assam. However, State Institute of Rural Development (SIRD) Assam on a cluster basis has successfully implemented Special SGSY projects for:

- Farm mechanization
- Dairy
- Backyard duck rearing
- Handloom

The approach of SIRD was to develop specialized products on a regional basis with technical/financial facilitation through other agencies including public sector undertaking like Oil India Limited and the financial institutions. Presently, SIRD-Assam is facilitating in marketing the products through specialized outlets. The initiative of SIRD, Assam has facilitated in bringing a silent revolution in the rural belt.



However, other SIRDs of North Eastern Region have failed to implement such innovative projects. In the North Eastern Region the livelihood interventions of IFAD and Government of India (NERCORMP) has been very encouraging. The project was successfully implemented in six hill districts covering three states namely Assam, Meghalaya and Manipur. One can find a clear distinction between SGSY promoted groups and IFAD's project promoted groups. The success of the intervention was due to the following reasons:

- Dedicated structure was set up to promote livelihood activities
- Recruitment of professional manpower at the district level and project management unit
- Investment in rigorous training programs for community empowerment
- Focus on Natural Resource Management through Natural Resource Management Group (NaRMG)
- Participatory approach of involving the village as a whole
- Direct fund release to SHGs/NaRMG
- Promotion of income generating activities as per peoples/market need
- Facilitation for convergence with line departments and credit linkages with banks
- Gender interventions
- Zero political interference
- Focused NGO facilitation for SHG/NaRMG development

In Meghalaya Livelihood Project for the Himalayas (MLIPH) funded by IFAD and Government of Meghalaya we have worked out a clear strategy between SGSY groups (adopted by Meghalaya Rural Development Society) and non SGSY based groups. We have found that for SGSY group more facilitation is needed in the form of capacity building. Moreover, many of the SGSY based groups are found to be loaded with money and not knowing what to do. The challenge is how to realign the thinking process of such groups.

The move to implement the National Rural Livelihood Mission (NRLM) through a dedicated structure is welcoming. Following are some of the key observations:

- The time frame of the project needs to be at least seven years
- Sub sector methodology needs to be adopted for livelihood interventions
- There is a need to bring in more community representatives in a phase manner into the structures. For example, at the national level structure there is provision for three SHG federation representatives. But is it sufficient?
- The decision to make the Programme Director, DRDA the mission Director at the district level may not be the right move. If the structure has to sustain in future, it needs to appoint people with proven credentials from the Government and Non Government sector to manage the day to day functions. The legal structure of the institutions at all level needs to be worked out in the beginning itself. There is a need to think beyond the registration of these structures under societies
- There is a need to integrate National Rural Livelihood Mission and National Rural Employment Guarantee Program in order to achieve the objective of sustainable development at the village level. I foresee a planning crisis if due attention is not given to it. We need to think from the beginning itself that how investment in soil and water conservations activities will facilitate in livelihood enhancement and development at the village level? I foresee that village employment councils, if properly trained could function as village development boards.
- For the north eastern region there will be a need to have a special initiative for integrating shifting cultivation models under NRLM
- There is a need to keep provision for establishing a Social Venture Capital Company or a Micro Finance Institution at the state level in order to give a new direction to the enterprise development activity and financial inclusion
- In order to leverage credit from financial institution there may be a need to give target based incentive package to the NGOs
- NRLM needs to think about funding SHGs in such a manner that a competitive environment is created. Can't we think of funding the SHGs through the Village Employment Councils? (More

investment for training will also be required to train VECs). I feel villages need to compete to have funds

- NRLM needs to keep a component for facilitation of the Primary Agricultural Cooperative Societies (PACS), although it may be on pilot scale. PACS need to be also encouraged to form SHGs and handhold them. This seems to be very relevant for hilly areas where banking network is poor

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**Tarun Kumar Debnath, SHG Promotional Forum, Kolkata (response 1)**

Self Help Group Promotional Forum (SHGPF), a state network of SHG promoters in West Bengal is engaged in coordination, exchange, dissemination, research, study and policy engagement for a vibrant SHG movement in the state. We have strength of 45 members and we are working with 30,000 SHGs in West Bengal. SHGPF is an active member of National Network of Resource Organizations (NNRO).

To read the SHGPF's feedback on the draft NRLM document, please visit: [www.solutionexchange-un.net.in/mf/cr/res16090902.doc](http://www.solutionexchange-un.net.in/mf/cr/res16090902.doc) (Size: 88 KB). We have shared the document with NNRO and also submitted it to MoRD, Government of West Bengal and GoI.

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**Joy Daniel, Institute for Integrated Rural Development (IIRD), Aurangabad, Maharashtra**

I represent Institute for Integrated Rural Development (IIRD) based in Aurangabad, Marathwada region. I feel that special strategic interventions may have to be considered for the farmers of dryland regions - Marathwada, Vidarbha and parts of Andhra Pradesh. Moreover, taking into account the national food security and the effects of the climate change, I propose that the redesigning of SGSY should provide incentives to the farmers in dry land areas who grow traditional millets and other food crops. Also, there is a need to include the provision of financial incentives to the labour (in private farms where food crops are cultivated) and collective marketing of the produce. These efforts would encourage farming in dry land areas and reduce farmer's financial dependency and migration to other sources of livelihoods.

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**Sanjeev Kumar, The GOAT Trust, Lucknow**

I would like to share my grass root experiences of implementing SGSY from 2000 to 2003. There have been many small changes in SGSY over the period of time but the experience largely relates to the original document/guideline. At PRADAN, we had to devote significantly to understand the operations at ground. In PRADAN, Dausa project we had formed 34 SGSY groups. In formation of BPL groups we encountered following problems making group a little drifted away from our SHG concept –

- To get 10 BPL families, we had to make members from 4 to 6 hamlets and 3 to 4 castes on an average
- Due to the pressure on government agencies to form the groups, a quick action process with concept of subsidy as entry point was adopted by the government agencies, making the task a little difficult for us
- As we were in the field, fulfilling our promises, group member's faith in us was more and even government grass root worker used to take our help to present the concept properly and provide process details to the group

Barring few operational problems, our groups had taken good shape and we were enthusiastic to link them with bank for credit and strengthen their livelihood. Perhaps, we had far sighted vision (proved shortsighted under the project) and as a team we decided that, let members use this revolving fund and later on group will take loan like SHG, with 1 percent monthly interest. We predicted that group will return loan and get back end subsidy. I recall the amount with interest, penalty and other incomes were over Rs. 5 lakh and we presented that this money to be used as corpus and will be able to free the members from the need to go to bank and they will have a sustainable credit source at minimal interest rate. I recall, our team was so excited with idea that our vision building meeting with SGSY groups used

to go up to 11 in the night under moonlight. We had at least 34 such nights with 10 to 12 women members, their husbands and many times children enjoying our tools of calculations and predictions chart.

However, the story took some other direction, once we started linking the groups. Some of the major challenges we faced were:

- Initially all group members were supposed to take one activity (latter it has been relaxed a bit). The resource analysis was hardly in favour of such options and invariably we have to zero down to dairy (later on to goat rearing)
- The NABARD unit cost has been a sacrosanct adopted by bankers and cost was too less for inducting quality cow/buffalo and later on goats
- There was no provision of working capital and as the subsidy amount can be accessed for purchasing cow, members did not focus on it either. Revolving funds were supposed to be used as working capital but for six months to one year groups, we did not have enough corpus to meet other loans for which group were in fact initiated
- Dairy cooperative was supposed to provide market linkage but professionally such decentralized small milk collection dairy was merciful activity extended to us by the kind manager and it worked as much as charitable work by business organization
- There were hardly any fund to support basic infrastructure for dairy or livestock treatment (DRDA 10 percent rule was spent on shops and other works). Group and members whose livelihood came to critical stage has not control on infrastructure fund and capacity building fund
- We tried to train the local people to provide health care services and other input services but as one branch has target of not more than 3 groups in a year our effort could not sustain through providing support to 30 target clients
- DRDA was happy to achieve the target by allocating 6 to 10 groups to each bank. But we were at loss by forming 15 groups per branch in first year itself
- There were poor quality groups financed as per bank wise target. Soon a ray of hope was in the air when in a meeting it was shared that SGSY again could not work and defaults were growing in numbers.

The major learning I had through the experience:

- Subsidy should be presented as reward and not as a target, if we want to promote/strengthen livelihood
- An in-depth planning of target people resources and market should be studied well in advance and scheme should be tailor made as per local conditions and demand
- Livelihood can only be strengthened if we have a cluster approach and the support systems are in tandem (Target members should have a right to access such funds) and it should not be spent without stakeholders consent
- Working capital, compulsorily should be part of the business plan
- Banks should not work on minimum loan principle so that subsidy amount can be accessed (Most typical loan in our group used to be 2.5 lakh to have 1.25 lakh as subsidy).
- Appreciation for good member, good worker should be institutionalized (there were no incentives for performance) at least social recognition through government platforms

As realized, one of the assumptions of SGSY that every poor wants to be an enterprise owner is not true especially, in a limited span of 2 to 3 years and without much support and incentives for such risk.

The second assumption, that selecting/shortlist 4 -5 activities block wise is an easy task, is not right and has no merit. Rather, identification of cluster should not have a boundary of a block and it is a professional task. In SGSY, there has been minimum investment in logical study at the planning stage. Often it was the case that the people in local administration knew that how the enterprise will work (in

spite of fact that none of them has identified and managed an enterprise). Such fantasy based initiatives has to be replaced through accountable system of making decisions.

Lastly, I do feel a problem of sensitization of livelihood issues. As per my experiences I have found that the non seriousness may waste the basic right of a person i.e. livelihood.

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**Vibha Puri Das, Department of Higher Education – Ministry of Human Resource Development, New Delhi**

I think most of the suggestions made by Bhupal Neog are relevant. Expansion of the programme will need to see that the focus is not merely spatial growth but qualitative transformation. The balance sheet of the SGSY reveals the major lacunae - inadequate institutional linkages, suboptimal financing, non existent capacity building and the endemic hostile micro environment for the poor.

Uttarakhand has the experience of running a State Rural Livelihood Mission, targeting 50 percent rural households. Rural Development and Self Employment Training Institute (RUDSETI) at district level will not have the pull factor of the bank linkage to market and buyers. A bureaucratic programme is not the answer to livelihood support. Linkages to the NREGP will also need to be spelt out, particularly the expanded version where the small and marginal farmer's land can be taken up for community works.

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**Aloysius P. Fernandez, MYRADA, Bangalore (response 1)**

I am happy that Bhaskara is taking up this issue. My views on designing the National Rural Livelihoods Mission (NRLM) are as under:

1. **Summary:** The draft background paper circulated to the members proposes the following major thrusts in the restructuring of SGSY :
  - i) To build the capacity of SHGs (pg23) – what this means is not spelled out and is perhaps the major lacuna. Experience of SGSY shows clearly that the major hurdle encountered by SGSY is the lack of institutional capacity building of SHGs for which Rs 10,000 was budgeted in the SGSY program for each SHG, but not used for the purpose intended. This has left the SHGs weak in terms of a) creating the habit of thrift, b) creating empowerment which arises from the dynamics of active participation in the group to come up with rules and regulation, to resolve problems, to take decisions that on loans to agree to a code of conduct, to ensure that minutes if decisions and books of accounts are maintained and updated, to build a vision and mission and manage their affairs instead of becoming the last link in the delivery chain of Government and NGO programs. As a result the SHGs formed under SGSY are weak and this is the major reason why bankers are not willing to lend to them
  - ii) To focus on skills to use credit productively and to get jobs for those who are not self employed and do not want to be.

Convergence among various Government Departments and partnership with the private sector (and NGOs) are recommended as part of the implementation strategy which is in "Mission Mode" and the entire program is expected to be "demand driven".

**Mission Mode:** It is clear that any program where institution building and empowerment of the poor is concerned cannot be promoted by regular line departments no matter how committed the top officials are. Therefore, a new structure has to be created in which the private sector and NGOs should be involved at National, State and District levels. However the Paper does not appear to reflect this. The first mention on non-government actors is on page number - 7.

Convergence has to be linked to the “demand driven approach”. Convergence from on top, among various Departments, has been attempted for several years. The experience shows that unless orders come from the top, convergence among Departments does not start. The real convergence will be achieved if the demand is driven by people. This requires a shift of power from Government’s delivery systems to people’s institutions. But these institutions need to be promoted and nurtured so that they are in a position to demand services they require, at the time they require them and of good quality; they must set the agenda and drive convergence. Any structure set up under a Mission mode should foster this demand driven bottom up convergence. The Private sector and NGOs (and I mean those who are committed to the causes promoted by SGSY)) have the potential to promote a demand driven approach. The former because their survival is based on demand and the latter because their role is to empower people to build their institutions and change power relations that keep them poor. For example, if the Private Sector is to be involved in skills training, the syllabus, schedule etc should be left to a Management Committee of the Technical Institutes in which the Private sector has a place and not standardized by Government. Similarly, if experienced NGOs are given support to build institutions of the poor (SHGs, Watershed groups etc) their quality will improve.

There are two major programs described in the draft paper, both claiming to use/promote the SHG approach. A brief description of both is required to highlight the differences and to provide the background for any restructuring of the SGSY program.

## **2. The SHG-Bank Linkage program**

SHGs emerged in 1984 when the Cooperative Societies of Myrada broke down, the poor members decided to break away as they were being exploited. They formed their own groups; self-selected the members, started savings regularly. Myrada trained them to draw up a meeting agenda, resolve conflict, foster participation, leadership and collective decision making and understand the importance of developing a Vision/Mission and a strategy to achieve it. Moreover, Myrada trained them, how to draw up rules, keep records and accounts, the importance of financial and social audit (Myrada staff kept the accounts and minutes meetings in the beginning, later they hired educated youth), how to analyse local credit sources and the power structures in society, how to make a self assessment etc. There were 24 modules focused on **Institutional Capacity Building- ICB** (Not on ICT or Technical Skills which came later).

In 1986 Myrada approached NABARD for a grant to match the savings of the group and to provide ICB to each group. NABARD sanctioned Rs 1 million (thanks to PR Nayak the then Chairman). From 1988 to 1990, NABARD conducted several studies related to the progress of the grant and to transaction costs between three models: 1) Lending to individuals as in the IRDP 2) lending to individuals in groups like in the Joint Liability model where each member of a group submits a separate application to the Bank where decisions are taken and 3) where NABARD funds were given as one loan to the entire group leaving the group free to decide on the purpose, size etc of loans to individual members. The study also included the respective rates of recovery. Model 3 won hands down. Myrada initially called these groups Credit Management Groups with a focus on management of credit. With NABARD’s entry the name was changed to Self Help Groups.

In 1990, three decisions were taken by RBI /NABARD: 1) To allow Banks to lend to unregistered groups provided they functioned like registered bodies; 2) to give one loan to the group without asking for the purpose of loans to individuals; however after the group decided on the purposes and sizes, the data should be collected and 3) to lend without physical collateral. No where in the world has such major policy decisions been taken, yet the role of RBI and NABARD **has not been recognised**. Two reasons for this could perhaps be because no foreign institution (like World Bank) was involved and secondly because the SHG-Bank Linkage program has not been integrated in the over-all program for poverty alleviation of MoRD because there is no subsidy in the SHG-Bank Linkage program.



In 1992 NABARD launched the SHG-Bank Linkage program based on the three policy decisions. **However only well-functioning SHGs with the following features were linked to Banks:**

#### **Features of SHGs and SHG-Bank Linkage:**

- The SHG groups are based on affinity (relations of trust and mutual support) of poor members who self select themselves. Several groups are composed of SCs, STs, OBCs because they are all landless labourers and have helped one another
- In keeping with the culture of Self Help, there were no subsidies given for purchase of the asset. Instead funds were provided to build the institutional capacity of the group. The amount provided by NABARD for ICB ranged from Rs 2000 to Rs 5000.
- The SHG members had to save weekly –to cultivate the habit of thrift. They had to lend from their savings to prove they could manage funds. They were free to levy any rate of interest and to lend for any purpose. Only after 6-8 months of lending were they eligible for the SHG Bank Linkage Program
- Under the SHG Bank Linkage program the Banks lend about twice or thrice their savings after assessing the strengths of the group, not the individual viability of loans. Several criteria were provided to assess the group. (regular savings and lending, good recovery, taking up social issues, proper maintenance of books, rotation of leadership, adequate Institutional Capacity Building training etc). These criteria were all related to the group not to the asset which was not subsidized.

In 2000 the SHG program was adopted as a National program for poverty alleviation. Targets were sent. The numbers jumped from 7 lakhs to 3.5 million within 8 years **but the quality deteriorated**. The SHGs were used to implement Government programs. No institutional capacity building training was given and the program overlapped with the SGSY. It reverted to individual loans in groups in many places because Banks were asked to collect data on SCs, STs and because the subsidy differed.

**2.2 MoRDs role in the SHG-Bank Linkage Program:** Since there is no subsidy component involved, MoRD has not much to do with the SHG-Bank Linkage program. NABARD provides funds for training each SHG and for training NGOs, Bankers it compiles the Annual report. However MoRD needs to take into account the impact of the SHG-Bank Linkage Program on inclusion of the poor in the Banking system. Over 50 million families who are members in the SHGs are taking loans from their common fund which includes savings, interest and loans from banks. They take loans for a variety of livelihood activities (agriculture, horticulture, animal husbandry, trading, cottage industries, processing, repaying high cost loans, education, food and clothes, for learning practical skills and for construction of houses and toilets. **I see no reference to or inclusion of the SHG-Bank Linkage Program in the documents produced by MoRD. Nor do I see the learning from the SHG Bank Linkage program integrated into the planning for SGSY restructuring. This is not a good example of “convergence”.**

### **3. The SGSY Program:**

It was launched in 1999 with a worthwhile objective to integrate all former poverty alleviation programs. Briefly at the beginning the components of the SGSY were the following: i) Formation of SHG groups and starting of regular savings; ii) Institutional capacity building for which Rs 10,000 was provided for each group – the Swa Shakti Manual was to be used; iii) provision of loan (Rs 15,000) and subsidy (Rs 10,000) iv) Assessment of the group “good”, “average” or “poor”. If poor or average, further Institutional Capacity Building training to be provided; v) Provision of major loans and subsidy after 18 months, the priority of purpose of the loans were given by the District; largely the priority was animal husbandry. These steps were altered as the SGSY progressed or were not implemented as expected. Implementation differed from State to State. Personally, I think that if the SGSY was implemented as envisioned it would have been far more successful than it is.



As a result what actually happened was this: i) Groups were formed on external criteria –not on affinity; ii) the habit of regular savings was not promoted; iii) No Institutional Capacity Building was provided. The amount of Rs 10,000 per group meant for Institutional Capacity Building was spent in some states to organise large gatherings addressed by politicians, in others it was given to the Secretary of GPs to form and train groups, they had received no training and selected the members of the group starting with the wife of the GP Chairman and Secretary; iv) In some cases the Banks under pressure to reach targets decided to provide the major loans and subsidy immediately since the group had already borrowed under the SHG Bank Linkage program. As a result there is overlapping of the number of groups claimed to be formed under SGSY and SHG-Bank Linkage program. v) No assessment of groups was done in the first years and patchy in the others; 6) the patterns of lending shifted from lending to the group to lending to individuals. In other words it went back to the old IRDP pattern during implementation.

The major drawback was that the States did not follow the strategy prescribed in SGSY where Rs 10,000/was provided to form the SHGs and to build the institutional capacity of the SHGs. This is best done by NGOs not by Government officials. Secondly no assessment of groups was made in the initial years. Thirdly the purposes of the major loans were decided by each District. For example Dharmapuri a drought prone District gave priority to animal husbandry because the milk route was not viable without asking why it was not viable in the first place.

#### 4. Learning from SHG-Bank Linkage Program:

- The SHG members have a livelihood strategy which comprises 7 to 8 small activities managed by family members; they do not have one or two large activities which are called “viable” and provided under the SGSY scheme with a subsidy. Many of these larger activities may be viable but are not manageable and do not fit into their livelihood strategy which includes a few self employment activities like agriculture, animal husbandry and cottage industries, other on farm and small off farm activities including trading, some labour activities
- The SHG members require at least 15 loans over 6-8 years amounting to a total of Rs 150,000 to Rs 300,000 for them to have a sustainable livelihood strategy. As the years progress the number of activities tend to decrease and get larger
- The group must be free to decide on the purpose and size of loans if a realistic picture of people’s priorities is to emerge. Providing subsidies only for assets distorts the “demand driven” culture since people will ask only for those assets for which there is a subsidy even if they cannot manage them. For example Myrada’s analysis of the purposes of loans given by SHGs shows that initially several small loans are given for food, clothes but these decrease as other income generating activities increase.

An analysis of the purposes of loans given by a sample of 238 SHGs in Myrada’s projects, all in rural areas, during a one year period (2003-2004), showed that out of a total of 5,880 loans (amounting to Rs. 26,280,230) advanced to 3558 members during one year (2003-2004), 1,574(27 percent) loans were for agriculture amounting to Rs. 6,568,397 (25 percent). Animal husbandry accounted for 457 loans (8 percent) amounting to Rs. 3,131,854 (12 percent). **All other loans were for non-farm activities.** The average amount lent for agriculture was Rs. 4,173 which was the lowest when compared to averages of all other non farm purposes except consumption (Rs.2,915). **Hence the new thrust of SGSY to invest in providing off-farm technical skills which have a market is welcome.**

##### 1. Roles of MoRD, Private sector and NGOs in implementing the restructured SGSY:

NGOs are required to identify affinity groups and to train them in Institution Capacity Building. Affinity is based on relations of mutual trust and support which exists before NGOs intervene, this is the strength of our society, NGOs need to spot it and build on it. It is strength not a need. Funds are required to build institutional capacity to take on new functions. The amount required to train each SHG ranges from Rs

5,000 to Rs 10,000 depending on the area, acceptance of the concept and coverage/experience of the NGO involved. Credit is not the problem as stated. From my interactions with Bankers across the country it emerges that the Bankers hesitate to give loans to SGSY groups because they are weak. On the other hand they are giving loans to good SHGs as the records show. Therefore lack of institutional capacity building of groups is the major issue.

Experienced NGOs need to be selected and given the responsibility to identify the poor in villages using PRA methods. Once the poor have been identified, they should be briefly exposed to SHGs and then asked to form their own groups –in other words to self select their members. Many States are forming groups with their Government or PR officials. This must be stopped.

Experienced NGOs should be asked to provide institutional capacity building training to each group. The training manual brought out by Swa Shakti (Ministry of Women and Child development) which was based on previous manuals could be used for this purpose.

NGOs should be engaged for at least 3 years to mentor the SHGs, to ensure that minutes and records are kept, they develop a Mission and Vision of their own and to ensure that they are not reduced to implementers of Government or NGO programs

The Groups should be encouraged to save and lend over a period of eight months at least; then they should be assessed (criteria already drawn up and used by NABARD) before Rs 25,000 is provided. Assessment teams should be placed at District level as part of the Mission structure. Since the revolving fund component of Rs. 15,000 in the present SGSY is not being managed well, it is suggested that the entire amount of Rs. 25,000 be given as a grant. (This will also help MoRD's disbursement which will soon become an issue). However, this should be done only after the SHG has functioned for 8 to 10 months and after an assessment of its performance. If it is performing well the entire amount of Rs 25,000 can be given. (I know in many cases this is divided equally and the group disbands, but this is largely because it is given too early and without any institutional capacity building). If the group is "average" then Rs 15,000 plus training can be given and if "poor", no subsidy only Institution Capacity Building. This will introduce a culture of 'performance' which will balance the present welfare approach of the program.

An analysis should be made to assess the purpose and size of loans given by SHGs during the first 4-18 months. This analysis indicate peoples choices for a livelihood activities which comprise their livelihood strategy A software has already been developed and is in use, it is called NAB-YUKTI .

Based on this analysis, intervention to upscale or add value should be made through the larger loan/subsidy provided under SGSY.

Federations of SHGs can be promoted after 3-5 years of SHG formation. SHGs performing well only should be admitted to membership. If the culture of self help is to be preserved, the SHGs should pay for membership and in return the federations could provide certain services like the annual audit. Gradually the federations should charge for all services. If you want to see how this works please visit the Myrada Community Managed Resource Centres which have been functioning for 3-4 years and have broken even.

Provision for skills development: Not everyone wants or can be self employed. Hence provision of skills training is essential. The major new thrust in the SGSY program proposed is to invest in providing training in marketable skills. This is to my mind is a priority. The NSSO survey indicates that over 60 percent of the rural families are involved in agriculture this does not give a clear picture. The question asked by those who did the survey is: "During the last 365 days have you been involved in agriculture." If the answer is yes he is listed as a farmer. The implication is that farming is his major livelihood activity. In reality the "farmer" is involved in farming only for 30 days or so. The rest of the time he is involved in labour or other activities for which he has traditional skills or working in sectors where non-

traditional skills are required (like welding) as a helper who is exploited till he learns the trade. As visit to several villages in Uttar Pradesh showed that 30 percent to 50 percent of the youth have migrated and are working in the coal fields, ship breaking yards etc, but they have no training and are paid low wages. They cannot join the ITIs because they are not 10th standard passed. This group must have the facility of training in skills for which there is a demand. A large number of construction workers in Bangalore are from North Karnataka. They are treated as casual labour and need to be trained in brick laying, bar bending etc.

A major thrust is required to train youth in marketable skills like construction, garments electronics, plumbing, electrical, metal work etc,(which do not require high school education or English), others who have education can be trained in computers and retail skills as well as for the BPO sector.. Each family in the SHGs should select one member at least for training which can be provided by the various institution listed. However, provision must be made to lower the entry level qualifications. For example, instead of insisting on 10th pass for entry, it is suggested that basic literacy is sufficient. However, the technical training course provided should include not just provision of technical skills but also courses in language, maths, accounts, character building, yoga etc

**Technical Training Institutes:** The model to be adopted is the Public Private partnership one which has already been adopted in several it is. However the syllabus should be left to the Management Committee and not standardised by Government.

#### **Other Support required from MoRD:**

Marketing infrastructure and linkages for farm produce including horticulture: The MoRD should invest in at least 100 more SAFALs like the one in Whitefield outside Bangalore which was promoted by NDDDB and is now under the overall responsibility of MoRD (I understand). However the SAFAL model in Bangalore needs to be adapted. It is too large.

The Federations should be provided with facilities to exhibit daily information of prices at various markets leaving the farmer to choose on a day to day basis. The federations should also be provided with temporary collection and storage facilities to support aggregation and quality control.

Government (Private sector and NGOs) needs to intervene in order to: i) lower the risk of people's investment. For example when Myrada's analysis of the purpose of loans taken by members of its 12,000 SHGs showed that a large number of loans are taken for dryland agriculture, it decided to lower the risk of this investment by taking up major watershed management programs; Government. departments funding watershed programs should be integrated with SGSY; ii) invest in all round growth including infrastructure and electricity; unless Government and Private Sector invest in the area thus triggering growth, the options of investment by SHG members is limited; iii) Government especially needs to ensure good governance and security for the SHG movement to flourish. These are areas where convergence among various government departments is essential

Thanks and keep pushing, we need to mobilize all the support we can get.

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#### **Subhankar Bhattacharya, Menstrual Hygiene Management Project, (Dept. of Panchayat & Rural Development and UNICEF), Kolkata**

I am working in a Menstrual Hygiene Management project, implemented by the SGSY wing of Department of Panchayat and Rural Development, Government of West Bengal. The project is supported by UNICEF. The basic aim of the project is to set up manufacturing units for low-cost sanitary napkins across the state to be managed by SHG federations/clusters. One such unit has already been installed in one of the most backward districts, Purulia. Process to install units in other districts is under way. This

project requires installation of machineries and use of sophisticated raw materials. I share some of my observations on the basis of my experiences in installing a manufacturing unit.

First, in some instances, SHG members view SGSY as no more than a Government scheme with the objective of providing them subsidy in their livelihood development initiatives for an indefinite period. The campaign/IEC materials should address the message that ensuring self-reliance is the basic objective of the programme.

Second, a substantial percentage of the SHG initiatives, example agriculture, goatery etc. are essentially individual initiatives. However, viability of many programmes requires operation at a minimum scale. This would require collective involvement of the groups. Unless the capacity building exercises and IEC initiatives gives specific thrust on collective operation of the groups, even the economically viable projects may run into rough weather.

Third, in many instances, the livelihood development activities are not chosen in tandem with locally available resources and market opportunities. In order that resources at local level are utilized optimally, it is perhaps necessary to prepare a resource map. There could be a number of components in the map including (i) natural resources (ii) agricultural resources (iii) industrial resources (iv) human resources (local skill). With some training, the SHG members will be able to prepare this map and this may be compiled at the gram panchayat, block and the district level. Eventual outcome may be a GIS map. This may serve as a useful tool to identify viable and sustainable livelihood development opportunities.

Fourth, a mechanism for identification and application of appropriate technology must be incorporated in the programme. Along with, or perhaps more than NGOs, it would be useful to enter into tie-up with Universities, Poly-Polytechnic institutes, Small Industries Service Institutes (SISIs), local companies, organizations involves in promoting innovative and environment-friendly technology etc. In our state, for instance, talks are in progress with a large petrochemical unit regarding technical and in some cases even marketing support in installation of business units.

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**James Neil, World Vision India, Chennai** (*response 1*)

The aim of SGSY has been to reduce the poverty. However, there are cases where it has been seen that the actual benefit of it has not been extended to the actual poor.

The missing aspects of SGSY/lessons learnt:

- End to end services for the economic activity has not been planned properly by the SHGs and the impact on poverty reduction is not significant
- Selection of economic activity has not been done properly, in most cases SHGs were asked to select out of the baskets of activity, just for the sake of participation
- Some cases the economic activity is pushed by the outsiders/NGOs
- Lack of technical support
- Lack of rigor in review and monitoring of SGSY program
- Livelihood assessment has not been conducted properly
- As the assistance is given only to the individual SHGs, the scale of economy has been limited to within Rs. 5 lakhs of investment
- Apart from funds given, technical capacity building has not been given adequately
- The reason for Non Performing Assets (NPAs) is due to wrong selection of activity. Feasibility and financial viability has not been achieved well
- Impact of the SGSY program at the household level not viewed on the local economy of the area

### What to be included in the NRLM:

#### Design and Key Programme Components:

Funds should be allocated beyond the activity level and the budgetary provision should be made available for financial inclusion, small and medium enterprises and livelihood promotion.

- Block level, District level Livelihood assessment: Economic activity has to be identified matching with the livelihood profile of the specific area, resource profile and the market demand. The selection of economic activity should not be just left with a decision in SHGs meeting/after a training event. There is a need for a comprehensive livelihood profile and specific sub sector livelihood profile
- Capacity building on the specific livelihood/economic activity (Technical training - given by subject matter specialist)
- Financial inclusion
- Establish link with supportive institutions (availability and services of these institutions need to be ensured by the DRDA)
- Institutional development at the community level
- Strategic linkages – Public Private Partnerships/Whole sale market/corporate
- The District Livelihood Technical Forum needs to be established with a Project Officer to head, coordinate, convergent with the line department, implement and monitor the activities. The possible members of the District Livelihood Technical Forum members could be line department heads and representatives of Krishi Vigyan Kendras (KVKs), Universities and NGOs
- Lessons from Madhya Pradesh Livelihood Project and Orissa Rural Livelihoods Project may be incorporated

### Approaches of NRLM:

- Move from fund driven to livelihood resource driven
- Move from household to local economy development
- Go beyond activity (individual) to collective social capital
- Activity level approach to sub sector level approach

### Flexibility Expected in NRLM

- Funds should be allotted to reach out the BPL clients significantly and reaching the scale of economy should not be limited to Rs. 5 lakhs
- Subsidy amount should be converted and used for providing the technical support

### NRLM – Program Quality

To improve the quality of the programme, there is a need to establish the District Livelihood Technical Forum with a Project Officer. The project officer must ensure the following:

- Liaison with NGOs and Government
- Linkages with line department
- Review and monitor the progress periodically
- Document and disseminate promising practices
- Scale of the program
- Owns the programme

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### **G. K. Agrawal, Rural and Microfinance Consultant, Mumbai**

All Kudos to Mr. Fernandez for bringing out the historical background of SHGs and SGSY in a very honest and objective manner and acknowledging the role played (initially and continuing) by NABARD in promoting SHG programme. Moreover, he has practically laid down the road map for redesigning the

SGSY into a livelihood programme through SHGs with the active support from NGOs and other bodies, through capacity building and policy support from MORD, GOI in a Public Private Partnership approach. His approach and suggestions can themselves be part of major discussions at the proposed Workshop of NRLM being held at New Delhi on 8 October 2009.

SHGs by themselves are nothing but a small group of poor persons, having common affinity as seen in Myrada groups. The groups initially had nil/negligible access to the formal credit system, limited financial resources in the form of their savings, ploughed back surplus margins if any and borrowings of moderate size. The groups had very limited capacity - managerial, technical, vocational, backward and forward linkages to give any meaningful thrust to any livelihood programme on a sustainable basis. Here the role of reputed NGOs and private institutions/agencies comes which can be supportive and can provide an assured capacity building support to the SHGs members/ federations. There is a need for the support for the project period, with least interference other than policy making, resource providing and monitoring by the Government agencies, with no target fixing by the Government departments. Operational strategy and the implementation left to the assigned national/state autonomous agencies, participating NGOs and other private agencies. Also, promotional /capacity building funds may have to be released by MORD, GOI through national level autonomous agencies like NABARD, SIDBI or other agencies which have rich experience in managing/monitoring promotional funds and dealing with NGOs and SHGs.

It is a well known, though sad and bitter experience that in any department funded/implemented target oriented welfare programme, large scale leakages both visible and non visible are there and success rate is normally not going beyond 15 percent to 20 percent. If SHGs/SHGs federations are to be involved in any meaningful way in a National Rural Livelihood Programme, it should not be seen and perceived as Government sponsored programme with a target oriented approach and Government's role by design has to be confined to policy making, budget allocation. Operational strategy, implementation and monitoring are better left to some national level autonomous body and the monitoring committees representing various interests constituted at various levels to monitor and guide the programme.

SHG linkage program has so far been a significantly quality driven program, certainly needs switching over to poverty alleviation through livelihood /income generation programmes and in the process should not be allowed to be controlled and interfered by the Government in any form.

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**Biswajit Mohapatra, North Eastern Hill University, Shillong** *(response 1)*

We know that all plans like SGSY are conceived with good and often grand intentions, but somewhere in the middle we lose them and focus on the minimum goals achieved.

I feel we need to put a strong campaign in the various work areas about the people responsible for the goals planned under the scheme, so that every intended beneficiary gets to know how he can gain if the scheme succeeds.

Further, instead of getting the officials posted in the district headquarter it is better if they are posted in the project areas for the duration of the project.

Professionals interested to work and contribute need to be sent there, even if they demand a higher pay. It is better to have a few dedicated people at a higher pay than to have uninterested and inefficient officials who don't do their job and hence contribute to the utter failure of the schemes and waste our scarce financial and other resources.

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**L. P. Semwal, Shri Jagdamba Samiti, Rishikesh**

I would like to share our experiences (success and lot of lessons learned) of promoting the livelihoods with the rural groups in Uttarakhand.

- We worked as facilitating agency for group formation and technical training with diversified agriculture project and had formed federations of Basmati rice growers and organic vegetable producers apart from mushroom, ginger, flowers etc.
- We have facilitated SHGs under SGSY for promotion of organic coarse grains
- We are facilitating institutions of apple farmers to become part of joint venture company with the corporate

To promote, build up and sustain a model of livelihood in rural areas we have always thought to plan on the basis of:

- Resources (locally available)
- Technologies (tested for value addition)
- Finances (institutional or grant)
- Markets (sound business plans for long term based on the feasibility studies)

In Basmati group, the federation was supported with the resources (high value crop), technology (organic production) and market (linkages with buyers) but the finances for collection, processing etc was kept by the government agencies. (For us it was a mix case because few new farmers associated to see the opportunity for sustainable livelihood)

In the case of SGSY the focus of DRDA was only for savings and bank linkages to reach quickly on the targets and for us all were missing. Later, we explored the opportunity under special project of SGSY but again it was disappointing due to mindset of officials designated to appraise the proposals.

In the current project we are trying to address all four at one time but still learning about the capacity building (how farmers organizations can learn to run a joint venture with corporate), institutional arrangements and mostly benefit sharing mechanism.

It is a mix of doing business with social concern and developing societies to do business. To see more please visit: <http://www.centreforcivicdrivencchange.org/stories-of-change/sjs-apple-project-india/>

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**N. Srinivasan, Consultant Pune**

The National Rural Livelihood Mission is intended as an important initiative for poverty alleviation. It is important to know that whether it adequately take in to account the lessons from past poverty alleviation programs.

A review of data on implementation shows that almost 50 per cent of finance (both credit and subsidy) went for milch animals and another 7 per cent for irrigation. Does this indicate the lack of livelihood options or failure to develop suitable ones? The utilization of funds allocated in the period 1999 to 2008 did not exceed 74 per cent, subsidy allocations had been used to the extent of only 65 per cent. One might understand the lower utilization in the initial years of any scheme - when a program over a 10 year period is unable to utilize the allocated funds, one wonders about the suitability of the implementation process and machinery. The program could not find the support of banking system to the extent envisaged. It could leverage credit to the extent of 2.1 times of subsidy only. The average credit mobilized per year was around Rs. 1700 crores. While it might be facile to blame banks for their reluctance, we should also consider the fact that banks had supported the SHG bank linkage program vigorously with outstanding loans in March 2009 exceeding Rs. 24000 crores.

We also do not have answers to what happened to the families that had received assistance so far - have they come out of poverty? The numbers put out by the program, provide information on the effort made number of families/individuals assisted, amount of subsidy/credit etc. No where, it provides information on results achieved. If a clearly targeted program such as poverty reduction does not monitor the results, then it is fundamentally flawed in its design. The impact assessments are adhoc and anecdotal. Monitoring should concentrate on results and information on families financial condition should continue to be tracked over a period.

The proposals of Ministry of Rural Development are mostly supply responses which do not consider demand side issues. Other contributors have already referred to problems in targeting, activities chosen for support and the emphasis on numbers rather than results. If supply side responses in the last more than 20 years were adequate, we would not require designing NRLM today!

My view is that there should be a greater demand side influence on the program. Permanent implementation machinery is not a solution; it might exacerbate the current problems. I hope that we all plan to bring down poverty levels at some point and do not want to be **permanently** engaged on the job. The committee on Credit Related issues in SGSY (MoRD 2009) unfortunately concluded that "NGOs may not have enduring interest" and called for permanent implementation machinery. The DRDA was permanent machinery and its performance has not been exemplary. NGOs have performed creditably in the livelihoods domain - PRADAN, Dhan Foundation, BAIF, MYRADA, CCD, Satguru Foundation, AKRSP and many others have not only been engaged in livelihoods of poor for long periods but have imaginatively designed projects that have established sustainable access to markets and incomes for the poor. NGOs must be a central part of program implementation since this is only way in which demand side issues could be brought in to the program.

State sponsored federation is not a good idea at any level. I am not sure that the AP model would work everywhere, especially when artificially low interest rates on loans are withdrawn. Voluntary formation of federations by interested SHGs can be supported by government funding - but not with government staffing.

The focus of program should not be on increased subsidy at household levels, it should be on developing markets and linkages. Regardless of how much we reduce investment costs and current costs of production through subsidies, without a viable market the enterprises will not survive. How to identify, develop and link with markets that offer viable prices for goods and services of the poor is the challenge that the NRLM should answer.

Risk reduction in the livelihoods of the poor is another critical concern which is not being addressed. Risks to the person (life, accident, health) and the enterprise (asset, technology, markets and incomes) should be managed. The NRLM should work with insurers, banks and others to develop a range of options that reduce risks or manage the same. This would be one of the good utilization of funds that effectively support livelihoods than cash subsidies. The program should utilize all available partners including primary agricultural societies and MFIs for financing. The MFIs and PACS together have a client base of more than 50 million, of which a substantial proportion is poor. In this way, their willingness to deliver a government program would be higher.

Lastly the NRLM should establish much higher levels of integrity and probity. The image of the SGSY is not what it should be. The conceptual and design level discussions are high on ethics, but the implementation is unfortunately not so. The implementation machinery, of whatever type that comes in to being should be oriented towards developing and upholding values such as transparency, impartiality, promptitude and honesty. A well structured grievance redressal mechanism should also be part of the design with external monitors for adjudicating on grievances.

Some of the foregoing critical comments are to induce positive thinking on designing a national program of importance and should not be construed as a fault finding exercise.

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#### **N. Jeyaseelan, Helping Hand Micro Finance and Services, Kancheepuram, Tamil Nadu**

While I was working in a bank, I experienced dealing with SHGs, formed under SGSY Scheme. Based on my experience, I would like to suggest the following changes in the design of NRLM -

CEO for State Management Team drawn from Government: If the CEO is drawn from the Government the functional autonomy will be lost, in spite of good coordination by the CEO with other Government Departments. Since Ministry of Rural Development will be involved in the day to day management therefore it is quite possible that it will lead to micro management and will not give space for creativity of CEO. **Hence, CEO shall be taken from the Open Market.**

State level units have eight Mission Managers representing various fields like Social mobilization, Institution building, Livelihood Promotion, Marketing, Micro finance, Risk mitigation and MIS, whereas district level units have only some specialists and the following are missing viz. microfinance, risk mitigation and MIS.

**Specialists on Micro Finance, Risk Mitigation and MIS shall be provided to the district level units.**

Coordination with Banks for promoting credit linkages is a time consuming process and it can be done by the bankers in a better way. One of the reasons for the success of the IFAD assisted SHG program (Tamil Nadu Women Development Project) in early 1990s was the deputation of Bank officers from banks to the IFAD project to coordinate the credit linkages.

**Rural Development Officers (As they have attitude to serve the rural people better) of Banks shall be deputed to the District Level Units to Coordinate the Credit Linkage Process with Banks, as taking the SHGs from Consumption Loan To micro enterprise stage involves lot of sustained efforts.**

NRLM envisages use of consultants at the block level to provide the expertise in various domains like Social mobilization, Institution building, Livelihood promotion, Marketing, Micro finance, Risk mitigation. This will not serve the long term goal of building the credit absorption capacity of SHGs in a better way.

**Hence, NGOs shall be engaged to offer these services on time bound manner with clear deliverables on enterprise promotion.**

Gram Panchayats should be used for mobilization of poor into groups. Gram Panchayats are overburdened with many development programs. The social mobilization process involves lot of time and effort to change the attitude and build the capacity.

**NGOs services shall be used to take up social mobilization with a clear time frame on exit policy and handing over the SHGs to federations over a period of 4 to 5 years.**

For formation of multi layers of federations viz. Cluster Level Federations (CLF), Block Level Federations (BLF) and District Level Federations (DLF), the time frame has not been spelt out. But, the process should be demand driven and should not be thrust on the people.

**Broad time frame shall be indicated.**

Grants provided to federations seem to be very nominal amount. Grants to federations may be enhanced and that may be linked to achievement of certain level of maturity verifiable objectively.

**Grants may be enhanced to Rs 50000 (For CLF), Rs.200000 (for BLF) and Rs. 500000 (for DLF).**

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**Nilanjana Dasgupta, State Institute of Panchayat and Rural Development, Kalyani, West Bengal**

In response to the query I would like to share my learnings and experiences of Swarnjayanti Gram Swarozgar Yojana:

- The most important learning of SGSY is that group approach is more sustainable than individual (reports also reflects that individual Swarozgaris are very few in comparison to the SHGs)
- SGSY guideline has been amended thrice, very rightly in the last amendment the emphasis was on capacity building of the SHGs. This is another learning point that Capacity Building is the most important aspect.
- In our State the emphasis was given on cash credit

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**Uma Shankar Sharma, Jaipur Zila Vikas Parishad, Jaipur**

Various SHGs are being formed for the development in the rural areas. My view is that tourism industry is playing an important role in the Indian economy. We are having rich heritage and culture. Domestic as well as foreign tourists are attracted to visit important tourist places. We have to develop more tourist places to attract more and more tourists.

You will be glad to know that we are having lot of ancient places in rural sector worthwhile to visit. During visit of these places we can show the tourists various handicrafts activities also, so that tourists are able to see how the rural people develop such type of products without having any formal training.

As an innovative project we have tried and developed a website for Rajasthan tourism. To see the website, please visit: [www.rural-tourism.in](http://www.rural-tourism.in)

Hence, we are of the opinion that rural tourism with handicrafts may also be incorporated under National Rural Livelihood Mission (NRLM).

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**Venkatesh Prasad, Consultant, Mysore**

I had briefly looked the drafts. One major suggestion that I want to make is under accountability and transparency, it is essential to look at the access to all these activities.

MIS generally is important and it depends on the system to see but, it is important to ensure public access for the same. At present, even the project like NREGS is being made public access. Hence, this will ensure more accountability and transparency.

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**Bibhu Prasad Mohanty, BISWA, Orissa**

I have some concerns while working on SGSY schemes with Government of Orissa. It had funded some amount to Mission Shakti with a responsibility of the capacity building of SHGs and their federations. Mission Shakti being the flagship programme of Government of Orissa for women empowerment built up

a well woven strategy which was implemented with lot of activities by both Government and NGO partners under vigilant and visible efforts. Shakti Sahayikas, the business development service providers for SHGs are well trained on SHG concept, microfinance and livelihood promotion etc. Federation leaders at different time and different levels got federation management trainings. There was some kind of confusion on contents and methods dealt by the trainers during the trainings at different level. Due to lack of care on those two aspects such as contents and methods, it was found the knowledge that went to the women leaders could not be effective. Therefore NRLM should also take care of this, during implementation. Knowledge can get rid of many problems of microfinance and livelihood programme design and implementation too. That will lead to strengthen group efforts for a long time. Those who wish SHG to be a very long time activity, I differ from them. In my opinion, SHG is a strategic tool to reduce poverty. Self reliance is our aim. Therefore, tomorrow we may take up some other development tools other than SHGs which may become more effective and appropriate for our development. Growing infrastructure development, globalization and use of modern technology may bring new dimensions to development process.

Secondly, the micro credit support (one time grant to SHGs to get better credit privilege from banks) to SHGs were distributed through federations of SHGs without any road map. There was no clear cut understanding among SHGs about the utilization of this support. SGSY could have made stringent recommendation or operational criteria about the utilization of this micro credit to gain microfinance plus services or supports from banks. Absence of this led to many confusions, corruptions and conflicts in the distribution of this support to SHGs.

In NRLM also, I find similar kind of problems. In addition to those problems, microfinance related directives need more attention. Whenever, SHG apply for micro-credit to commercial banks or MFIs, there should be some time limit to process the papers and give the loan. NRLM should spell it in proper words and supersede all the stringency and processes which delay the sanction of loan to WSHGs and farming families/BPL/poor SC/ST families. As it takes care of livelihood there should be directives to State Government to lift and reduce many stringent rules that kills the spirit of micro entrepreneurs in villages and urban areas. It should also advocate on reduced taxation, processing of documents etc in favour of SHGs working on livelihood projects on their own. Time of processing and investment on women/BPL is neither prescribed nor mentioned in this new initiative. Therefore, I immediately doubt on the integrity and efficiency of the NRLM. Because India has suffered due to indefinite processing time of documentation and sanction etc. This practice has led to corruption and development delays. But I find it is addressed to some extent in Right to Information. We should learn from that and increase our efficiency and reduce corruption.

Thirdly, it is my personal opinion that instead of opening new state level rural livelihood missions, State Government may be allowed to carry out the corresponding responsibilities under NRLM. In the time of recession and cutting of expenditure, I suggest that the States and Center should utilize existing infrastructure, HR, facilities and so on. Of course wherever there is requirement of change, judicious changes can be made.

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**Tarun Kumar Debnath, SHG Promotional Forum, Kolkata** (*response 2*)

NRLM is proposed to cover entire BPL families of the country, so its implication is huge for the entire development community. It is nice that NRLM has been able to draw attention of people other than those of Government. Please see my propositions on some major operational issues that NRLM need to address like poor vis a vis BPL, Self Help Group as 'group' or as an unit of recipients, livelihood financing vs enterprise financing, relationship with SHG-Bank Linkage models and the role of NGOs.

### Proposed NRLM: Operational issues

S.No	Issue	Clarification	Possible measure
1	All poor or BPL	NRLM wants to develop self help group, not beneficiary group. SHGs are formed through a self selection process and based on affinity and mutual trust. Official BPL is known for its in-accuracy and even if it is 100% correct, it is a static cut off line. But there are people who may be just above the line and because of many factors, people may also move from above to below and vice versa.	First let us target the poor, not just BPL only and also allow poor people to decide who to include, not the government staff. The selection process as suggested by the Government of West Bengal and NABARD for "convergence model" can be a useful guide. Please note that Rangarajan Committee on Financial Inclusion has already recommended this for consideration.
2	Facilitation or formation of SHGs and Federation	SHG formation is a very intensive process and mere target fulfillment does more harm than good. One must also understand that this is basic for the entire programme to build on and all other interventions can be successful if only there is good SHG. Moreover, SHGs can not be formed by few events, it is very process intensive. Let me repeat good quality vibrant SHGs with self management capacity does not just emerge, lot of sincere efforts are needed.	Government must understand this and place certain basic checks and balance in this. Let us introduce the concept of regular rating of the SHGs based on minimum numbers of user-friendly indicators – both self-rating and external rating are available in the sector. The introduction of self rating and regular external rating can be done by competent NGOs. These ratings must be used by the Banks and other support agencies for selection of the Groups. These ratings will help in identifying the organizational gaps and help them to rectify this on a continuous basis.
3	Legal space for Federation	There may be different types of Federations and they are undertaking many types of activities – financial intermediation, social intermediation, livelihood related training, marketing linkages, etc. In many states, appropriate legal space is not available for the Federation to do these activities in a legal manner.	New Generation Cooperative Act to allow SHGs to form Federations according to their requirements to be enacted in the states where these are not available.



4	Financial Subsidy vs Viability of the economic activity	In the lives of the poor, there are levels of economic progress. a) Subsistence, b) active in traditional and local economy in a livelihood frame and finally c) enterprise level. The poor needs easy, timely and low cost finance for the first two and here capital requirement is also low, subsidy really matters little. However, at the enterprise level, subsidized capital will be of great help to the poor entrepreneurs. But moot question is how?	<p>The interest free revolving fund for the SHGs and the concept of interest subsidy can be continued based on continuous monitoring by the banks – this monitoring must be linked with regular rating mechanism as stated above. For capital subsidy, it must be given at the back end and possibly through Federation/through a socially transparent manner to ensure proper use.</p> <p>I personally feel, about 20 percent of SHG members may be capable of graduating to enterprise level to look for this type of capital subsidy. But at the same time, it must be remembered that the poor needs good infrastructure, capacities, services and facilities for their life and livelihood. Government must think of addressing these by way of identifying the needs, generating demand and arranging supports. In addition to linking with other Missions and schemes, a special fund may be created under NRLM to take care of such specific demands from the SHGs/ Federations.</p>
5	Skill development vis a vis income enhancement	Income enhancement requires facilitation and supports in many areas – identification of economic activity, skill, productivity, working capital availability and management, inventory management, market information, marketing, servicing of debts, institutional requirement, conflict resolution, etc. Skill development though important is only a part of the entire process.	Income enhancement must not be equated with skill development only. It must be considered as a package to take care of elements needed for enterprise activities. The professional agencies must be brought into to help design this and facilitate this whenever necessary.
6	Delivery structure with review and monitoring mechanism in place	Mission mode is a welcome approach. The issues related with a) who man the mission, b) the capacity of these persons, c) the systems and process, d) transparency and accountability, to ensure	<p>The States must ensure this through:</p> <ul style="list-style-type: none"> <li>• Involving sector known professionals in the advisory boards</li> <li>• Inducting competent, committed and dedicated professionals from Government</li> </ul>

		quality, innovations, are to be addressed properly.	<p>and Non-Government sectors</p> <ul style="list-style-type: none"> <li>• Transparent and accountable review, monitoring and evaluation process must be in place. A kind of social audit should be in place.</li> </ul> <p>In addition, the issue of linking up with other departmental activities on SHGs must be coordinated and whenever possible should be brought under the purview of this mission.</p>
7	Vision and Capacity of the Mission staff	NRLM is a comprehensive programme with wide ranging issues. All the Government staff and others involved in NRLM may not be expected to have clear vision. Lack of the capacity to implement this multi-dimensional programme is also a major issue.	<p>Nationally known institutions like NIRD and BIRD could offer courses.</p> <p>Each state must also have a plan for capacity building of the staff engaged in the mission</p>
8	Adequate HR for the sector	One must acknowledge that there is lack of competent HR at various levels on institution building, financial service, livelihood enhancements, empowerment and entitlement issues. Let us take an example – a state with 5 lakh SHGs, there may be 50,000 village level federations and 500 block federations. Even if we need 2 persons per SHGs, 4 persons/VO and 5 persons per Block Federations, the requirement is huge.	The state should build up a comprehensive HR plan keeping present and future demand in mind. The collaborations may also be explored with specialized resource organizations and mainstream educational institutions
9	Role of NGOs	NGOs are generally known for its social mobilization potential. But not all NGOs are capable of and at the same time, the need is also huge. NGOs are also good in experimentation and creating demand taking sides of the poor. Considering the huge demand, as proposed a special delivery structure in mission mode must be in	<p>NGOs must be selected on the basis of certain criteria and based on this, NGOs strength must be harnessed in</p> <ul style="list-style-type: none"> <li>• Social mobilization and institution building in a process mode</li> <li>• Training on self management capacity</li> <li>• Regular ratings</li> <li>• Skill training and livelihood enhancement process</li> <li>• Research and study</li> <li>• Materials development</li> <li>• Sharing and exchanges</li> </ul>

		place. Government may not like to entirely hand over this responsibility to the NGOs.	<ul style="list-style-type: none"> <li>• Participation in policy fora and discussions</li> </ul>
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### **Narendra Baduni, Agricultural Finance Corporation Limited, New Delhi**

The efforts of Government of India to make SGSY more effective and alleviate the rural poverty by 2015 are praise worthy. First of all, I would like to share one thing that the GoI should give some flexibility in the NRLM guidelines to the States to implement as per their situation and need. Without flexibility, the State will implement the scheme as target oriented programme instead of result oriented.

For implementing any venture successfully through the women/SHG or rural individual we have to see the suitability of the business proposed to be undertaken by them. If the venture will suit the locals then definitely they will come forward and the programme will achieve the objective meant for. In this regard, we share a successful example laid down by the Himalayan Action Research Centre, (HARC) Dehradun at Naugaon-Purola (Uttarkashi district of Uttarakhand).

The Naugaon Purola area is famous for the fertile land but earlier the locals used to grow cereal crop only for their livelihood. HARC facilitated them and provided good quality seed of vegetable for cultivation instead of cereal crop. Villagers come forward with some hitch but now the entire area comes under the vegetable cultivation. Initially for marketing of the produce, HARC linked them to Mother Dairy, New Delhi. Mother Dairy collected their produce from local collection centre and paid them good amount after grading of the produce. Now the villagers approached to other Mandis of the Northern India and send their produce with the help of the Farmer Federation.

In above success story, there is a silent lesson which indicates that the rural poor are not interested in the Government grant but they want a right direction.

Besides, we have visited Jhansi area during year 2000 for Indira Priyadarshani Vrikshmitra Award (IPVM) evaluation where IFFCO formed women group and with the help of them, reclaimed huge area through green belt. For sustaining the group and improving their socio economic condition, IFFCO provide them broiler for rearing in their courtyard. For marketing they linked them with Indian Army base camp, near to the villages. Now the villagers have expanded their broiler rearing business very well. During the interaction when I asked them that their husband beat them or not, one of the SHG member replied "na saheb ab tho woh hath pasare hai" (no sir instead of beating, now he spread his hand for money in front of me).

Both examples indicated that the villagers are not greedy for grant. They need right direction only. So our new NRLM guideline should be based on area and having some liberty to the State Government for adding as per need of the people.

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### **Jai Pal Singh, Center for microFinance, Jaipur**

SGSY is one of the major interventions of the State towards mitigating poverty. I would believe that the people in-charge of the scheme are equally concerned about filling the gaps in schemes while restructuring. Here is my opinion:

- **How to keep focus of SGSY on real poor:** Selection of real poor is very important. It has been seen that about 10-15 percent of real poor are left out and at the same time equal number of non-poor get included in BPL list. For SGSY, the implementing agency should prepare a list of

beneficiaries (for SHG formation) and that time they can include real poor especially widows, separated women, handicapped people. Non poor, who are in BPL, create problem in SHGs because in SHGs, members should be of similar social and economic background. Thus non-poor if are included in BPL list, let them be in the list but for SGSY they should not be allowed to become members of SHGs along with real poor. This can be easily done by the implementing agency. The list of non BPL (widows, handicapped and separated women) can be approved by Gram Panchayat while including them in SGSY groups.

- **Innovative way of targeting subsidy:** The revolving fund should be given to the groups after 6 months of regular savings by each member. The subsidy part can be divided in two parts. 50 percent of it can go to the group as grant and this amount will be about (Rs. 75,000) and members will use it as collective capital to source regular credit support. (One of the main reasons of poverty is the high cost of debt to poor from moneylenders. Poor do not have access to banks as well. This way poor will have a sustainable credit source as per their need and time). Remaining 50 percent subsidy can go to the bank accounts of individual poor. They can withdraw this amount at any time from bank.
- **Cost of SHG federation:** Only block level federations should be formal structure. Each block level federation would cover about 3000-4000 SHG members (350-400 SHGs). If in any block more poor are there, then there can be more than one federation in the block. Each federation would need about Rs. 4 lakhs annually to meet its operational expenses, to pay personnel costs, travel, training and exposure of federation leaders/members, records, and other establishment. In addition, federation would need working capital which can be arranged from banks and the interest subsidy can be from SGSY, or else project can also give this capital as interest free loan. SGSY should also give grant to develop infrastructure for marketing/livelihood enhancement to the federation. The limit can be calculated @ Rs. 5000 per BPL family under the federation.
- The **capacity building** of federation would be on a) exposure of federation leaders; b) perspective and vision building; c) leadership development and governance; d) business planning; e) accounts and other skill building of federation staff, Rs. 1-2 lakhs for entire period of 3 years will be required.
- SGSY would help poor to address poverty and may not eradicate poverty completely. But it will be a critical support in the endeavor of poor family to come out of poverty. Poor should be encouraged to strengthen their existing livelihood sources. They would enhance irrigation facility, pay off costly debts from informal sources, buy few goats, procure fodder for animals etc. They would need skill building to graduate from un-skilled to skilled labour. They would take up kitchen gardening and so on. SGSY subsidy and loan from groups should be used for all of them. The insistence on sub project system should be done away with.
- The banks role is to provide credit to SHGs, depending on their quality and needs. Banks should open the accounts of SHGs, SHG Federations and individual poor. Presently there are large numbers of cases where banks impound the group subsidy amount and they even charge interest on the subsidy part. Therefore, it is suggested that the subsidy will not go to banks but it will go directly to the SHG and individual member accounts where banks will pay interest. Banks will provide credit to SHGs like any other client.

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#### **G. Bhaskara Rao, Andhra Pradesh Mahila Abhivruddhi Society (APMAS), Hyderabad**

In the last week of July 2009, National Network of Resource Organizations (NNRO) sent feedback to MoRD on National Rural Livelihood Mission. (Please visit: <http://apmas.org/pdf%5CNNRO%20feedback%20on%20MoRD%20note%20on%20SGSY%20to%20%20NRLM.pdf>, Size: 90.5 KB). Major thrust of the feedback is:

- SHGs and SHG – banking proved to be the most effective tool for poverty alleviation and women empowerment
- The micro-enterprises, promoted either on group basis or individual basis, not only under SGSY, but also in other programs, proved to be not so successful
- SHG-banking proved to most effective tool for financial inclusion, which is the most critical for poverty alleviation and economic development. As per Dr. Rangarajan Committee on Financial Inclusion Report, in 256 districts over 95 percent of adult population does not have bank credit. Recent initiative of no-frills accounts also proved ineffective in providing effective financial services. One of the major strengths of SHG-banking is that it provides credit to members at most affordable rate or near bank rate of interest
- Despite these merits, SHGs and SHG-banking is not getting the support it deserves. In recent years the support is coming down.

In light of above, NNRO recommended NRLM to focus on promotion and strengthening of SHG institutions on a large scale across the country. It suggested using the funds meant for micro-enterprise promotion, for (1) member education, (2) building of SHG institutions, (3) interest subsidy as implemented in Andhra Pradesh, and (4) corpus for the federations. The feedback also suggested for inclusion all willing rural households in the SHGs. It will boost the local/ village economies, which in turn would provide remunerative and sustainable income and employment opportunities to the poor.

In the latest note (September, 2009), MoRD, apart from allocating funds for above suggested measures, albeit in small scale, proposed to promote a large number of micro-enterprises through enhanced individual oriented subsidy. To promote and strengthen SHG institutions and to eliminate the adverse affect of individual oriented subsidies on normal SHG banking, I suggest the following.

As the disparities between rural and urban areas are widening at quick pace, everyone in rural areas is becoming impoverished or relatively poorer. NRLM should aim at halting, if not reversing, the process. Effective financial inclusion would be the first and foremost measure in this direction. As per Rangarajan's committee report, only about 27 percent of total 89.3 million farm households, in the country have loans from banking institutions. Out of these 27 percent, a third also borrowed from informal sources. The scenario, most probably, would be even worse in case of non-farm rural households. There are wide inter-state disparities. If financial inclusion is considered as one of indicators of poverty, overwhelming proportion of rural household would be poor.

South India's experience clearly suggest that SHG-banking could be very good model to provide effective financial inclusion. As individual subsidies oriented SGSY has adverse affect on normal SHG banking, these two could be separated. NRLM may have two divisions dealing with (a) financial inclusion and (b) livelihood promotion. NRLM may cover all willing rural households, i.e. about 12 to 13 crores households under financial inclusion and select 2 to 3 crores households under livelihood promotion. Common members should not be allowed. However, households could be allowed to shift from one program to another after clearing their obligation in their existing program.

#### **a. Financial Inclusion**

- SHG banking may be allowed to function as core banking activity without any outside interference like target fixing, interest cape, loan size, etc.
- NRLM may promote quality SHGs through village/ cluster level; sub-district/ block level and district level federations
- Wherever banks are not accessible or not responsive, federations may be prepared to take up financial intermediation
- Promoting agencies play crucial role in developing quality institutions. Promoting agencies may be given adequate financial and capacity building resources and timeframe. Available evidence indicate

that investment of about Rs.10,000 to 12,000 per SHG for 5 to 7 years is required to promote quality SHGs with strong federations

- Promoting agencies should have clear role transformation strategy and same should be implemented in letter and spirit
- NRLM may work on sensitization and orientation of bankers about the commercial value of SHG banking
- NRLM may understand the bank's concerns such as quality of groups, political interference in functioning of federations, wrong signals like loan waivers, etc and address them
- NRLM may provide interest subsidy as given in Andhra Pradesh
- Andhra experience indicates that Village level federation require Rs. 20 to 25 thousand per year for operational cost and block level federation requires Rs. 4 to 5 lakh per year for operational expenses. Initially, all federations may be provided annual grants to meet their operational expenses. Federations may be rated/graded from 4<sup>th</sup> year onwards. Federations, which obtained good 'grades' may be given corpus money to meet their operating expenses.

## **b. Livelihood Promotion**

We have very few successful group level micro-enterprises. Banker's Institute of Rural Development's (BIRD) study indicates that in northern states the performance of group based micro-enterprises is significantly less successful compare to individual based micro-enterprises. One of the possible reasons could be that near homogeneous size groups were formed for all kinds of micro-enterprises. May be because of this reason about 50 percent swarozgars has taken single activity, i.e. dairy. Under livelihood promotion, NRLM may take up the following:

- The program may focus on poor and poorest of poor, particularly educated persons, as educated unemployment is a major problem
  - Groups of different sizes may be promoted. These groups may be completely independent of SHGs being nurtured by the Financial Inclusion division. These groups may be called by different name like swarozgar groups or common interest groups or livelihood groups or some other name
  - After group stabilization and after providing appropriate and adequate training, each group may be assisted to acquire capital assets like transport vehicles auto, jeeps, tempos, agricultural machinery like tractors, threshers, shops – repairs -electrical, electronics, mechanical, ICT centres, phone booths, cell phone service centres, hotels and restaurants, etc.
  - These items could be obtained on the basis of own contribution cum subsidy cum bank credit
  - As benefits of most of these activities are many times more than the direct employment they create, subsidy could be given more generously. As these items are investment intensive the revolving fund and subsidy could be given together at the time of acquiring/ creating asset
  - These activities especially transport and communications, not only provide direct employment to the group members, but also open up a number of income and marketing opportunities for hitherto cut off areas. Many household could increase their production levels from subsistence level to marketing levels. Many housed can acquire small assets like sheep, goats, calves, piglets, poultry birds on their own and get benefited if markets are expanded
  - Banks can have the 'education qualification certificates' of participants and 'acquired/created assets' as security. Hence all acquired/ created assets should be suitable to pledge as security
  - Wherever, banks are not willing to participate, big MFIs could also be involved. Even financial federations could be involved in these activities as financiers
  - Corruption could be a big issue, in implementation of this program. To overcome this problem, monthly targets could be fixed. Anti corruption machinery may be strengthen and made more active at least in the initial years of implementation. Wide publicity may be given in media (electronic) about anti corruption mechanism
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**Prameela, Sampark, Bangalore**

I work with Sampark, an NGO based in Bangalore (for details, visit [www.sampark.org](http://www.sampark.org)). Recently, I have attended Swayamsidha consultation meeting at Delhi where we had discussions on designing the II phase of Swayamsidha. I would like share my views based on my experience of livelihood promotion in Sampark and also based on the discussions on designing the II phase of Swayamsidha.

I fully endorse Mr. [Srinivansan](#)'s comments that Andhra Pradesh model cannot be replicated as such in all other states. The main drawback of the SGSY is that it assumes that one time credit would improve the livelihood of people, which is not true at the grass roots level. Several programmes and impact studies showed that only credit cannot improve the livelihoods of people, there is a need of basket full of inputs which includes enterprise counselling, skill trainings, market and credit linkages. Some of the recommendations which can help to redesign SGSY include:

- Strengthen traditional livelihoods options – agriculture, food processing, dairy, minor forest produce, fisheries, organic farming, sericulture, nursery, etc. with a focus on access and ownership of common property resources
- Strengthen service sector – masonry, hand-pump repair, mobile repair, electronics repair, computer skills, TBA, technology-based skills, etc
- Backward and forward linkages: inputs, transport, finance, technology, extension, storage, processing and market linkages
- Value chain analysis, group based and special activities (production, service, trading, processing etc), the extension support depending on the phase of the value chain
- Develop programme facilitating setting up of micro enterprises with assured marketing survey/study of demand pattern, supply possibility, income opportunity/price discovery mechanisms and market linkages (material, technology and brand)- 3 M approach (micro planning, micro finance and micro-marketing)

It is sad to know from Mr. Srinivansan's note that only 74 percent of the funds gets utilised with efforts of several NGOs and poverty alleviation programmes. NGOs and Government need to create awareness about these schemes with the help of SHGs, clusters and federations and needs to work for convergence of schemes rather than raising donations from different agencies and designing new Government scheme.

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**Subhash Chand Garg, National Bank for Agriculture and Rural Development (NABARD), Uttarkashi, Uttarakhand**

In response to the query I would like to share my learnings and experiences of Swarnjayanti Gram Swarozgar Yojana for designing of the NRLM. Also I would like to share that the opinions expressed herein are purely personal and has nothing to do with the thinking of my employer - NABARD.

As DDM, I am watching the implementation of SGSY very closely, right from district level review, BLBC meeting and interaction with SGSY beneficiaries, implementing agencies and financing banks.

As a concept, SGSY scheme is good but a number of problems had erupted during the process of implementation. SHG concept was borrowed from NABARD's SHG bank linkage model. Under NABARD's model, there was emphasis on group dynamism in which there was matured development of group functioning, it's deepening values and ethos among members.

Initially, SHG members were provided small amount of credit from group's internal funds to develop the system of group functioning and management of credit for a sufficiently large period say 6 to 12 months. After this satisfactory cycling of credit, bank credit in the range of 1 to 4 times of internal saving was provided. But in case of SGSY credit linkage, credit plus subsidy even 100 times of group corpus (Rs. 2.50 lakh CCL for internal saving of Rs.2,500 for 12 months) was extended. Such a high dose was bound to be

failed as it was beyond the capacity of SHG to handle or have sufficient managerial capability to manage big investment assets for Rs. 2.50 lakh. There was pressure on District and Block level authorities to achieve the target and they had not laid emphasis on quality of SHG and income generating assets.

Further, there was no monitoring whether beneficiary is facing problem in backward and forward linkages. For any micro-enterprise to succeed, it needs regular availability of raw material, technological support, training, finance, risk coverage, transportation facilities and market.

With provision of finance and half hearted training/capacity building program, we can not expect that families will be out of poverty network. In NABARD's wadi model, a continuous hand holding support to tribal families for a period of 5 to 8 years in matter of raw material, technological support, training, finance, transportation facilities and market is ensured so that poor tribal families are brought above the poverty level and their orchard and other income generating activities are succeeded in full. So, NRLM has to imbibe all the factors to achieve its basic objective.

In NRLM, it welcomed that the State Government is being provided more autonomy and higher amount of capital and interest subsidy is envisaged. State Government has different system of functioning as compared to functioning by well proven NGOs. There is missionary zeal in NGOs functioning. We have example of NGOs delivering good results in various fields like PRADAN/MYRADA in micro finance, Sadguru Foundation for water and irrigation model, BAIF for wadi and animal husbandry sectors, HARC (Himalayan Action Research Centre) for vegetable cultivation and fruits processing. These models have transformed the life of thousands of families in their areas of functioning. They have also proved as the reliable partners in various projects launched by NABARD.

I am therefore, of the opinion that GoI should provide adequate autonomy to State Government to decide their own strategy, time schedule, number of families, amount of project outlay etc. State Government in turn takes services of very proven NGOs to take up NRLM (poverty alleviation program) in project mode. Let these NGOs utilize the funds for wider replication of successful models already created by them. There should be area approach and all the rural families of the area (say with landownership up to 2 ha.) may be covered in NRLM.

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**Arif M. Akhtar, Uttaranchal Parvatiya Aajeevika Sanvardhan Company (UPASaC), Tehri Garhwal**

I am happy to share a model of Uttarakhand Livelihood Improvement Project for Himalayas (ULIPH). We have tested so many enterprise demonstrations under ULIPH. On the basis of our experience, it is easy to say that under SGSY, upper layer among BPL have got the benefits of the scheme and majority of the needy people under SGSY could not got the opportunity.

In ULIPH, we divided the BPL into another 4 categories, so that targeting of ultra poor could be easy. Among 42,690 targeted household, around 41 percent of households have been identified under ultra poor category. These kinds of beneficiaries either belong to wage worker/seasonal worker/widows/singles women or migrating workers. Under ultra poor category, it is very difficult to mobilize them to introduce self employment activity because of their level of poverty and mind set. For ultra poor, it will take a long time to develop the business acumen.

Livelihoods at the level of households may be supported and enhanced through the different angles as under:

- Reducing risk within an activity
- Increasing income in a number of the diversified portfolio of subsistence livelihood activities
- Reducing avoidable expenditure

Designing of the project is a very big factor which influences the success. The design of the structure affects results. Some of my suggestions which are key to the success of any development project are given below:

- Time bound project should have experienced team and should have separate and independent identity
- Project team should not have administrative relationship with DRDA to avoid the delay and get it free from the unnecessary formalities
- A well qualified team of professionals should be appointed in different level e.g. National, State, District and Block to look after the responsibility of the project

Over the years, the economy has become specialized, dynamic and complex. Thus, on one hand services required for supporting large numbers of livelihoods have become more diverse, on the other it has become necessary for agencies providing any of the services to be more specialized.

Range of services required for supporting livelihoods have become wider i.e. input supply, output marketing, infrastructure, technology development, research, training, community organization etc. In today's economy one agency can not develop the competency of providing all of them. Thus, there should be a provision to make an umbrella agency that will regulate the activity of different subsidiary outfit for Community Institution Development, Livelihood Enhancement and Development Services, Livelihood Support Services with credit provider outfit. Under the umbrella of mother agency, all three subsidiary outfits will work under collaborative approach. A permanent coordinating agency/commercial entity is required to integrate the services of different stakeholders for the common cause of beneficiary. These agencies can be later owned / managed by the community, and could be registered as cooperatives/company. Establishment and getting credit supplier outfit function is very challenging. Credit supplier outfit is life line of any enterprise. Success of credit supplier outfit depends upon rest two outfits namely Community Institution Development Services, Livelihood Enhancement and Development Services. Indeed credit supplier outfits have to work autonomously but it is also essential that these three outfits have to work in close coordination. But credit supplier outfit have to work as an independent finance agency. These agencies would be able to perform a number of critical roles, which would supplement the credit role that banks and MFIs are playing. The roles include: identifying promising livelihood opportunities; motivating, training and organizing the poor to participate in these opportunities; arranging for credit and infrastructure; establishing the supply chain and the production processes; developing market linkages; seeking appropriate policy changes; stabilizing the pioneering units; demonstration of promotional activities and ensuring wider replication.

A dedicated administrative structure should be confined under the following functions:

#### 1. Community Institution Development Services

- Formation of groups, federations, cooperatives, mutual benefits
- Empowerment and capacity building of the community. Enhancement of the capital base at community institution to leverage access to micro finance/venture capital
- Accounting and Management Information Systems
- Performance Management Systems
- Policy analysis and sector work

#### 2. Livelihood Enhancement and Development Services

- Identification Of livelihood opportunities (SBS Approach)
- Supply of business development services
- Forward linkage (Market Linkages - Input Supply, Output Sales)

- Risk Mitigation (Non-Insurance)
- Ensuring wider replication of demonstration.

### 3. Livelihood Support Services/ Social Venture Capital Services with Credit Provider Outfit

- Project Appraisal and Investment Plan
- Credit for consumption and productive needs or venture capital for production
- Free/partial free demonstration of promotional activities to make the confidence among the target people.
- Financial orchestration (Arranging funding from multiple stake holder/sources for the same sub-sector)
- Insurance, For Lives And Livelihoods

Supply of credit to the enterprise is important for the survival of any enterprises. Phase of demonstration is nothing but to launch the programme by convincing the people by enabling and strengthening the community institution. Purpose of Community Institution Development Services and livelihood enhancement and development services is to make the community ready to start their enterprise with the help of loan/venture capital/micro finance from the credit supplier outfit at village level. This credit supplier unit should be designed in such a manner that it is easily accessible to common man. So it is demand of time that an independent credit supplier unit should be established at village level by unifying the services of field workers under the leadership of well qualified personnel having experience in banking/micro finance.

After getting success in strengthening of community institution and demonstration of livelihood promotion intervention, credit supplier unit will operate as central agencies whereas Institution Development Services & Livelihood enhancement & development services will operate as support agencies. The rationale behind this approach is to generate services from single umbrella organization that will coordinate all the activities by three described outfits in a controlled manner to achieve the desired output, outcome and common goal.

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#### **Ruturaj Pattanaik, Sahayog Foundation, Bhubaneswar**

People in the backward areas are striving for livelihoods with their own acquired skills and with the resources around them. There are areas which have high density of population due to availability of resources such as water, forests, land, farmland, timbers and many others. However, there are other areas where we have low density of population such as Koraput, Malakangiri, Nabaranagpur and Rayagada. In this context looking at the situation, I will write few lines that suit promoting livelihood options:

- How many days/times people take to avail subsidized loan from banks and distance of the bank from the place the needy people come? How much time does it consume?
- Are the people skilled enough to learn through training? And it is pity that most of the training meant for the poor people is organized for a period of one day maximum. But the promoter's level training programmes are conducted for 3 days or more than that and it becomes residential in nature to ensure quality.
- There is another programme of central Government - National Food Security Mission and now we have National Rural Livelihood Mission. Before that there were National Literacy Mission, National Horticulture Mission, and National Rural Health Mission. Let us see and reflect over these old missions, launched much earlier, still continuing and how far we have reached in such missionary approach such as National Literacy Mission (perhaps the oldest one).
- One important point is that most of the programme under National Rural Livelihood Mission should be of good quality in difficult and marginalized areas. Responsibility and decision making should be at the lower level officials as the person is closely working with the people. Upper level officers

should wait for the demand and act as a guide for the lower level staff, worker or volunteers. Proposals, projects and other related matters should not wait for follow up rather Government officers specifically upper level officers should take decision on the matter without waiting for a follow up from the proposer.

- Efforts should be taken so that local NGOs and organizations should be given and considered at least for a period of 5-10-years. Frequent change of schemes and its nomenclature creates confusion for the people as well as for the officials
- Concerted efforts at the community and village level are required. Also at the official level it is required that the department (in charge of implementing the scheme) should be more empathetic. There have been many cases where the organizations sent the proposals but there are some lacunas so the proposal does not get approved. In this case, it is pertinent that the Government officials should respond to the organization and suggest the alternative so that the project could move forward.
- Rely more on the lowest level staff as they are more close to people's sentiment and need.

All the readers should take it positively and find the essence of it.

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#### **Bibhu Prasad Mishra, Spandana Sphoorty Financial Limited, Hyderabad**

This is a commendable step from GoI to work for a clear plan to remove poverty by 2015. Some of the activities (which are still at the ground level) may act as a booster dose to ensure that the actions/funds really reach the needy and provide them with a lifelong employability. Some of them are:

- Vocational education
  - Financial inclusion
  - Market linkage
  - Common Property Resource Management
  - Encouragement of village committees for the management of wasteland
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#### **Neelam Maheshwari, State University at Buffalo, New York**

In addition to what other members have already said I chose to re-emphasize two important things.

- **Credit for rural poor is still an issue**, after the success of the SHG-Bank linkage movement and followed by huge SGSY program it is not nationalized banks that are taking lead in lending to the poor, it is the NGO turned Micro finance for the most part, who are lending to poor people (specially in southern India). However, NGO turned microfinance agencies have limited capacity where they lend at a high interest rate (more than 20 percent per annum) and continue to give small credit amount. We can't blame MFIs as in order to be financially sustainable there is not enough choice and not all of them are equipped with promoting livelihoods. For creating and sustaining any livelihood there is a need for credit and there is also need for transition from micro to macro finance. However, the nationalized banks and microfinance institutions are not ready for that. Perhaps the new program considers some steps to ensure "credit for livelihoods".
- **Transition from SHG movement to Livelihoods Movement**: I believe that SHG movement has not made a transition into becoming "livelihoods movement" yet, while NGOs and banks are well equip to form, support SHG. Until initial few years, we have not seen many established examples of transitioning from saving and credit phase to livelihoods phase (Here I am not talking about sporadic livelihoods linkages that SHGs makes on their own). A few NGOs, who have made that transition, had to ensure a larger role in market, learn ropes of production and at the same time make the activity conducive enough to suit to the needs of SHG members.

If we can take a clue from how SGSY has impacted SHG movement we have a lot of lessons to incorporate into NRLM.

Some of the recommendations I have are as follows:

- **Ensure an array of credit services packaged for livelihoods** in such a way that we ensure end user is not paying more than 6 percent per annum. I still think nationalized and private banks can do much more. NRLM may initiate a provision of "credit for livelihoods" building on SHG movement. In this scheme either banks give directly or sub lend through MFIs, the end user must not pay an unreasonable amount of interest and repayment period are set according to the livelihoods activities.
- One big factor in making SHG movement successful was that committed NGOs were engaged in promoting quality SHGs at the grassroots. Unlike a top to down big central structure, autonomous groups were made by local NGOs who adapted their approach to local context. I think for NRLM to be successful we may create similar conditions, that **encourage civil society and likes to take up livelihoods unhindered by complication of top to down centralized structures**. In other words, we may stay away from fencing 'replication mode' that is unlikely to work but we certainly can have some common understanding of the format just like the SHGs.
- SHG movement was pioneered first by leading NGOs like MYRADA and PRADAN and others, **we may build on the experience of NGOs, experts who have proven work in livelihoods on ground** and had already made a transition from SHG for credit to livelihoods. NRLM might be spearheaded people from such institutions, also entrepreneurs who have worked to rejuvenate the economy at local, village as well as block and district level.
- Last but not the least I would like to say that, perhaps our Government can play a huge role in the market. Although 'invisible hand' supposed to make market work but we know, there are asymmetries existing at information level, market level, negotiation and pricing level. Producer companies, producer cooperative and end user collectives would need some facilitation in finding legitimacy in market. **NRLM can certainly have measures that not only create conducive conditions for existence of informal/formal producers collectives but have better chance to survive**. Now while I say this, we may also keep in mind what made cooperative movement fail in certain regions. This time it could be an informal producer collective like we have SHG federations who take charge of linking end users to connect with the market. I am afraid that in absence of such an avenue, livelihoods NGOs have to turn into profit led companies just like they had turned into micro finance institutions a decade back. That is certainly not ideal to be the role or space that belongs to civil society organization. Also it will certainly take a lot more time and effort before we see some substantial success.

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**Binod Raj Dahal, Professional Assistance for Development Action (PRADAN), Godda, Jharkhand**

I am happy to have few thoughts coming into my mind regarding the new sets of SGSY programme into the National Rural Livelihood Mission. I work with PRADAN, a national level NGO and based at Godda district of Jharkhand. My first hand experience with poor is of two kinds. Some of my colleagues have already mentioned more than this and I acknowledge this.

I have come across with poor (I have not considered the real list of BPL, which I found grossly in violation of parameters which would have been considered otherwise) who have resources but poor husbandry due to lack of technical, human, working capital etc. Before investing in them to make them entrepreneurs, their fundamental needs required to be fulfilled, example they lack food (PDS system is not in proper shape, school building is there but no teachers etc) and no house to live in.



Despite various schemes under the operation, I have not found any perceptible changes in the area I am working with such commercial popularity. I strongly feel, unless we take it in a more holistic manner "all in one type" strategy, the programs will have more money, more planning, more documents, but no impact at the family level. Can we think rationally beyond the normal practice of projecting through the conceptualization of ideas? What we are assuming that programs are deficient, as we make it adequate it will automatically flow into the poverty basket to get it rid off, but it is unlikely to happen. The implementation unit is also required to be equally strong at the block level. Unless the reality of plan and execution is dovetailed, mere inventions of golden scheme does not reach the poor. I am the witness of ultra poverty in PTG community in Sundarpahari block of Godda district of Jharkhand, where any new person asks that how that part is in India.

Secondly, many poor who don't have enough resources like land to cultivate for the livelihood round the year, the investment in this dimension would be more on the enterprises with skills of various kinds. It can be of traditional skills out of their background or interest or based on the demand from the market. The investment per family would depend upon the human availability with technical and capital volume requirement.

Hence the design of the project should have a flexible blend of opportunities to get the family out of the poverty within certain limited time period.

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**S. Ramkumar, Rajiv Gandhi College of Veterinary and Animal Sciences, Pondicherry**

This is a good suggestion. In creating an Income Generating Activity (IGA) among women Self Help Groups, very less emphasis was given to its suitability and livelihood dimension. Though sustainability was in the minds of development practitioners, it never used to be the key concept. We have been working with the WSHGs in South India under a DFID Supported DelpHE Project on Livestock-dependent Women Self Help Groups ([www.delphesindia.org](http://www.delphesindia.org)). In all these states we find a better off and poor within the groups, the poor bearing more brunt of the IGA. There is no doubt that the movement of SHG had helped in improving the social capital amongst the poor women. But whether they continue to rear the cows they get under the IGA-clause of the WSHGs, or increase the herd size or milk production, get more money for household use is something that is debatable. In this context, the idea of transition from IGA-movement to livelihood movement seems to be useful and pragmatic. Credit for livelihoods rather than credit for IGA is a timely thought.

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**Amit Srivastava, Consultant, Germantown, USA (response 1)**

I fully support the views of Mr. Srinivasan that:

- We need to analyze the results of previous efforts
- Investments should be demand-driven. We should also focus on market creation, and IMO that can help the entrepreneurs grow.

Ms. Prameela also pointed out the needs for strengthening the various sectors. In a way she is also probably in the favor of focusing a little more on demand creation.

In my opinion, the risk appetite of the concerned class is very low and entrepreneurship is not for most of them. We should work on moving majority of these folks into something with stable income. That is when they can think of something beyond their daily bread like kid's education and health etc.

A multi-prong strategy could be:

- Open up the agriculture retail sector so that big investments could be made in the way food-products are sourced and transported. The whole supply chain can be revolutionized. This alone has the potential to take our agriculture to an international level, where we could become a leading exporter of farm products. (We are an agrarian society and we should be leading the world in farming). Policies need to be framed in order to benefit the local population. We can look at the policies like mandatory scholarships from companies involved etc. The economic boom thus created at the lowest level can change the face of our villages. Just look at the villages with ITC's presence
- Provide specialized training to the people (Ms. Prameela has already listed lots of these). The training will help them pick up new skills and be more productive and employable
- The SHG/micro-finance thing can pitch-in for the financing needs. The chances of success will improve with the booming local economy and will therefore reduce the costs of loans.

You may differ on how to create demand but the truth is that we need to create demands along-with finance and training.

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**Shubham Singh, SRIJAN Infratech and Development Services, Bangalore**

I have been reading with interest some very valuable suggestions that have been made. The suggestions on design, strategies etc. are excellent. I wonder though, whether we have enough 'trained and experienced human resources to undertake such a design and deliver? How close is the connection between the quality of human resource to the programme/ mission outcomes?

I would like to focus the attention strongly towards the two distinct skill sets required to achieve some of the suggestions. While we have enough experience and if I can add, 'adequately skilled' human resources to do the first part which is mobilization (promoting SHGs, Federations etc), there is huge dearth of skills to undertake 'livelihoods'. Without getting into a debate on definitions, I think the mission should critically address the issue of lack of trained human resources to do the latter (especially at a scale).

We work with large scale (10 or more districts, trying to benefit lakhs of poor families). Livelihoods project (mainly implemented by state Governments) which are designed very well, have an independent implementation strategy, clearly defined business process - and yet struggle to achieve excellent results on the ground (especially objectives around livelihoods). The possible reason could be that they are not able to get the 'right' candidates (in large numbers) to undertake livelihoods. The universe is limited to a smaller sub set within the NGO sector - not at all adequate to run a national level mission.

The mission may want to look at the issue of building a cadre with required skills sets to implement such a programme.

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**Niranjan Sahu, Western Orissa Rural Livelihoods Project, Bhubaneswar**

I would like to share with you that Western Orissa Rural Livelihoods Project ([www.worlp.com](http://www.worlp.com)) is working in Western Orissa's four districts - Balangir, Nuapara, Kalahandi and Bargarh. Looking at the success of this project, Government of Orissa has initiated Jeebika programme in six districts of Koraput, Nowrangpur, Rayagada, Malkangiri, Kandhamal and Mayurbahanj. The main objective of both these programme is livelihoods promotion. Other projects like Orissa Tribal Empowerment & Livelihoods Programme (OTELP) also more or less works with these footings.

Therefore, while designing the National Rural Livelihood Mission (NRLM), experiences and learnings from these programmes could be used.

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**Sanjay Bhargava, UFA Movement, New Delhi**

I agree with the views shared by Mr. Srinivasan. I want to add to the debate.

- Should India adopt mechanization and large farms (including contract farming) boosting agricultural productivity many times but reducing the number of people with a farm based livelihood?
- Should the number of villages in India reduce by a factor of 5 to 10 with the concept of a super village emerging which has the entire basic infrastructure to create livelihoods?
- When we talk of livelihoods what percentage of livelihoods do we think will be salaried and how many self employed. My guess is over 70 percent will be salaried so how do we create more units like Amul, NRB (a national rural BPO), Global Handmade Products (GHP) a company that employs millions and sells billions.

Who will build these super villages (SV) and super livelihood creators (SLC)? If MoRD were to think in terms of PPP and issue an RFP, I think they will be able to attract private capital and world class talent to build SV. One of the problems with NREGA is that people worry that the assets being created using NREGA money is not durable. Could NREGA money be used to create SV? Once SV is there and if the ecosystem encourages entrepreneurship SLC will happen.

I know this is contrary to some of the thinking of Mahatma Gandhi and I often wonder if he were alive today what he would think.

China in the late 80's under Deng embarked on the four modernizations and discarded a lot of Mao dogma. It was even stated at one point "to be rich is glorious". Deng said Mao was great. He was right on seven things and wrong on three. Another famous quote attributed to Deng is "It does not matter whether the cat is black or white; as long as it catches the mouse, it is a good cat." I have not studied how China grew. My data source is: [http://en.wikipedia.org/wiki/Deng\\_Xiaoping](http://en.wikipedia.org/wiki/Deng_Xiaoping)

In the context of poverty alleviation this could be modified to say "We do not care if we use machines and private capital, NGO, Government as long as we alleviate poverty".

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**Ranjan Mohapatra, Vision Foundation, New Delhi (response 1)**

I have led number of research projects on rural employment and had made presentations to the cabinet Minister Rural Development on strategies for Rural Employment, which was appreciated and commitment was made to implement the recommendations of Vision Foundation. The present issue being discussed and the draft NRLM, is the issue I have been working on since a decade with the background of Management and Marketing Consultant.

The draft NRLM seems similar to our recommendation, but it has missed the backbone of our recommendation, i.e., marketing infrastructure for rural products, to generate sustainable employment. A paradigm shift from a subsidy led system to a market led system.

VISION Foundation had evaluated the first marketing oriented scheme of the Ministry of RD, i.e., District Supply & Marketing Society, to support the DWACRA Groups under IRDP. During that period, SGSY was being launched. I had met the key officials and pointed out the strategic weaknesses in the programme design, which will lead to definite failure. The answer was the scheme in its present form has been approved at the highest level.

Interestingly, VISION Foundation, was assigned the study the reasons for uneven credit flow from banks to SHGs leading to the failure. The findings validated my earlier observation. By that time the officials had

changed. About 70 percent of bank credit flow was only for dairy/animal husbandry, justifying the availability of both the skill of dairying and market for milk/dairy products in local areas. The other skill sets were not a part of SGSY process, as the beneficiaries and banker did not know how to market, where to market?

My recommendation to the Ministry, presentation made to the Cabinet Minister was highly appreciated and it was committed to implement the recommendations, but that has not happened, as it is confirmed by the NRLM draft. The reason possibly could be the difficulty in comprehending the concept of marketing and confusing it with sales.

Almost all the Government schemes, I have come across through evaluation or discussion, has confused marketing as sales.

Now, I am sharing the summary of the recommendations for the group to compare it with NRLM draft. I again reiterate that NRLM, in its present form needs changes else it will not show the desired results at the end. I have made this statement in Planning Commission and in Ministries on similar situations. The Planning Commission Evaluation Study, concluding that the failure was due to weakness in the delivery system, is not entirely correct. The primary weakness was in design/strategy. No ill designed programme can be implemented successfully by the most efficient delivery system. Let's not blame the road, if we have a vehicle with poor design/ engine, for low mileage, just because there is no competition. First it was IRDP, then SGSY, which attempted self employment with market connectivity or with limited/no understanding of market, confusing it with sales. NREGA focuses on wage employment, which is expected to hit the wall of marketing soon.

In fact, our recommendations were appreciated by the then Secretary & Joint Secretary and planned steps for implementing our recommendations. But in the nick of time, both the key officials got transferred. The new team could not pick up the rope, repeating the old pattern of having all elements like MIS, Skill Training, Finance etc, but not a whole-sustainable system.

Given below is the recommendation part of the report without liability to Government (except initial cost to be recovered in 10 years) unlike NREGA, consuming huge funds

### ***RECOMMENDATIONS:***

#### **(Recommended Strategies and Remedial Measures for improving the Performance of DSMS and Marketing of Rural Products)**

##### **STRATEGY:**

Focus on creating a National Rural Product Marketing Infrastructure and permit all possible operators like Private Agencies, NGOs and State Agencies to supplement the structure.

##### **Specifics of the strategy**

- Develop an Integrated All India Marketing Infrastructure for Conducting the business of rural products
- By integrating all the existing DSMS and creating DSMS in all other districts, where it is not existing, to be managed professionally
- Support private trade and NGOs selectively based on local needs, supplementing the activities of the All-Indian Marketing Infrastructure.

This strategy is formulated to provide integrated services of raw material purchase/supply and marketing of rural products (along with the auxiliary services alike technology information and credit support) to rural producers, when these functions are specialized in nature.

### **The Integrated All India Organizations should be capable of:**

- Developing marketing infrastructure for IRDP and DWCRA products including all other rural products,
- which are **being produced and**
- Can be **potentially produced in the rural areas in any part of India.**

### **Specific Objective of the Marketing Infrastructure:**

To develop a profitable global business of rural products based on Marketing Information and Marketing Expertise, involving rural producers taking advantage of the Information Revolution by providing,

- Marketing support to products of any producer in Rural India making the products reach any consumer in India or any where in the world and
- Raw material support to the rural producer located anywhere in India by enabling him to get his raw material from any supplier in India or anywhere in the world
- It may also sell its marketing expertise to other rural product marketing agencies like the state Government agencies and private agencies engaged in marketing of rural product, based on its huge data base on market information and skills.

### **STRUCTURES & SYSTEMS:**

#### **(A Blue Print of the All India Structure & Function Integrating DSMS):**

(DSMS: District Supply & Marketing Society, SSMS: State Supply and Marketing Society)

#### **Activity Flow Table:**

<b>Village- IRDP / DWCRA Beneficiary</b>	<b>Block Marketing Co-ordinator</b>	<b>DSMS</b>	<b>SSMC</b>	<b>Corporate Society / Head Quarter</b>
<ul style="list-style-type: none"> <li>• Produce Quality Product</li> <li>• Receive Payment</li> <li>• Receive Raw Material</li> </ul>	<ul style="list-style-type: none"> <li>• Quality Check</li> <li>• Forward Goods</li> <li>• Co-ordinate Payments</li> </ul>	<ul style="list-style-type: none"> <li>• Quality Check</li> <li>• Market Intelligence</li> <li>• Purchase Accounts</li> <li>• Pricing</li> <li>• Local Advertising Sale, (Counter, Exports and Exhibition)</li> </ul>	<ul style="list-style-type: none"> <li>• Co-ordinating the DSMSs</li> <li>• Advertising</li> <li>• Sale (Counter, Exports &amp; Exhibition)</li> <li>• Purchase</li> <li>• Accounts</li> <li>• Pricing.</li> <li>• Advertising- State Level</li> </ul>	<ul style="list-style-type: none"> <li>• Market Research</li> <li>• Policy Decision</li> <li>• Monitoring the Programme</li> <li>• Co-ordinating the SSMCs</li> <li>• Advertising-national &amp; global</li> <li>• Global Operations</li> <li>• Exports</li> <li>• Purchase</li> <li>• Accounts</li> <li>• Pricing.</li> <li>• Advertising</li> </ul>

DSMS to be primary center of activity in the whole structure supported with adequate infrastructures.

### Essential points:

- From DSMS rural products can be sold at the DSMS itself or dispatched to any other DSMS / SSMS in the country depending upon the demands or it can also be sold through exhibitions or exports etc.
- All DSMSs and SSMSs to have an office, godown, quality labs and a sales outlet
- DSMSs to become the primary marketing outlet in the country linked to each other through internet/NICNET etc.
- All DSMSs and SSMSs can conduct business among themselves by buying and selling products as both finished products and raw materials. For example, for a DSMS in Uttar Pradesh, Sandal powder purchased from DSMS in Karnataka will be a raw material and for DSMS in Karnataka it is a finished product.

### Essential Features of the Organization:

The essential features are:

- **Professional Management** control with result orientation
- This organization to be developed as a pool of **Expertise and Information on Rural Product Marketing Systems** involving the Indian Rural Producers and Consumers of the globe including India.
- **Central in nature** with networks spread to all the rural producers and sales outlets in India and abroad connecting all potential consumers in India and all over the world.
- The organization to have desired **autonomy for conducting** business through various means like rural producer's equity, financial institutions equity, private investor's equity etc.

### Organization Structure:

**The professional management team** recommended to support the above activity structure with a **mandate to take risks and generate profits**, which can be paid back to the Rural Producers as bonus at the end of the year based on their volume of sale to Central Marketing Structure / DSMS structure can be as under:

**A National Marketing Manager** to be stationed in Delhi supported by the **State Marketing Managers** (in-charge of SSMS) located at state head quarters, which will be supported by **District Marketing Managers** (in-charge of DSMS). In addition to this, there will be Marketing Offices in other parts of the World for augmenting both Market Information Collection and Sales of Rural Products.

Even if the states have control over the financing the IRDP programs, **Marketing needs to have a central/national approach** as marketing by nature is a central function and sales is a decentralized function. For success in business, we need to integrate Centralized Marketing with De-centralized Sales activities. **The study has proved that the DSMS Scheme has failed primarily due to the absence of Centralized Marketing Support.** The brand / brands developed will be the property of the Central Marketing Infrastructure. This is in line with the common corporate practice of marketing the products of different factories under the common brand name through a centralized marketing program.

The above team will be supported by departments / activities like,

- Marketing Intelligence,
- Quality improvement,
- Design & Development,
- Advertising,
- Accounting,
- Manpower development,



- MIS etc. with appropriate systems and procedures to be designed in corporate lines to operate in FMCG and allied industry.

**Primary Functions of the Integrated All India Marketing Infrastructures** includes,

- Development and monitoring of a **Market Information System** and collection of desired information from Indian Market **Centers and World Markets** on a regular basis to support the Marketing decision making process for marketing the Rural Products and buying the Raw Materials from Right Source at Right Price,
- Designing **Strategies for Marketing each Rural Commodity** in the appropriate form like commodity or branding after value addition through appropriate channel with emphasis on Packaging, Quality Control etc. This function includes:
  - Designing and implementing advertising and communication strategies for supporting the marketing process
  - Establishing distribution chains in India and abroad
  - Formulating Pricing Policies
  - Monitoring Product Improvement and Quality Control
- **Initiate measures for developing successful businesses** based on Rural Products produced in specific locations, which were well organized in the past and suffering now due to want of markets.

Summarily, create a body of marketing expertise and information to support the development initiatives in rural sector including farm (Agri and Allied), forestry and non-farm sector.

However, the details about the specific functions are as under.

#### **Price/Market Intelligence:**

The information about,

- The products produced / available in different parts of India, and the potentials.
- Products demanded in different parts of India.
- Prices ruling at various places for these products.

This can be made available to all the decision makers in India through Computers connected through support to augment the decisions like,

- Motivating production of an item and financing the projects through IRDP, if demand is there.
- Which product to be sold where when and how?
- Pricing of products and other marketing policy decisions.

#### **Pricing:**

The pricing, is one of the most crucial business decision which has to be made as per a standard formula / model with desired degree of discretion with control measures, which can detect misutilization of discretions within a controllable time-frame like month or a fort-night, monitored at the SSMC / State level on day to day basis through computer.

#### **HRD (Human Resource Development):**

The professional manpower has to be recruited from open market through competition and talent/performance has to be compensated adequately through appropriate policies to sustain a national level infrastructure. In addition, Manpower development & Training will be an important area for maintaining growth of the organization.

### **MIS Control System:**

The systems have to be controlled through on-line computers, providing information to all concerned transparently about the critical parameters like daily category wise sales, stocks held, payments received, cash & bank balance, payment outstanding, gross profits etc as per a MIS to be developed leaving no room for irregularity.

There will be no time waste in preparing & sending reports as they will be automatically available to all concerned.

This system can operate in the line of Railway & Air bookings through computer network.

### **Quality Specification and Monitoring:**

- Standardization and specification of the products produced under IRDP in the whole country through secondary data supplemented by field survey.
- Development of quality standards for each product category and promotion of a quality culture among the rural producers and developing quality laboratories at district level centers.

### **Regular Market Research & Data Base Development:**

Assessment of area-wise total quantity and quality of products

Produced and Markets for products and potential products current method of sale and price realized.

### **Product Design & Development:**

New product Design and Development activities to be undertaken to develop product designs utilizing the local skills and commodities

### **Brand Building:**

Development of a brand, to symbolize the products produced by the beneficiaries of IRDP. This is required to be promoted in a professional manner.

### **Recommended structure for effectiveness:**

To ensure that the organisation operates on purely professional lines, the organisation may be promoted as an autonomous body in the form of a Non-Profit Making Society or Company in the line of National Dairy Development Board, originally created as a Non-Profit Making Society,

Under an Act of Parliament,

With a Seed capital provided out of the RIDF (Rural Infrastructure Development Fund), as this organisation is being developed to develop marketing infrastructure for rural products to generate Rural Income & Employment.

Apart from the funds from RIDF, the Financial Institutions like RBI, ICICI, IDBI and Private Corporate Houses may contribute as Share Holder and be represented on the board. All the Capital Inputs may be on loan basis and the Society can be made to start paying back after a period of ten years. Even in appropriate time capital may be raised from the open market through capital issue.

**The Rural Producers to be members of the Organisation** by purchasing shares of Small Denominations along with Financial Institutions. The Rural Producers will have the right to receive a share of the profits at the year-end based on their contributions made to the total turnover.

As per the direction of the board, a team of competent professional managers to develop and run the business of rural product business/marketing

Efforts may be made to treat rural product marketing infrastructure as another infrastructure along with telecom and oil-exploration.

### **Plan of action for setting up the National Rural Product Marketing Infrastructure:**

#### **Step-1:**

Create a **rural product marketing mission** on the lines of technology **mission** to do the preparatory work for setting up of the National Rural Product Marketing Infrastructure. The specific tasks of the mission may be,

- **Formulation of** Policies for supporting the process of setting up of a National Rural Product Marketing Infrastructure, which may include the **role of private sector and NGOs**
- Development of a **data base** about the Rural Products and Markets, which can form a base for policy formulation and
- Undertake the administrative activities relating to formation of a Central Structure with autonomy to conduct business with accountability to shareholders like **rural producers and financial institutions.**

#### **Step-2:**

Close the Rural Product Marketing Mission after setting up the National Rural Product Marketing Infrastructure.

### **Elements of marketing infrastructure:**

<b>Centralized / Intangible elements (the mind)</b>	<b>Decentralized /Tangible elements ( the body)</b>
Market Research	Show Rooms, Sales Offices at Different locations in India and abroad.
Market Intelligence	Storage / Godown Facilities
Marketing Strategy	Transportation Facilities
Advertising / Brand Building	Sale / Dispatch of Finished Goods.
Management Information System	Raw Material Procurement
Quality Management Policy	<b>(Infrastructure to support the physical processes of production and movement of goods from producers to consumers.)</b>
Product & Packaging Design	
Pricing	
Training of Sales Team	
HRD	
PPC( Production Planning & Control)	
Technology Selection and adoption	

Hope to have comments from the members on the above document.

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**Gurusamy Gandhi, Consultant, New Delhi**

When we think of resources, of course Livestock forms major portion of our rural resource next only to land. Thanks to the great white revolution and operation flood programmes of the past 4-5 decades, no doubt, quality of our country's livestock resource has gone up sizably and the dairy cattle we have are of higher market value and so much forms part of a valuable assets of rural people who eke out their livelihood. But how much of these valuable assets are really put to its maximum utilities by adoption of good management/husbandry practices to enhance their yield?

Due to lack of necessary husbandry skills and knowledge, in most cases the people on whom these valuable animals are thrust upon (be it cross breed or high yielding Murrah buffaloes) are becoming a liability when they are non producers. This is because the beneficiaries of microfinance/micro credit schemes are not aware of the various breeding, management practices that would help them learn as to how to get a sustained milk production by achieving minimum dry period and inter calving period by properly monitoring the breeding activities.

Then finally, when the lending programme becomes only a partial success, the blame is put on some one, may be the Animal Husbandry Department officials, who may be in no way directly concerned with individual animal up keeping /monitoring.

What I want to emphasize here is, similar to DelPHE ([www.delphesindia.org](http://www.delphesindia.org)) Project. In all livestock oriented development programmes, it is vital to enhance beneficiary's knowledge and skills as to how best these national assets in their hands are to be handled to derive the best productivity out them. Capacity building/skill development programme should be taken first before grounding of such valuable assets to the identified beneficiaries.

Lessons learnt through the failures of Integrated Rural Development Programmes (IRDP) should never be forgotten as it was a very costlier lesson for us.

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**Vidhya Das, Agragamee, Kashipur, Orissa (response 1)**

The National Rural Livelihoods Mission must move away from the SHG and Micro-finance model, if it really intends to address livelihood issues of the poorest and most marginalized communities, if as the objectives state, the central mission is to remove poverty and ensure inclusive growth. Several studies have shown that the majority of the poor are left out of self-help groups. The mission should focus on making local governance work, with the participation of the poorest, most marginalized people, and specially women.

It has been shown time and again that SHGs are in reality doing more harm than good, and the Andhra Pradesh experience which is being brandied as the most successful SHG experience is in fact a miserable failure, where SHG members are being pushed to borrow from MFIs, resulting in suicides. Interest rates have been found to be as high a 36 percent in many instances, and on an average around 24 percent, even where SHGs directly do the lending, under the guidance of NGOs.

To really address livelihood problems of the poor the NRLM must address the following issues:

- Developing Small Farms: Small farms and helping the small and marginal farmers to be more productive is the future of livelihoods. Small farms are known to be more efficient and better yielding than large holding farming. It is also the solution to the huge food insecurity in this country. One of the best options for helping small farmers is to help them take up models based on Conservation

Agriculture. Conservation Agriculture, beginning where Fukuoka left off, is an effort at developing farming ecosystems, rather than just agriculture, based on all aspects of conservation, including the soil, water, traditional seeds, human labour, animal and mechanical energy, and the micro flora of the farmed region. It helps that farmers develop composite systems that help them address their food, livelihood, ecological and income generation needs. This practice has been widely adopted in the Americas, and has become part of the agricultural promotion policy for the EU countries. Following the EU pattern, India should also provide sustained subsidies to all farmers especially in the small, medium and marginal category for taking up cultivation. Those practicing organic and conservation agriculture should be given higher subsidies. The NREGA can also be linked up to agriculture, so that farmer's wages needs are subsidized, and they are not forced to go in for machinery.

- Decreasing landlessness: The highly skewed land ownership patterns in rural India ensures that huge tracts of land are left fallow and uncultivated while small and marginal farmers, and agricultural wage labourers undertake distress migration to meet their food insecurity needs. This problem has to be addressed by instituting land reforms and ensuring at least 1 standard acre to every farmer. This should also be accompanied by a law that ensures that all agricultural land is cultivated. Any farmer unable to cultivate his/her land for more than 2 years at a stretch should give up the land to the community for development of permanent plantations by and for the community, preferably managed by the women's group of the village.
- Reclaiming Commons: Commons have been usurped by vested interests. Yet, they are the mainstay of rural communities, and for women who ensure livelihood needs for the entire family from commons. Livelihood efforts must help village communities and women's groups reclaim commons in the best interests of the community, and to reduce the drudgery of women. If effectively reclaimed, and wisely used, commons can provide sustainable returns for the whole community, and help the community improve its quality of life by leaps and bounds. Once reclaimed, women's groups it has been found develop very egalitarian and sustainable management systems on their own. This is also a more environmentally sound effort than allowing private interests to grab the commons for their immediate use and eventual destruction.
- Training and Capacity Building: This should be done so that there can be a matching of the raw materials locally available, the market demand, existing small industries and the skills. There are several small industries suffering for want of skilled and trained people, and there are several young people going around for want of jobs and occupation. The Government should commission several studies that research needs of existing small industries, help build up capacities in ITIs to match these skills, as also provide the opportunity for dalit, backward groups, tribal and minority community youth to avail of the opportunities for training. The existing capacities of ITIs should be enhanced to meet these needs.

One of the best experiences we have is setting up a small broom making units in remote Panchayats in tribal regions. The units were an effort to match the raw material which was locally available to the market demands and provide employment for the rural community. After initial hitches the market came in search of these units, and improved the design of the brooms, and now, the unit is completely independent and providing employment to 100 illiterate and semi-literate tribal and dalit members. There are several value addition options that can help farmers sell their products at better prices. Because of want of processing units in the rural and tribal, farmers are forced to sell their products at throw away prices to business lobbies.

I hope these suggestions will be debated and discussed more widely to pressurize the government to adopt **a more people centered and environment-friendly Rural Livelihood Mission**, rather than one driven by the banks and markets.

**Ranjan Mohapatra, Vision Foundation, New Delhi (response 2)**

I have to add the following points:

- Any programme like Swarnjayanti Gram Swarozgar Yojana (SGSY) or National Rural Employment Guarantee Scheme (NREGS) etc. are essentially the CONTAINER, while the programme strategy is the CONTENT. If the strategy is wrong, the programme fails.
- The Integrated Rural Development Programme (IRDP) failed, leading to SGSY, which failed too. But the weakness in the strategy is not yet appreciated and the lessons not yet learnt.
- The weakness as per my assessment is the lack of provision for sustainable income generation in any of these programmes. They just have ad hoc theoretical plans.
- Sustainability can come from market, as MARKET is only sustainable institution. The programmes are failing as they are not designed to connect with market. They are not based on GROUND REALITIES about the health of the Delivery Chain, confusing a sick delivery system as healthy.

Wish the programming quality improves in India. Some rightly said recently that we need more of POLICY MONKS, who understand the larger canvas/the programming universe.

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**Sunil Kaul, The ANT, Assam**

The challenge is not the content, but the motive and motivation of people in the Government, including the Public Sector Units (PSUs) that are involved in the Swarnjayanti Gram Swarozgar Yojana (SGSY) activities. I have been involved in District level meetings and have seen District Collectors (DCs) deciding along with the Banks on what kind of activities to allow or not allow. In some other cases, if the DC was disinterested, this role would be taken over by Programme Director (PD) District Rural Development Agency (DRDA). The others in the meeting would just listen.

Also, after one of my interjections seven years ago, the DC asked me to submit a "good" proposal for a self-help group (SHG). Ostensibly this was done to appease me, as understood by some people! But he followed it up within 48 hours with a field visit to one of our SHGs, asked them to buy a land and granted one lakh of the building that was to take 2.5 lakhs to build, for a Tailoring, Binding and Dyeing Centre. They bought the land, but it took them two years of running around to get the cheque, for the least that they - who knows who gets how much - wanted for such a cheque was 5000 but the SHG refused. Finally they were given a cheque for Rs. 95000 only. Although some Corporate Social Responsibility (CSR) wing completed and expanded the building, they still do not have working capital to grow. They have hit a ceiling of 5.5 lakh through our Income Generation Programme (IGP) for their quality stuff that sells in the US and at Metro stores.

Three months ago, we again tried to approach the DRDA and they came over and were happy with the audited statements and their progress. They gave them a letter for a subsidy of Rs. one lakh. The Bank did not agree and said that they will have to check the accounts and the minutes book, etc. and only then can they submit a proposal to the Bank for the combined amount of Rs 2.5 lakh of which 1.5 lakh would be a loan. In another few days, the subsidy document faces expiration.

When an NGO backed group faces so many hurdles, do you really think that in the schema of things, the SHGs of the poor have a chance? Yes, other rural people with connections manage to get money and even for that we are happy as it will help the rural economy. But with the anti-Midas touch, even after ten years things may just remain the same.

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**Harish Chotani, Independent Consultant, Gurgaon**

I take the opportunity to express my thoughts on National Rural Livelihood Mission (NRLM). I would also like to assert that any government when addressing the poverty related issues where significant



population matter the most, the intent is indeed "Pure", however, as the implementation processes begin to catch roots, there are many bumps and some achievements too.

- Swarnjayanti Gram Swarozgar Yojana (SGSY) has gone through several evaluations that have concluded that the rate of success as compared to unit cost is not very encouraging besides the net negative various in the outreach. In 10 years only 17 lakhs SHGs formed and another 28 lakh SHGs need to be formed. 'Only 22% of the SHGs were able to access bank credit for income generating activities including micro enterprises'. Mid term appraisal of 10<sup>th</sup> Five Year Plan 2002-07 alludes to 'inadequate infrastructure and inefficient capacity building as main constrains'. The survey further notes that 'most factors responsible for its poor performance relates to weaknesses in delivery systems'. Attrition rate in terms of quality of SHGs is a factor to look at i.e. SHGs that are able to start micro enterprise are less than a quarter of total formed. The main reasons for high attrition are inadequate availability of funds, lower credit availability, low level education & skills, lack of beneficiaries owned umbrella organizations, non-availability of multiple doses of credit.
- The above statistical data and narrative facts are not very encouraging. There is no clear mention of the fact that human factors managing the schemes have been less forth coming, less creative and handicapped due to weak market linkages for the producers that made the business plans, prepared by the micro entrepreneurs with facilitation from NGOs, being perceived as highly risky. Can the producers sell at a better price without assured market places or they remain marginalized by the middle person who often provides interim cash for these marginalized to have their daily bread? If the SGSY was to lessen the effects of marginalization, then besides receiving knowledge and skills, some credit, earning membership in the SHG (all this and more as part of the capacity building package), has the marginalization of a person/woman reduced? Answer is no because there is total misconception about the "Capacity Building means training/exposure". Due to marginalization and inability to compete in the open market with their products for a better return on their investments, reliable access to markets for accessing better quality raw materials and selling should also be considered as part of the 'Capacity Building'. Just as SGSY, NRLM is missing out on the backward and forward market linkages. Provision of experts/professionals for building strategy/business plans and other technical inputs is perhaps an employment creation for already empowered people only. Thus Marketing and Infrastructure support would need to include backward and forward linkages with state level Khadi and Village Industries Commission (KVIC), Corporate Social Responsibility (CSR) wings of retail outlets, government procurements etc. The mechanisms to build and promote such linkages would mean simplification of procedures and educating about these procedures at all functional level.
- Not each and every SHG member will become a micro entrepreneur. Sustenance and growth in the economic activities is essential to assured livelihood which means those who succeed in their entrepreneurial activities and are on growth trajectory, are also likely to create employment for others. The mission of NRLM "... Reduce poverty among rural BPL through promotion of diversified and gainful self employment and wage employment opportunities to provide appreciable increase in income on sustainable basis.... ensure broad based inclusive growth...." Thus the "Mantra for NRLM" is to develop and enhance capacity (not limited to conventional capacity building) of BPL and other low income people to be able to 'PRODUCE GOOD AND SELL GOOD'
- Ethical business practices are the spinal cord of business across the spectrum. However, those already at marginalized level would need to be made aware of these ethical practices so that they can voice for their fair share. Fair trading and progressive entrepreneurship also means that there are optimal standards to be followed for being competitive, demanding and yielding for fair trade practices. NRLM may explore possibilities for partnering with World Fair Trade Organization/Fair Trade Forum of India. A step in this direction will be a viable step to capacity building of not only the marginal entrepreneurs but also the micro and small scale sector as a whole.

- NRLM has got an extensive structure starting at the National level, Executive Committee, and then State Level Mission. Such governance structures are essential to ensure that over all and trickle down functions are comprehensive and rewarding. The representations selected in these structures are also reasonably good. Since NRLM is propagating Public Private Partnership (PPP), I would like to recommend that 'Development Institutions (DI) such as NGOs/Federations/SHGs/MFIs/ not for profit BDS' should be identified distinctly in the PPP. Secondly, representation process from the DIs should ensure that there is adequate voice of the marginalized people themselves who often get further marginalized due to their inability to speak English in the larger forums. Thirdly, at the State Level Executive Body, the position of CEO who is the Co-convenor to Secretary, Rural Development (RD), should be on rotation basis say twice in the life of one five year plan, be taken from the Development Institutions (DIs). In this way, the convergence with the local level from top will be practical and accountability is likely to be enhanced.
- Lastly, I would prefer that GoI could consider instituting a couple of pilots through the State Government with the Development Institution through a structured project with measurable targets over period. Periodic audit of funds allocated to them (not just limited to capacity building) but also credit component dispensed either through the bank or directly or through a Federation would be prudent to learn lessons. Alternatively, GoI through State Government could consider pilot projects such as Livelihood Improvement Project for the Himalayas and other such projects in different states. The purpose is to increase the outreach of NRLM to people with simple but sound processes and demonstrate Public, Private and Development Institution Partnership (PPDIP).
- Let this scheme not succumb to stringent red tapism as we have experienced in NREGS where besides corruption elements, many households still do not have a job card, have done a few days or weeks of employment because the local bodies are not active and support from block level is not proactive due to loads of reasons etc. In fact NREGS is a good scheme where local level infrastructure can be developed where as NRLM can give an impetus to self and wage employment. Both these schemes have potential to leverage on each other, provided we think out of the box by building real partnerships.

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**Vidhya Das, Agramee, Kashipur, Orissa** (*response 2*)

The points raised by [Sunil](#) are very relevant, and pertinent. The motive behind the whole programme in the Swarnjayanti Gram Swarozgar Yojana (SGSY), and even in the present context appears to be to link people with banks, and credit, rather than address issues of poverty and livelihoods. A group is assessed on only one parameter, what is their bank balance and monthly remittance. On the other hand, there is no effort to link the poorer sections of the village to the process, so that they may become empowered, and self reliant.

There is also little effort to help the group use the opportunities provided by existing schemes and programmes, or facilitate them for economic self-reliance. On the other hand, there is also little real skill and capacity building, to help the groups compete in the open market. At the most, SHGs produce semi-finished goods that can be used by the large manufacturing units for their finished products, and the real value addition margins are controlled at this end. Skill and capacity building stops far short of enabling groups to provide goods with the polish and packaging that is now required in a retail market. With our women's groups we initially tried to set up a carpet making unit. The trainers refused to teach them how to finish the carpets, as that was the control they wanted to have over the process. Through my experience with small scale enterprise with women's collectives, I have come to realize that finishing, appearance, packaging, ensuring adequate shelf life, etc. are as important in fact more important than the basic processing. And this is where SHGs fail miserably, as the training support provided to them is ill-planned, and myopic.

On the other hand, if something like the livelihood mission would seek to ensure land, and work to increase the productivity of the land for rural families, so that they are able to produce at least 60 to 70% of their food requirements, then the marketing of the surplus will not be much of a problem, as the market will come to them. And this is where effective family level and village level micro-planning is required, as there has to be an optimization of the available land, water, animal and human resources, and a proper matching of the traditional staple crops with local market, the infrastructure, and the local habits and demands. Crop diversification should only add to and not replace locally produced crops. For example, in the undivided Koraput, large tracts of land which were under shifting cultivation have been taken up for cashew plantations. As the markets for cashew have been established for a long time in this region, and cashew nuts have a good shelf life, the local communities have fair returns from cashew plantations, especially with the recent pro-people policy change which has been engendered by local civil society organizations.

On the other hand, coffee and spice plantations in the same region have been completely controlled by business interests from outside the state, and many tribal farmers have in fact lost their land to these people. A careful study, research, and participatory planning approach is required for successful livelihood interventions, SHGs should not be the modus operandi of such a livelihood mission. The choice should be left to the local community, whether they want to form SHGs and linkages with banks or not.

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**Anita Sharma, Independent Consultant, New Delhi**

I have been reading the suggestions made by the members for designing the National Rural Livelihood Mission (NRLM) - many of those have been interesting. I would like to raise one important issue here - why do we always link the activities of NRLM to primary sector - dairy?? or farming?? or related areas??

Is it not possible to delink these and talk of tertiary sector in rural areas - say, micro-enterprise or service sector - tourism, food processing, or cottage industry? Or could be garment fabrication, etc? I am sure the infrastructure is not as bad and possibilities of getting dedicated labour are much more.

I have been hearing from policy makers - over the last two years - that modernization of agriculture, which is inevitable, would move a large percentage of landless farmers and small farm owners out of their job. If we continue with primary activities only under NRLM, we would be placing people in a real challenging situation. Would it not be possible to link the Mission to activities which moves rural poor to sectors which are linked with small industries and more sustainable?

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**R. K. Atri, Bharat Shodh, New Delhi (response 1)**

Views expressed by Shri Chotani and Ms. Vidhya are laudable.

I feel Government should focus on tangible learning outcomes with targets and accountability rather than getting into business of evaluating the past financial and other records of organizations.

At the state level files and proposals keep pending for months and years. Nobody bothers about organizations' time/energy/money wasted in running around government *babus*.

Funds do not get utilized as per the allocations and plans due to red tapism and corruption.

There should be clear timelines for clearing proposals along with accountability to the organizations seeking funds.

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**Vidhya Das, Agragamee, Kashipur, Orissa** (*response 3*)

I would like to thank Anita for taking this discussion forward. There are two major questions that need to be addressed here:

a. If agriculture is modernized, why landless and small farm owners should move out their jobs and homes? For whom, agriculture is being modernized? Is it for majority of those who are small farmers and landless or is it to suit the whims of the policy makers, who till now have not made a policy that have helped people climb out of their poverty. If 47 percent of the children in this country are malnourished, then, surely 47 percent of the population on an average is too poor to provide their children with enough food. That means nearly half the country does not even have enough food. More than 60 percent of the people live in the rural areas and are dependent on agriculture. If agricultural modernization will move 60 percent of the people in this country out of their jobs then don't you think there is something wrong with the policies?

b. What is 'modernization of agriculture'? Is it bringing in big machinery and high input agriculture to produce for exports in the global market or is it to improve farm and agricultural efficiency, so that more food can be produced with less effort and energy and food security of the poorest of the poor as the first priority. Several studies have shown that small farms have a much higher yield rate and higher efficiency than large farms and high input commercial agriculture is now no more the panacea that it was thought to be. Several methods and systems of farming including organic farming, Rishi Kheti, natural farming, organic conservation agriculture are now coming up the world over and are being recognized as the viable alternatives to the present agricultural production systems. Experiments in Latin America have established that organic conservation agriculture as practiced by the traditional farmers is far more cost effective than 'modern' agricultural methods. Modern market centered farming has already destroyed farming systems in several parts of the state. Do our policy makers want to complete the destruction so that the rest of those farmers who have not committed suicide will die out of joblessness and hunger?

Do you really think a livelihood mission based on the tertiary sector will address this problem that is only being aggravated by promoting policies dictated by the corporate sector, than those that would help the people of this country? Surely, a livelihood mission must first address the agriculture question keeping in mind the people who are practicing agriculture now? Whatever the beautiful rationale maybe, would we ever think of picking out one thousand CEOs and putting them to grazing goats, or cultivating farms in a rural area? Why then do we only think of moving or rather pushing farmers out and forcing them into other occupations, in which they would never be able to succeed?

Strange as it may seem, it does make more logic to push CEOs into rural and agricultural occupations, because the ecological footprint of a single CEO is equivalent to the ecological footprints of at least 500 small and marginal farmers. I hope members would agree with me on this.

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**Amit Srivastava, Consultant, Germantown, USA** (*response 2*)

I would like to propose few basic requirements of the plan.

- First we should define target-incomes for a decent and respectful living that we want for our fellow citizens.
- The mission should make sure that even under the worst circumstances (famines or any other calamity) everyone should be able to survive and no one should need to resort to suicides.
- Also, the plan should be a self-sustaining in the long-term. This means that there should be a very clear plan of how the system can grow out of government subsidies/help and NGOs and start running and funding itself.

In my opinion,

- We should be looking at lowering the living costs in India. Currently, the basic living costs including food, clothes and education is so high that they render India uncompetitive in most sectors. Food costs in India are very high in comparison to almost all the developed countries. Even with such high prices the farmers are committing suicides. We need to understand that the biggest problem with Indian agriculture is that of super inefficient supply-chain. Most of the profits on the farm products are made by the middlemen (the guys who add the least value) and the farmer dies. The most immediate need is to cut short this supply chain and also make it more efficient by increasing the competition.
- Imparting the skills which are in demand in the market. ITIs or some other institution should run short course (1-2 weeks maximum) to train the rural folks. They can also be provided with some incentives to participate in the trainings.

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**Kirti Prasanna Mishra, MART, Noida**

This is indeed a very interesting discussion. I would like to draw your attention to following points.

NRLM in its true spirit should bring in systems and processes that would either strengthen or create economic opportunities among poorer sections. In past, SGSY was more or less confined to promotion of non-farm activities. No need to repeat, non-farm based enterprises are more controlled by the dynamics of market than skill building and financial support. Therefore, this programme have had limited impact. Therefore, I would like NRLM to initiate a concrete and systematic effort towards involving women SHGs in agriculture marketing in a more structured and systematic manner.

Agriculture still accounts for 73 percent of rural jobs and about 58 percent of total jobs, including urban jobs. Gender wise, women involvement in agriculture has been increasing steadily. This definitely calls for making agriculture marketing women oriented. The social capital created through SHGs and its federations can play an instrumental role in strengthening the supply chain of many agriculture, horticulture, livestock and forest produce. It is imperative that NRLM should work towards creating a robust Collective Marketing system at the village and cluster level through aggregation of produce, local level value addition (drying, sorting, grading, cleaning and packaging) and linkages to remunerative market to fetch better prices. These simple and sustainable interventions yield to better long-term results than complex, high-margin interventions as demonstrated through Collective Marketing by MART in Orissa and Jharkhand in more than 500 villages and 7500 beneficiaries. NRLM should develop strategy to initiate collective marketing which should include value chain analysis and development strategy of major commodities. This will result in appropriate institutional model at village and cluster level for collective marketing, plan to access organized market and sourcing of produce by organized retailers, creation of marketing infrastructure in local area, nuances of value chain financing and Capacity Building (CB) needs of the stakeholders.

NRLM with support of NABARD and other Development Institutions should initiate a process of collaborating with NGOs and CSOs in initiate collective marketing initiatives in specific clusters. A consolidated effort of packing both financing and non financing aspects like training, marketing infrastructure, information dissemination, market linkages etc. should be put in place for this.

Collaboration with private players (draft documents shared have very limited focus on private sector partnerships) in agriculture and allied sector, ICT and Technology, financial services, marketing of inputs and consumables and, skill development should be developed. Corporates e.g. ITC, Intel, Bharti Group, HUL, DSM, Tata, AMUL, Suguna, ICICI etc. and many more have been making strides in this direction and can be meaningfully partnered. Those private sector partners should be selected who display strong commitments to inclusiveness and are willing to allocate resources (finance, manpower, technology,

infrastructure etc.) to ensure ownership of private sector and create win all PPCP models. The private sector players should be partnered for creating opportunities related to both production and consumption of the rural community as also to improve the service delivery to the people. The sector suggested by Anita Sharma could be taken up through PPCP approach. NRLM should have a strong commitment towards this.

The above in some ways can help NRLM to overcome two critical challenges:

1. Not to fall into the trap of being a large scale micro credit/micro finance programme
  2. NRLM to move beyond from a schematic and narrowly focus of SGSY to livelihoods generation initiation.
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#### **P. Uday Shankar, Microfinance Consultant and Trainer, Coimbatore**

I have read with interest the various suggestions sent by the members and in almost all of them there is one aspect common- ***the focus on agriculture***. Talking of livelihood in rural areas, it is true that we cannot conceive ideas about livelihood options without taking into consideration agriculture. Many of the members have opined that there would be a dearth of trained hands to implement such a huge scheme with a focus on livelihood; while a few of them have cited their own examples of activities in various on-going livelihood projects. It is indeed heartening to see the overwhelming response and the emphasis on agriculture based livelihoods.

As a person having had a stint with the Tamil Nadu State Government's agriculture department for two years, with sixteen years of rural development banking and of late, over ten years of microfinance I would like to make a suggestion.

NRLM, the new avatar of SGSY, can look at integrating the already existing agriculture and horticulture departments in all the states.

Till date, the best work done by these departments is their role in bringing about the Green Revolution in the country. But then, that was way back in the seventies when agricultural graduates were recruited in huge numbers, trained in the then latest techniques and in turn, were able to transform the entire farming community from a traditional agriculture to the high yielding commercial agriculture. As these departments were not generating revenue for the state governments, like the commercial tax department or the transport authority, the attention of the states was less once the green revolution work was over. As the farmers needed someone to assist them always with the latest techniques from the agricultural universities the need to continue the extension work was felt in the mid-eighties and it was during that time that the World Bank financed Training and Visit System. I was also part of a small team in Nilgiris where we could enhance the quality of the agricultural work, bring about enhancements in yield and increase quality of products and help farmers in getting better prices for their products. The funding ended and since then the agriculture departments in most of the states have virtually gone into the oblivion for the past two decades.

The work force in the agriculture/horticulture departments used to be a force to reckon with and it is unfortunate that they have been neglected when we talk of agriculture and horticulture based livelihoods. Given the right impetus this work force could be once again tapped when we plan to implement NRLM at the national level with the states playing a crucial role in its implementation.

What is aptly needed at this juncture is a multi-sector approach if we are seriously looking at livelihood options at the grass roots. If we are really talking about bringing about a Second Green Revolution in the country let us do it now by integrating the agriculture and horticulture departments of various state governments in the NRLM work.

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**Satish Kumar and Prabhjot Sodhi, GEF UNDP Small Grants Programme - Centre for Environment Education, Lucknow**

We feel that local specific opportunities need to be considered during planning of NRLM or any Livelihood related initiative. Furthermore the planning of small scale activities must be priorities rather than the big initiative. As small scale initiatives are manageable and can be easily owned by the villagers, whenever the big initiative takes time in developing ownership. Due to this over a period of time, larger initiatives develops various interests (due to its time taking process) which increase chances of failure. But it does not mean that the larger initiative or any other options of alternate livelihood has to be ruled out but can initiate after its feasibility assessment. Moreover, one can gradually scale up these small initiatives by resolving local problems and constraints which can be opt as learning for others in future as well.

To endorse our thought we would like to give certain examples based on our experiences of the field. If we take the example of Eastern Uttar Pradesh the strap belongs to Mirjapur Sonabhadra up to Chitrakoot have several patches of stony and rocky barren land .There is lot of Palas (Butea Monosperma )plants found on these barren land which is a host plant for Lac(a material secreted by an insect Kerraia Lacca and used for various purposes) . We can consider this situation as local specific and provide alternatives to villagers through the opportunity we have here as, it is not possible to utilize this barren land for any other purpose. We have realised that it will require less efforts and chances of success are very high, once the profit realises by the villagers no need to motivate them further. Here three types of categories can be created 1) Cultivator 2) Processors and 3) Artisan that can produce different type of lakh material. The implementing agency can make it more profitable by value addition in it. For some of the areas of District Jaunpur, promotion of vegetable growing practices can be done as they are already practicing it. These initiative will only help to brush it up and formalise a systematic way so that the people could receive the reasonable value of their product.

Though extension division of agriculture universities are probably active in their areas but they only limited up to developing high yielding varieties and its propagation. In such areas there should be a provision to establish marketing linkages for better impact. Furthermore for such work the local good NGOs can play a major role from identifying the issues to creating ownership.

The purpose of providing examples of these agriculture based activities for the mentioned areas is that there is feasibility of such activities; we cannot run a food processing unit or tourism related activities anywhere without ensuring its feasibility. Furthermore as we have lot of agricultural infrastructure in our rural areas hence it is required to focus on it first.

Keeping these things in mind some initiative has been initiated under Land development and POPs thematic areas of our GEF UNDP Small Grants programme. These activities have been initiated in Allahabad (for lakh cultivation), Meerut (focusing general farmers vegetable and sugarcane growers) and in Bihar Sharif (Vegetable Growers) through our partner BIOVED, Janhit foundation and C-Dot. The purpose of linking these environmental themes (such as Land Development and POPs) with income and employment is to make the efforts sustainable. Thus the GEF SGP is subsidising its efforts for Gender Livelihood Institutionalization in order to make the initiative impactful and vibrant.

We agree with the argument made by the fellow members about need based and SHG related intervention. But it has seen that if group concept is not working well at certain situation we have to be ready with alternatives, as an individual entrepreneurship development.

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**Amit Srivastava, IT Consultant, Germantown, USA (response 3)**

Amul is a superb example; we need similar organizations in every nook and corner of the country. We should be looking at imparting latest skills and at the same time create investment friendly environment so that the skills are in demand. The focus should be to build a large salaried class with stable income.

*Should India adopt mechanization and large farms (including contract farming) boosting agricultural productivity many times but reducing the number of people with a farm based livelihood?*

Indian farming has two options for the welfare of those involved.

- Either to reduce drastically the number of people dependent on farming, say 10 percent of the population (this is just a number).
- Or if we can reduce the number of people involved then the produce has to be increased to a level that India should be feeding the world

In short, there's no way that 50 percent (involved in farming) can feed the rest 50 percent and lead a good life with all the necessary basic amenities. We cannot move towards large-scale mechanizations and large farms quickly. If that has to happen, then we should make it gradual so that people can have a smooth transition to a different profession.

Regarding NREGA, the only good part of it is that folks in villages are getting jobs, but the bad part is that the hard-work of poor folks is not being put to proper use. We could have built long-lasting infrastructure with long-lasting effects to the society.

Government will do a good to people if they could make policies to encourage large scale investments at the grass root level. The only thing to keep in mind is that the farmers shouldn't be thrown out from their lands. Instead, they should be provided with good training so they can increase their productivity.

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**Krishnaiah P. Dodda, Pariraksha, Ramachandrapuram, Andhra Pradesh**

I am managing a MFI – Pariraksha. I am associated with the development sector since 19 years and most of the time I have spent on livelihoods projects and program.

My ideas and advises on lending is that majority of the bankers and lending institutes are lending to increase their profits and are inclined towards Government programs. That is only the reason people are not concentrating on productive activities.

You and I can advise on number of rural livelihoods projects, but it will not reach to people. Dairy is evergreen livelihood and is more sustainable on income generation. There are some plans to apply in the project like, fodder development, regular/local marketing facilities, clinical services and more research orientation is also required. But who will come forward to take our services? First community should prepare itself to generate more income through best practices.

For instance, we are going to start solar fish drying processing units for our clients by linking up bank loans. As per the MoU, for five years our MFI would run the unit and enhance capacities of the clients and their families. Then slowly, the unit would be run by the community with the supportive services by the MFI.

For this we are contacting the best consultants, companies and resource units to success our project and in order to repay our loan on time. If we simply leave it to community at the initial stage, how would they manage?

So my suggestion is, to design the livelihood project and promote some understandings among the beneficiaries and the resource agencies, then only community can run the show in the long run.

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**Ashwini Saxena, International Finance Corporation (IFC), Rajasthan**

I would like to put forward some of the key gaps that I believe the NRLM and usually most GoI schemes face and then one can draw lessons from them:

- Fund disbursement needs to be done directly into the bank accounts of the stakeholders (I refrain from the word 'beneficiaries'). There are various technologies to do so and so these need to be explored.
- Funds also need to be placed with Panchayats with least interference from the Government offices. Panchayats are also not free from malpractices, but it is better that public's chosen representatives mis-handle the money since these can be removed by them in the next election but what about the public servants who can at best be transferred till the people forget their misdeeds
- The service providers such as NGOs need to be given administration charges upfront and closely monitored

Focus on people-led groups, stakeholder led groups and their capacity building to take up charge of the issues and then plan accordingly is the only route to long term success. This slow, tedious and invisible process of social capital strengthening is the only route to proper delivery of the schemes.

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**R. K. Atri, Bharat Shodh, New Delhi (response 2)**

I agree with Ms. Vidya, absolutely that's what we are advocating that agriculture training on various modern requirements like organic, medicinal plants etc should also be included in the NRLM along with food processing knowledge so that products produced in the villages can be processed. This kind of training programmes will not only help the rural farmers but will bring prosperity to villagers.

I am shocked to see that 80% people, who are dependent on agriculture, do not have provision of formal training. We have started agriculture training films, if you visit [www.uttarakhandconclave.org](http://www.uttarakhandconclave.org), in the video section you would find that these farmers can be motivated using these films. It also inspires people to take up agriculture in scientific manner along with high productivity economic yields.

I would suggest that agriculture and allied sector like organic farming, medicinal plants should be included in NRLM training so that more people could adopt scientific agriculture along with cooperative farming which is good for farmers as well as country for bringing 80% people in prosperity zone.

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**R. K. Mukherjee, ACCESS Development Services, New Delhi**

The debate on redesigning the NRLM is increasingly interesting. Since Amit has raised some basic issues, I would like to share a few points.

- It would be better if the NRLM decides the 'Not To Do's ' like micro-planning. The adaptability of underprivileged people to design own livelihood preferences is more than often undermined by national programmes
- Skill development is the next milestone and should be practice-oriented
- Despite our prolific obsession with institutions, the dearth for ground-level skill and knowledge institutions is pathetic. These institutions are doing many things to survive. These institutions have to be re-engineered to serve the people
- The people we are trying to reach, earn their living through a variety of engagements. Their risk mitigation strategies drive these preferences. We have to learn these strategies before we identify what would work with most of the target people
- Traditionally the trader has always ruled the market. While the trading margin looks attractive, the flexibility and risk taking abilities of trader cannot be wished away. The need is to create a one-stop infrastructure that can absorb small quantities and can provide product / service grading support along with quick transport and working capital.

I have a contrary view to most of the farmer suicides. The suicides as always are very unfortunate. Some of the states in radar are statistically known for higher-than-national incidences. The farmers who undertook high-risk-high-gain cash crops have been the most affected. The self-inflicted deaths are results of un-remunerative prices for more than three consecutive seasons. Our responses by providing marginally lower cost finance are pathetically short of the need. Can you imagine a situation where we work in office without knowing the salary we would get?

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**M. S. Subhas, Karnataka Institute of Management Studies - Karnataka University, Dharwar**

I must say that, this discussion is getting more interesting - as issues related to agriculture/horticulture, marketing and rural women is getting highlighted.

At the outset, let me introduce myself by saying that we (BPF and MBA University Department) have an innovation called **MOVE for Services**. In this we try and help women/rural youth identify areas where they can add value to any products and make their livelihood. The crux of the matter is to help the rural women or youth to understand their markets and consumers and then add value as per the market needs.

We believe that unless we teach the women to understand the market and move with it, no State body or system can help them. It is fairly well known to all of us that wherever there is procurement of goods by the Government (take Khadi, grains, fruits etc) middlemen spring up. These middle men ruin the markets for the rural poor. Milk is one exception, but then it also does not reflect the real market conditions.

Our experience in West Bengal (SGSY) also shows that even when the Government steps in the form of value addition by way of "Activity Clusters", the enterprises survives as long as there is captive market. In one such case of an Activity Cluster, the market for baby food was created by the Women and Child Welfare Department. These women forget the huge market opportunities they have in selling these baby foods to the rural and urban markets. But they have not been taught to look at the open market!

Therefore it is my opinion that any such interventions need to empower these small micro entrepreneurs to understand the market. At a higher aggregate level we can ask them to specify what kind of infrastructural help they would need from the Government/Mission and then the same could be provided to them. However, I feel that we should not provide them easy market(which anyway is not sustainable) and results in unhealthy growth of middlemen and unethical practices.

While training in markets and entrepreneurship is heavy on overheads, we need to develop a tool kit that will help the women understand their markets and build their livelihoods. The Federation of several SHGs can create a Master Market Plan for creating a free market/ small enterprises which will buy these products or services.

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**M. V. Raman, Elitser IT Solutions India Private Limited, Hyderabad**

I am keenly following the discussion and the interesting responses to this topic from the members.

I am not an expert in any way to speak on the livelihood sector, but as a keen learner to support all the good development initiatives that would benefit the rural and underprivileged in the country, I would like to express my views on this topic since I had a good opportunity of working with large number of SHG women groups across the country. The objectives of NRLM should be aimed at providing a **sustainable livelihood options for income generating opportunities** to the rural masses, so that the overall per capita income raises from the present level since we all know that majority of them still

depend only on agriculture and allied activities which are infact unable to bring the expected growth or raise their lives from the BPL levels. The reasons for this poverty could be many but one reason could be the lack of right opportunity and the lack of requisite knowledge (education) or skill to adapt to the need of the new jobs.

As shared in the query that in a meeting of Rural Development ministers of different States and UTs held on 9 September 2009, the Prime Minister had proposed NRLM to be implemented in a Mission mode **by adopting a multi-pronged strategy for poverty reduction**". This is the interesting punch we need to address so that the issue of poverty could be managed effectively. However, I am surprised from few responses of the members taking an extreme stand on modernization / past policies / programmes or talking on disturbing agriculture or rural background or refusing to accept change etc. Will it help us to look beyond the issues, I wonder.

As expressed by one of the members that when we talk of rural livelihoods we need not always limit to Dairy / farming or livestock alone. Now there is an urgent need for all of us to address the need to design livelihood programmes which could be much beyond what we have been repeatedly attempting to prove all these years. With the growth of industry and the kind of economic growth we envisage we need to develop policies that would provide an opportunity for every section of the society to share and benefit with the employable opportunities for the youth and women in particular. SHG movement is in fact a big boon for women, to come at least to a stage to discuss or make think tanks to rethink and look beyond the definitions of development jargon.

Having said this, I am of the opinion that, **the enormous potential of the rural women in fact can form a great human force for us to bring a total transformation in the rural India if we reinforce them with right opportunities**. It is of my experience in various occasions that the rural women clearly have expressed their **desire to learn new things and find opportunities** that would suit their capacities and capability to utilize new skill sets to generate an extra income for their families.

In this connection I would certainly agree with my old colleague Mr. Kirti where we found excellent proof on women potential for **collective marketing of Agri produce in Orissa**. This is one of the options, we found women even could just transform into consultants on health / hygiene or advisors with minimal training on the subjects. I strongly believe and suggest that it is the right time for us to **focus more on the human development programmes especially rural youth** with new areas that could make them to adopt new entrepreneurial skills to develop into SMEs thereby developing a linkage with MSMEs or to large scale industries. In other words the need to develop HDI more seriously with special focus on women and youth is very essential.

In order to meet this kind of demand and opportunity we need to design a detailed **sector specific skill development programmes** with easy options for self employment opportunities. The ICT skills, service sector livelihoods and any other programmes that would open up employment opportunities to the rural women and youth in particular. When we talk of rural there is no need for us only to talk about small or marginal farmers. Since they are the vulnerable segment we should take the situation as an opportunity to design/create new options and opportunities to develop them with add on skills from the agriculture sector/marketing/services etc so that while they continue to invest their available resources on agri sector, simultaneously look for options to diverse their energies to bring change within the scope. I think in this connection I refer to ICAR - extension programmes which have designed new programmes for small and marginal farmers benefit.

I also observe that the idea of NRLM should be able to bring newer options such as training and development of SHG women on different sectors either on knowledge and communication partners/providing services on financial or insurance or banking sectors/ providing technical skills to support machinery and maintenance of agri machines & tractors. The other options could be mobile technology and repairing/beautician or Health care service providers /hospitality or tourism support

services and like wise any new areas so that we can slowly bridge the rural and urban divide and provide people to get every thing even in rural parts of the country. This would ensure alternative livelihood options for the rural masses and also provide them an option to balance/choices for the right options that would make them ultimately successful in their choices and help to reduce poverty.

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### **Vighnesh Jha, PATH, New Delhi**

Everyday I fight with many questions. Some of them are following:

The first question I have is why 'National Rural Livelihood Mission', why not 'National Livelihood Mission'. Can we not get rid of our habit of division?

I work with underprivileged women in the villages and slums of Delhi. When we approach Nationalized Banks for small loans to the beneficiaries, they try to get rid of their responsibilities by suggesting the names of rural financial authorities and show the list of negative areas for loaning, which includes all the slums and urban villages.

On the other hand when we approached the rural financial authorities for the same, they have shown us the list of documents, they need. The list includes a No Objection Certificate from the Sarpanch of the village, while urban villages do not have a Sarpanch.

Secondly, I am searching for a Government or Private body, who can provide Life Skill Training to our Women SHG Members in the villages and slums of North West Delhi, where we work.

Hope my requests and suggestions would be found just and practical. I welcome comments and suggestions.

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### **Radha Thakur, The Livelihood School, Indore**

I agree to Subhash ji's arguments. I feel that the SGSY programme is one of the best programmes (at least as per the guidelines) which talks about livelihoods in real sense. It is tragic that it has taken backseat after NREGS has come. In spite of being a holistic programme it has some lacunas.

One of the major issues with the programme includes how to identify the enterprise that provides adequate livelihood outcome. Not only this, the enterprise financing has major issues like looking at the markets from an angle of production first and then to the needs of the customer. By the time the production is done either the needs have been already fulfilled by some other player or they have changed.

In addition to this the mechanisms for assessment of the real financing needs are very poorly developed. Those deciding on how much to finance do not really understand the enterprise financing business. The cash flows of the households are never assessed rightly (with no real tools used) and this is leading to real problems.

As far as provision of backward and forward linkage is considered, it is done in bits and pieces. What we need is, understand the value chain and then intervene in entire value chain. For example- dairy which is the most common activity that gained momentum after success of Amul is taken as a pro poor activity. However, the efforts to intervene in the entire value chain unlike Amul have never been done and thus have led to failures. In such activities the cushion for gestation period needs to develop within the products of financing.

I personally feel that the identification of real pro-poor activity and then proper financing mechanisms



needs to be added to NRLM. It would necessarily require livelihood approach rather than poverty alleviation approach.

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### **Sunil Vishwakarma, Catholic Relief Services – India, Hyderabad**

I completely agree with the thoughts of the Satish and Prabhjot Sodhi that local level specific opportunity is the best solution as it involves all, starting from producers to the end users. This is because the local level specific initiative is always better understood by local community therefore chances of its success will be high. It was also experienced in past that big initiative start involving politics into it and ultimately it offshoots various other results which is nowhere related with the expected outcomes of the initiatives planned in the original concept. The biggest challenge of big initiatives is the flow of fund as well as and official procedures which unnecessarily delay the implementation of program. It also invites outsiders to take up managerial position which lead to poor involvement of local people and thereby many times program do not address the local needs.

I would also like to add the point of market linkage into the strategy of NRLM. Because **production and processing** of the goods will not only be enough until it has to be marketed into the profitable market. Currently entire livelihood efforts made by others are focusing on “**what one can produce**”, instead it is the time when each of the producer needs to think on “**what they can sell with profitability and what is in demand in the market**”. We have demonstrated a good example in Orissa, where community have developed a village based agro-enterprises involving SHGs and all community of the village. In this initiative, community demonstrated the profit in one season itself and their success motivated them to multiply the scale manifold from next season onwards.

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### **K. Sasikumar, Ekgaon Technologies Private Limited, Madurai**

It was interesting to see the inputs from various experts. I would also like to add on few important aspects that are as follows:

- The vision should not only be limited to agriculture and finance. Indeed, it should also focus key important aspects that envisage the improvement in the rural livelihood such as health insurance, access to banking services (through Business Correspondent Model of RBI under Financial Inclusion), crop insurance, livestock insurance, farm specific advisory services (such as Soil Health service offered to Tamil Nadu farmers by ekgaon), weather forecasts for better planned farm activities (such as taluk / block based forecasts provided through SMS by ekgaon to farmers in Tamil Nadu), access to market information, access to better infrastructure / agri implements and machineries, poverty alleviation programmes, access to better sanitation facilities, education facilities etc.
  - The feasible and cheapest technology needs to be chosen that would act as transport mechanism to deliver the services instead of using costly devices and costly delivery charges. The technology should be mass used to get the costing reduced for the delivery of the services and make the model self sustain. As indicated by several experts that the schemes are defined by various stakeholders including Government, but the failure in choosing the appropriate channel co-related with apt technology makes the scheme default.
  - By providing this specific information, not of generic at their doorsteps (even more in their hands) would definitely emerge as breaking tool to drive them out of poverty and could progress better in their livelihood.
  - Even the mission could also include the terminology of "Security" in its name, because unless the risks are secured we cannot envisage the improvements in the livelihood especially in the rural context. Since the mission is to ensure the ways for rural livelihood, mitigation of risks would definitely induce the improvements in the livelihood.
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**Prakash Kumar, Consultant, Ranchi**

I completely agree with the contention raised by Mr. Vidya Das in context of so called "Modernization of agriculture".

It has always been the nature of the policy makers that when they think about agri-development, only land and its production value are kept in focus. The impact of the changes on population associated with it is taken as by-product. And those who cannot adjust to it are taken care-of by convenient methods like shifting them to other "professions".

I would say agri-policies begin with flaws. "Think-tank" till today have not been able to digest the fact that in India almost 70% of the cultivating population are either landless or are traditional share-croppers. But still the definition of "Farmer" is associated with only one parameter i.e. "Land Holding". This definition in one strike renders the poor rural farmers who does not own land but have been cultivating from ages, either as not a farmer or an agri-labour. And therefore in the so called Modernization of agriculture, how can there be space for person who by policy is not a farmer? The question may seem to be strange but is the hard reality.

It seems quite strange that our development plan can be audacious to the extent that it proposes for shifting the whole lot (poor rural population) to new avenue with no surety of success but cannot tread the path of addressing basic issues that landless or share-croppers are facing in context of agriculture. Landless farmers or marginal farmers have never been failure in their occupation. They are the one who are actually spinning the wheels of agriculture and the fact that India till today is feeding on grains and vegetable is a standing example. The only failure as been that we are not able to understand their intelligence and the help they have been asking for. The vital problems that marginal and landless farmers face are:

- **Credit** - Mainstream institutional credit are generally doled-out either through collaterals or through a system of loosely defined a method of guarantees. Here the poor farmers do not fare well as they are rarely in a position to give collaterals or guarantee anything. In context of institutional breakthrough that has taken place for credit access for small and marginal farmers, here also the basic definition of "farmer" pose a major challenge. Landless farmers face a difficult challenge to prove themselves as farmers (document-wise) in front of authorities to access credit or other kind of benefits.
- **Micro-finance** - Micro-finance to some extent have catered to the problems of poor landless farmers, but here also the sector has not been very successful in replacing the informal credit market. Micro-financing institutions still have not been able to penetrate into the short term and very small credit demand of poor farmer. Here the major bottleneck has been the productive and non-productive approach of defining "credit products". Also, Investment among small farmers is generally considered high risk prone and till now has not been able to find place in the business plans of Micro-financing institutions.

Above issues leaves no options for landless and poor farmers but to rely on the costly informal credit support for cultivation. This limits their capacities to invest properly into cultivation, especially in terms of technology and methods.

I don't think anybody would disagree over the fact that capacities are built on existing or inherent capacities. At least this is the theory that are propagated in universities and training institutes. Then why there is a discussion of negating the agri-capacities of the 70% of the rural population and pushing them for a new head-start. May be investing brains and resources in understanding the needs of the farmers first, rather than modernizations and production issues, will not only help in dealing with poverty but also increasing the efficiency of the agriculture sector itself.

**Aloysius P. Fernandez, MYRADA, Bangalore** *(response 2)*

The Honorable Minister for Rural Development called for a meeting with leaders in the private sector, I had also participated in that meeting.

The NSSO survey lists about 60 percent of our citizens as a farmer is misleading. Most of them work in agriculture for less than 30 days and have been classified as farmers. They go to work everyday - as labour in local areas, on roads, other farms and even for short periods in other places. They are involved in a variety of occupations for which they are not trained and are consequently exploited.

I would like to share few examples. Bangalore is full of people from North Karnataka working in construction sector but poorly paid. They have been trained in bar bending, brick laying etc. and have doubled their income and respect. I have visited several villages in Uttar Pradesh where 20 percent to 30 percent of the youth are away from the villages and are employed in Gujarat (ship breaking, agriculture) and Orissa (in the mines). None of them went with skills. Can we promote linkages with the National Skills training initiative to equip these youth? One problem with ITIs is that they require 10<sup>th</sup> pass. MYRADA has two non formal technical training institutes with drop outs. All the trainees are able to get employment. We even have campus recruitments. We provide training in electricals, electronics, metal work, automobile, mobile set maintenance, welding etc. 10<sup>th</sup> failed students are happy to get trained in these skills. Can we not change the rules? How many of 10<sup>th</sup> pass want to go into agriculture? Not many, even if their land is adequate to give them a livelihood base.

As far as garments, MYRADA has trained about 5000 women in garment making. It was a basic training which was later upgraded and all have got jobs. The garment industry incidentally is the largest employer in and around Bangalore and garment industry does not require English.

So I feel that the problem is convergence among various Government led initiatives.

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**Hemantha Kumar Pamorthy, Hand in Hand Micro Finance Limited, Chennai \***

One cannot but agree with Mr. Fernandez. Most of the agriculturists are migrating as it is not becoming sustainable in the wake of many challenges/ oppressions like prices, water, power, qualitative seeds, fertilizers almost all aspects of agriculture.

Many of the taxi drivers in West Bengal, Maharashtra and Delhi are from places like Bihar, UP, Jharkhand and so on and many of them have been trying to eke out a living out of agriculture but could not.

Most of the labourers working on the East Coast Road in Chennai on buildings are farmers from Srikakulam district of Andhra Pradesh. And yes they were not skilled initially. Apart from the minimum norms of the ITIs the efficacy of many ITIs in our country should be properly ascertained. (Well, that would lead to another thread in itself though).

Yes, there should be rationalization and convergence in among various initiatives.

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**Biswajit Mohapatra, North Eastern Hill University, Shillong** *(response 2) \**

The National Rural Livelihood Mission (NRLM) can only serve the purpose if it's preceded by education at the beneficiary level combined with exposure to entrepreneurship and building up of skills at the appropriate level.

The implementation machinery needs to be more tightened and made more accountable by deploying professionals even paying them more like their corporate counterparts. Promotion of SHG federations from village level to national level for universal coverage of all rural poor in

the program can be ensured if the local Government machinery is also brought under control and not to leave them to function in the same imperial way as they are now.

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**James Neil, World Vision India, Chennai** (*response 2*) \*

I feel that the suggestions on NRLM document are limited. It is mentioned that regarding design

- Financial inclusion
- Livelihood Promotion

The following could also be the key elements in the design:

- partnership in program - input services , technical services , market services
- Institutional development

Though the two elements are mentioned in various places, the framework of the program /design should be stated together. Secondly, there are a lot of weaknesses of the present SGSY stated in the report while implementing this program. Hence, the implementation of NRLM needs to be prepared well.

The 'how' part needs further discussions.

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**Rajan Babu, Vazhnthukaatuvom Project, Kancheepuram** \*

I am very much happy to read Mr. A. P. Fernandez, throwing the light on the present fate of the Indian rural youth. Most of them are unskilled labours or semi skilled labours. They are exploited by the agents or the bosses. There is a survey conducted by CII, as per that it tries to find out that are the professional degree holders/ Diploma holders are suited to the needs of the companies. And what are the bottlenecks?

A quite alarming scenario of shrinking in agriculture area and the production, so what will be the fate of the Agricultural labour youths (To see the presentation on our efforts, please visit: [www.solutionexchange-un.net.in/mf/cr/res16090901.ppt](http://www.solutionexchange-un.net.in/mf/cr/res16090901.ppt), Size: 1.12 MB) In my project we are forming youth forums in each village, amongst them the youth representatives will be selected and they will be given motivational training, capacity building on mobilization, positive attitude etc. These youth representatives will mobilize the youth in and around and they will be given employable skill training and give them employment opportunity. In my district so far 4870 youths are being trained and placed in Saint Gobain, Nokio, Foxcon, Peppsico, Bannariamman Apparrels, Intimate Fasion, Ford India, Hundai etc. These kinds of skill training and placement will drive away the poverty earlier than our expected time.

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**Vidhya Das, Agrabamee, Kashipur, Orissa** (*response 4*) \*

Of course, many young people migrate to work in the city from the rural areas. But, saying most of them migrate is misleading, for two reasons. The majority of them in fact stay back, and there are pockets where many migrate and there are pockets, where less than 10% in a village migrate. Secondly, they are seasonal migrants, who return during the season for agricultural work and production. Bangalore also has many people from Orissa, and some of the poorest districts like Koraput and Rayagada as migrant workers. But as I said they are seasonal migrants.

I congratulate Myrada, for setting up technical training institutes with campus recruitments. That is the need of the day. But, equipping women for garment industries has pros and cons. I am not able to work

out which is more the pros or the cons. There are several reports of the miserable working conditions and the near slavery young women are reduced to in the garment factories.

All this talk of the poor situation of agriculture in the rural areas, only underlines my point on the need for increased emphasis on agriculture, so that young people are not forced into miserable working conditions. It is not fair that people, who have land, are forced to migrate because of poor returns. There should be concerted effort by the government to improve agriculture, and the excuse that nothing can be done to improve agriculture for small and medium farmers is not acceptable. The farmers need subsidies, for all sustainable efforts, beginning with organic farming, agro ecology, organic conservation agriculture, and other efforts that are proved to be sustainable. Not credit for commercial farming, which has already proved to be a disaster on a large scale.

Along with, there is also need to design programmes for improving rural small scale and cottage industries. And this is where experiments like Myrada are extremely relevant and important to provide a model where CSOs can also be involved. Rural areas essentially also require small industries, to value add the products from the rural areas, as also to generate employment for the young people. I had mentioned earlier of a very successful enterprise taken up by tribal women in Kashipur, Rayagada District to process agri. and forest produce. Such efforts also need to be replicated, and upscaled along with agricultural production.

At this point of time, huge amounts of subsidies are being pumped into large-scale industries to prop them up, in terms of land, infrastructure, tax offs, loan moratoriums, even loan write offs, and raw material practically free. These subsidies are not provided to only India industries, but even to foreign multi-nationals from Korea, China, etc. Why can't these subsidies, be channelized to the farming, and small scale sector for a change. A major employer is still the textile sector. Yet, this sector is being killed by wrong policies, and we are pushing skilled workers and artisans to unskilled labour. Why can't we once again revive this sector? Instead, slave trade of garment factories.

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**V. Sarat Patnaik, A. P. Grameena Vikas Bank, Visakhapatnam, Andhra Pradesh \***

SGSY is a very good scheme by which number of people has benefited. As it is a subsidy based scheme there has been few cases of not using the subsidy properly. Political interference also is one of the causes for the failure of the scheme. If proper utilization part is left to SHGs with some guidance the end use will be more as most of the SHGs are now mature.

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**Navin Anand, United Nations Development Programme, New Delhi \***

The responses of the thinkers and practitioner of microfinance and livelihood promotion will not only be useful for making plan and strategy of implementing NRLM but for many other initiatives of poverty alleviation in the country. I would like suggest following additional points –

**More application of Clustering, Subcontracting and Ancillarisation**

For providing sustainable livelihoods, it is important to create a self-sustainable system as a part of the value chain. The application of clustering, subcontracting and Ancillarisation would be useful in terms of linking small producers with small, medium and even big enterprises. Practical application of subcontracting and ancillarisation has solved problem of marketing for small players. There have been three good examples of practical application of these concepts – SEWA- Banaskantha (example of clustering) ; linkage forged between Srikant Masalewala and SHGs for pickle making by an NGO – 'Chaitanya' in Maharashtra (example of subcontracting) and MYRADA's initiative of linking groups (SAGs) with Titan Watches through a company formed by 220 women (a good sample of Ancillarisation). The need under the NRLM would be to facilitate and create an environment for creating more and more examples.

### **Multiple Strategies for covering different subsets of people**

It is important to have a fine segmentation of the target group in the strategy of NRLM especially classify those who have been excluded socially and financially in spite of number of government initiatives including SGSY scheme. The strategy for the livelihoods of visually, physically or mentally challenged people will be very different from the strategy applied for a normal poor. Therefore a system of multiple **strategies for catering to different subsets of poor is required.**

The programme may cover the following subsets of target population –

- Scheduled Caste, Scheduled Tribes, Backward people, physically and mentally challenged people including visually impaired, poor widows/women headed households, transient laborers, poor people from minority class and beggars
- People living in mountain and remote areas especially landless, farm laborers, marginal farmers and people working on the leased lands
- Poor senior citizens, daily/monthly wage earners migrated from different states who do not have any formal identity proof required by the banks and formal financing agencies)

### **Lessons from Ultra Poor and Target Group Specific Projects**

The CGAP and Ford Foundation's initiative of funding pilots in five sites for ultra poor programme is a good example of including ultra poor. Bandhan and Trickle Up in West Bengal and SKS in Andhra Pradesh have successfully taken up the pilots. Lessons of Special programmes for ultra poor could be useful for developing strategies for them.

### **Introduction of financial support for transport/infrastructure in place of individual subsidies**

There is no special consideration for a marginal farmers and entrepreneurs living in mountain and remote areas in terms of providing subsidies. A number of studies show that poor living in remote areas are spending even up to 50 per cent of the cost of their produce in transporting their products. Under the NRLM plan a percentage of financial support in the form of collective subsidies for infrastructure and for transport can be included. Hence, in place of individual subsidies programme can have collective subsidies.

### **Introducing Micro leasing concept in NRLM**

For the target population like ultra poor, people with disabilities, poor senior citizens who are in a position to provide no collaterals to banks for getting loans and also not in a position to take risk of taking low or interest free loans concepts like micro leasing can be introduced under NRLM. The experiment of **Rickshaw bank** by Centre for Rural Development is covered by the state of the sector Report on Microfinance -2009. These are examples of providing productive assets to the ultra poor for livelihood applying micro leasing concept.



***Many thanks to all who contributed to this query!***

*If you have further information to share on this topic, please send it to Solution Exchange for the Microfinance Community in India at [se-mf@solutionexchange-un.net.in](mailto:se-mf@solutionexchange-un.net.in) and Work and Employment Community in India at [se-emp@solutionexchange-un.net.in](mailto:se-emp@solutionexchange-un.net.in) with the subject heading "Re: [se-mf] Query: Designing the National Rural Livelihoods Mission (NRLM) – Experiences; Advice. Additional Reply."*

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## Poverty

## Microfinance Community



### Vision of Microfinance Community

The Microfinance Community is working to provide solutions to the day-to-day challenges faced in providing microfinance services to the poor, thereby helping attain the Government of India's poverty reduction targets

### Focus Areas

- Strategies for building an inclusive and equitable financial sector
- Financial Sustainability versus outreach – balancing commercial sustainability with availability of microfinance services to the poor
- Creating an enabling environment for promoting an inclusive financial sector
- Delivery mechanisms- different approaches and models of delivering financial services, and their advantages and limitations
- Product innovations and diversification of financial services
- Microfinance and Sustainable livelihoods
- Microfinance and crisis management – to smooth out income fluctuations during crisis
- Measuring impact – developing appropriate methodology and indicators

### For further information about the Microfinance Community

Visit: <http://www.solutionexchange-un.net.in/> and click on the Microfinance Community link

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