

Draft Background Material on National Rural Livelihoods Mission (NRLM)

1. Introduction

1.1 The Swarnjayanti Gram Swarozgar Yojana (SGSY) Scheme, a Centrally Sponsored Scheme implemented in all states except *Delhi* and *Chandigarh* since 1999, is primarily designed to promote self-employment oriented income generating activities for the BPL households in the rural areas. Woven around the mechanism of Self-Help Groups (SHGs), the SGSY has been designed to break the financial, technical and market constraints that the individual BPL households face to cross the threshold of poverty line. The main components of the scheme include: (i) formation of SHGs of rural poor households; (ii) capacity building training for managing the SHGs and skill training to take up micro-enterprises; (iii) strengthening thrift and credit in SHGs by providing revolving fund support; (iv) credit linkage with banks/other financial institutions and back ended subsidy for eligible SHGs/members to take up micro enterprises; (v) provision of support for marketing and infrastructure creation to strengthen the forward and backward linkages; and (vi) technology inputs for micro enterprises. In addition, 15% of the total SGSY allocation is earmarked for special SGSY projects in the nature of pioneer/innovative projects capable of triggering growth impulses.

1.2 Several evaluation studies have shown that the scheme is relatively successful in alleviating rural poverty wherever systematic mobilization of the poor into SHGs, their capacity building and skill development was taken up in a process-intensive manner. An overview of the implementation of the scheme in the country over the last ten years throws up a mixed picture. Dedicated administrative structures created in Andhra Pradesh, Kerala, Tamil Nadu etc for taking up these tasks have immensely contributed to the success of SHG movement there. The robust network of SHGs and their federations in these states have enabled the poor to access substantial institutional credit and overcome some of the critical technical and market constraints they would otherwise have to face. But elsewhere in the country, the progress of the scheme has been rather slow. In terms of coverage of rural BPL households in the SHGs, it has taken more than 10 years to create 17 lakh SHGs and in order to complete the coverage of the remaining BPL households in rural areas, another 28 lakh SHGs need to be formed, which is clearly a tall order in the light of not only the resource availability but more importantly the delivery systems in place in different states. Further, the fact that only 22 percent of the SHGs were able to access bank credit for income generating activities including micro-enterprises, reflects the need for augmenting credit absorption capacity of SHGs through systematic capacity in skill building and sustained technical, marketing and even placement support, besides streamlining the credit delivery system for making available adequate and timely credit at reasonable rates. Brief note giving overall assessment of the SGSY is at annexure-I

1.3 Poverty is complex, and multi-dimensional in nature. The Ministry has visualized this and accordingly prepared a strategic frame work by bringing a paper entitled 'Poverty Eradication in India by 2015- Rural Household Centered Strategy'. This paper indicates main areas of concern of poverty such as lack/inadequate access to natural

resources (land, forest, water), over dependence, low productivity due to inadequate use of technology, and deficient infrastructure, unemployment and underemployment in agriculture. Further, the changing local requirements and the inability of rural people engaged in traditional occupations/crafts to upgrade their skill accordingly, non availability and inaccessibility to basic social infrastructure such as education, health, and drinking water, and sanitation, physical infrastructure such as road, power, storage, communication, low coverage due to non availability of adequate funds for rural development. Besides availability of funds, strong and efficient governance structure and other factors as mentioned below are equally important to implement the programmes in a time bound manner to realize their visible impact.

- Increasing the awareness of programmes and access of rural poor to avail the benefits.
- Social mobilization for collective action & economies of scale
- Replication of successful experiments on mass scale
- Introduction of appropriate technologies & involvement of experts
- Removing the design defects of various schemes & programmes based on earlier experiences
- Availability of timely & adequate credit at low cost
- Emphasis on strengthening forward and backward linkages
- Setting up of dedicated, motivated and professional implementation structure
- Proper targeting through suitable poverty mapping mechanism
- Transparency and accountability of implementing structure
- Coordination with other Ministries & convergence of their programme

1.4 Given the overarching objective of reduction of rural poverty in a focused and time bound manner the following are the inter-related tasks that assumes significance:

- (i) Strengthening IEC activities and mobilization of all the poor households into functionally effective SHGs and their federations;
- (ii) Availability of necessary institutional mechanism for capacity building, credit, marketing etc.
- (iii) building their capacities and skills for gainful and sustainable self-employment.
- (iv) enhancing their access to bank credit at reasonable rates and other financial, technical and marketing services;
- (v) Coordination with banks to improve the reach of rural poor and also having better bank linkages.
- (vi) Provisioning of adequate resources to achieve the intended targets.
- (vii) Infrastructure and other necessary arrangements for facilitating economic activities/enterprises taken up by rural poor
- (viii) Dedicated implementation structure equipped with professionals at various levels to strengthen the delivery mechanism.
- (ix) Dedicated MIS for transparency and convergence

Rationale for Restructuring of the programme

1.5 The need for restructuring the SGSY has arisen on account of feedback provided and recommendations made by various studies including those conducted by National Institute of Rural Development (NIRD), Hyderabad, Bankers Institute of Rural Development (BIRD), Lucknow, Centre for Management Development, Thiruvananthapuram etc. and reports of the Steering Committee constituted by the Planning Commission for the 11th Plan Further, the Ministry of Rural Development (MoRD), Government of India (GoI) has accepted the recommendation of the Committee on Credit Related Issues under SGSY (*Prof.Radhakrishna* Committee) to create a National Rural Livelihoods Mission (NRLM) to provide greater focus and momentum for poverty reduction to achieve the Millennium Development Goal (MDG) by 2015 through rapid increase in the coverage of rural poor households under self-employment. In addition to self employment, the Mission will also help in enhancing their capabilities and facilitate access to other entitlements such as wage employment and food security and benefits of Indira Awas Yojana (IAY), drinking water, land improvement, education, and health and risk mitigation through convergence and coordination mechanism. National Rural Livelihoods Mission will be launched from 2009-10 to facilitate effective implementation of the restructured SGSY scheme in a mission mode.

1.6 Meanwhile three major developments have taken place in the recent years which have had major impact on the rural economy especially the rural poor i.e (i) the economy experienced a robust growth (ii) National Rural Employment Guarantee Scheme (NREGS) emerged as a major programme to provide additional income to the rural poor and (iii) various initiatives taken under the National Skill Development Mission (NSDM). Taking these developments into account and in order to achieve the objective of the 11th Plan of broad based inclusive growth. In this perspective, strategy paper of the Ministry envisages a four pronged strategy to attack rural poverty comprising (i) generation of self employment in credit linked micro enterprises and salaried employment through demand driven skill development (ii) wage employment under National Rural Employment Guarantee Scheme (iii) payment of pension to elderly and vulnerable sections under National Social Assistance Programme (iv) income generation and social security programmes of other Ministries of Government of India. Flowing from above, the restructuring of SGSY as National Rural Livelihood Mission has been conceived as a cornerstone of national poverty reduction strategy.

Main Gaps/Weaknesses of SGSY

1.7 Results of evaluation of the SGSY, (Planning Commission, 2005: *Mid-Term Appraisal of 10th Five Year Plan 2002-07*, pp.238-242) show inadequate infrastructure and insufficient capacity building as main constraints. Most of the factors responsible for its poor performance relate to weaknesses in delivery systems. The following are the gaps/weaknesses thrown up in the last ten years of implementation of the scheme by the Ministry or reported as the findings/recommendations of various studies, committees working groups etc.:

- **Uneven spread** in formation of SHGs (weak in the poverty pockets of the country). In the southern part of the country the pace of formation of SHGs as compared to the BPL population in these states is remarkable. On the other hand the pace of formation in northern and in eastern states is not very encouraging. In the northern and in eastern states the rural BPL population is about 63% of the total country's rural BPL population but only 40% of total SHGs have been formed in these States. In the southern states there is only 11% rural BPL population of the country but more than 33% of total SHGs have been formed in these states.
- The **attrition rate** is very high i.e less number of SHGs are passing to Grade –I level (65%), from Grade-I to Grade- II (29% of total SHGs) and from Grade-II to finally entering in the Micro Enterprise level (23% of total SHGs). Thus, only 23% of total SHGs formed are entering in the Micro enterprise level. The main reasons for high attrition rate are inadequate availability of funds, lower credit availability, o low level of education & skill, lack of beneficiaries owned umbrella organization at various levels, inaccessibility to financial institutions and non availability of multiple doses of credit ensuring long term hand holding
- **Issues concerning access to Credit:** Poor need financial assistance to meet their consumption needs, working capital requirement for their exiting occupations and to purchase new income generating assets. On the demand side, there is need for capacity building & training to enhance the credit absorption capacity & establish their credit worthiness. On the supply side, the weakness is largely due to inaccessibility of existing banking facilities due to sparsely spread of bank branches in the rural areas, lack of staff in rural banks, and lack of interest/awareness on the part of bankers. In addition, the banking system and its procedures are too complex and as such not suited to the rural poor.
- **Lack of capacity building & training** due to, (i) Inadequate institutional infrastructure (ii) lack of trainers (iii) limited capacity of existing institution and their inaccessibility to rural poor due to entry level barriers, high costs and distant locations (iv) lack of umbrella organization for implementation.
- **Lack of SHGs Federations at various levels:** People led and people centered organization such as federal structure encompassing federations of rural BPL SHGs from village up to the district level are necessary to strengthen their voice, bargaining power and reduce their dependency on external agencies. In most of the states very few SHGs have been federated at various levels in the country.
- **Inadequate Risk Mitigation:** Risk coverage for the beneficiaries either for life or property/assets and health has been almost negligible. Risk coverage for life property and health, at least in some rudimentary form is essential to prevent upward mobile swarozgaris from slipping back into poverty to due loss of any of these factors.

- **Dedicated Implementation Structure:** Inadequate Manpower in the DRDAs, lack professionals to implement the complex and process oriented programme and existing staff overburdened with number of schemes. Due to this no follow up under SGSY for various activities and thus weak delivery mechanism.
- **Lack of Convergence:** Under NRLM special emphasis will be on convergence with programmes of the Ministry of Rural Development as well as of other Ministries to overcome the constraints faced by rural poor to achieve optimum results in terms of maximizing the livelihood opportunities to the rural poor and their entitlements such as wage employment and food security and benefits of Indira Awas Yojana (IAY), drinking water, land improvement, education, and health and risk mitigation.
- **Grievance Redressal Mechanism:** Majority of the rural poor belong to disadvantaged social groups such as SC/ST, OBC & Minorities. They are not familiar with formal systems and face all type of deprivations due to lack of proper system to address their grievances,
- **Lack of Transparency and Accountability-** Act as barrier to reach the targeted groups and enhances the chances of coverage of in-eligible groups under the programme. Due to non availability detailed information of SHGs, their activities and products and ignorance about their entitlements, the rural poor are not able to get the desired benefit of the scheme. There is need for capturing all the information starting from the formation of SHGs till the SHGs reach at the micro-enterprise stage and fund flow mechanism, availability of credit and other financial transactions through a dedicated MIS.

2. Mission Objective

2.1 The central objective of the Mission is to 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. In the long run, it will ensure broad based inclusive growth and reduce disparities by spreading out the benefits from the islands of growth across the regions, sectors and communities.

3. Mission Outputs and Outcomes

3.1 The Mission has been designed to achieve the following 'Outputs' and 'Outcomes' by 2016-17

Table – 1
Output and Outcome Targets for the NRLM : 2016-17

In Lakh

S. No.	Output/ Outcome Indicator	Target for remaining period of 11 th Plan	Tentative target for 12 th Plan	Total target by 2016-17	Number of BPL families
I.	Outputs*				
1.	Total number of new BPL SHGs to be formed	12.25	15.75**	28	280
2.	No. of SHGs to be provided Revolving Fund support	12.25	15.75	28	280
3.	No. of SHGs to be provided Capital Subsidy	5.25	10.75	16	160
4.	No. of SHGs to be provided Interest Subsidy	10	12	22	220
5.	No. of rural BPL youth to be provided Skill Development Training	15	60	75	75
II.	Outcomes*				
1.	No of SHGs to be entering at Micro enterprise level	5.25	10.75	16	160
2.	No. of rural BPL youth to be provided placement support	15	60	75	75

Note- Each SHG having on an average 10 members (one from each family).

* Subject to availability of resources and cooperation from other stakeholders.

** Tentative timeline for achieving the target is 2014-15 (Universalization of SHGs)

4. Strategy

4.1 To achieve the above objectives, the Mission will adopt the following inter-related strategies:

- (i) **Universal Mobilization of BPL Households:** Mobilization of all the rural BPL households into functionally effective, self-managed and self-governed institutions of the poor viz., Self-Help Groups (SHGs);
- (ii) **Federations/People's Institution:** Promotion of people's institutions by facilitating federation of SHGs at village, block and district level such that the rural poor are able to overcome the financial, technical, infrastructural, marketing and other constraints and risks that inhibit their growth and also in order to strengthen their voice and bargaining power and reduce their dependence on external agencies, in a time bound manner;
- (iii) **Capacity Building and Training:** Provision of sustained capacity building and orientation training of the SHGs and their federations through using multi pronged approach. involving

- Optimal use of the existing infrastructure facilities at the district as well as the block levels such as Polytechnics, Krishi Vigya Kendras, Jan Shikshan Sansthan (JSSs), Khadi and Village Industries Boards, State Institutes of Rural development, Extension Training Centres and other Departmental facilities available in that area.
 - Setting up of dedicated training institutes for rural poor i.e. 500 Rural Self Employment Training Institutes (RSETIs) one in each district of the country through replication of successful RUDSETI model.
 - Dedicated structure for training and capacity building at districts and State level involving professionals as envisaged under the National Rural Livelihood Mission (NRLM).
 - Public Private Partnerships with NGOs, Voluntary Organizations etc.
 - Training of large number of trainers who would further train people down below. This would lead to a cascading effect and benefit the poor people right at the lowest level.
 - Creating a cadre of service providers, Community Resource Persons (CRPs) and Master Craftsmen and utilizing their services for training of SHG beneficiaries.
- (iv) **Pro-Poor Financial Services:** Provision of pro-poor financial services including provision of interest subsidy for ensuring that NRLM beneficiaries can get loans from commercial banks at the rate of interest at which farmers are getting agricultural loan at 6% rate of interest.
- (v) **Marketing & Infrastructure Support:** Provision of marketing support through engagement of professionals at various levels for drawing up marketing strategies and involvement of private/NGO partnerships for diversifying and sustaining self-employment activities and support for meeting the critical gaps in the existing infrastructure.
- (vi) **Convergence:** Promotion of convergence with programmes of different ministries in order to achieve synergy and maximizing livelihood opportunities for rural BPL poor by dovetailing of funds for focused application. To mitigate the risk factor in case of life, assets, health etc, the requisite convergence will be put in place with respective programmes like Aam Admi Bima Yojana, Rashtria Swasthya Bima Yojana etc.
- (vii) **Sensitive Support Organizational Structure:** Promotion of professionally competent but dedicated sensitive support umbrella organizations at the National, State level and units for managing and supporting all the activities of the restructured SGSY, henceforth to be known as the National Rural Livelihood Mission (NRLM), dedicated implementation structure at the district and sub-district level (which will catalyze mobilization and institution building, capacity building and skill development and placement, access to pro-poor financial services, infrastructure and marketing support for promotion of micro enterprises, risk mitigation activities, convergence with other scheme activities for technical, financial and other inputs, monitoring and evaluation of the programme etc);
- (viii) **Support for up scaling Skill Development & Placement and Innovative Projects:** Promotion of placement based skill development activities to diversify and provide elastic sources of income to the rural youth and other innovative pilot projects, using

the services of premier national and state level institutions including reputed NGOs and corporations;

- (ix) ***Demand Driven Approach:*** Institution of a need based and demand-driven approach to the allocation of funds among the various components of the programme on the basis of specific and time bound state action plans and targets for poverty elimination through self-employment and skill-based wage employment, built on the structure of people's institutions in a phased manner; and
- (x) ***Transparent Systems:*** Institution of transparent systems such as social auditing and concurrent evaluation as well as a comprehensive MIS.

5. Mission Structure

Three-Tiers

5.1 The Rural Livelihoods Mission will have a three-tier interdependent structure. At the apex of the structure will be the National Rural Livelihoods Mission, under the Ministry of Rural Development, GoI. At the State level, there will be an umbrella organization under the State Department of Rural Development/ Department which is responsible for implementing self-employment/rural livelihoods promotion programmes. The State level Mission with dedicated professionals and domain experts under the State department of Rural Department will be guided financially, technically and supported by the NRLM on need basis. The National and the State Mission will have a symbiotic relationship. They will have mutual access to the knowledge and services in the area of rural livelihoods.

5.2 At the district level, there will be a dedicated unit to implement NRLM under the overall guidance of the State Mission suitably linked to the District Rural Development Agencies (DRDAs). The district units will be guided by the State organization in planning and implementation of livelihood promotion activities including implementation of NRLM in close coordination with the DRDAs. Thus, the three tiers of the Livelihoods Mission will be closely interlinked and be guided by the common objective of promoting sustainable livelihoods of the poor and work for the eradication of rural poverty.

The National Rural Livelihood Mission

5.3 The NRLM will be set up in the Ministry under the overall supervision of JS already in-charge of SGSY Division. The NRLM will have a Governing Council (GC) and an Executive Committee (EC). A GC will be constituted under the chairmanship of the Hon'ble Minister for Rural Development, GOI. The composition of the GC will be as under:

(i) Minister (RD)	-	Chairman
(ii) Minister of Agriculture, WCD, Labour, FPI, Textile, NSME, HRD, H&FW, Member (RD), Planning Commission, Tribal Affair, MoS RD	-	Member
(iii) State Minister of RD (4 on rotation basis)	-	Member
(iv) Secretaries- Ministries/Deptt. Agriculture, WCD, Labour, FPI, Textile, MSME, HRD, H&FW, DAH&DF, Adviser (RD), Planning, LR, PRI, DW&S, Tribal Affair Commission, DG ICAR, CMD, NABARD, Financial Service, DG (NIRD) and DG (CAPART)	-	Member
(v) Representative of SHG Federation (3)	-	Member
(vi) Experts (RD)/ NGO's (5)	-	Member
(vii) Secretary (RD)	-	Convener
(viii) Mission Director (JS)	-	Co-Convener

5.4 The GC will be the policy making body setting overall vision and direction to the Mission, consistent with the national objectives. It will lay down priorities and review overall progress and development of the Mission. The GC will be empowered to lay down and amend operational guidelines. However, the subsidy norms of the NRLM as approved by the Government shall in no circumstances be changed or exceeded for any of the Mission components. The GC will meet at least twice a year.

5.5 The Executive Committee will be constituted under the chairmanship of Secretary, Department of Rural Development, GoI, to oversee the activities of the Mission and approve the state action plans. The EC will comprise the following:

(i) Secretary, Deptt. Of Rural Development	-	Chairperson
(ii) Secretaries, Ministry of Agriculture, DARE, MSME, Labour, Food Energy Industry, Minorities, Textiles, DAHD&F, WCD, Tribal Affair HRD, SJ &E, DoLR, DW&SD, Adviser (RD) Planning Commission, Additional Secy. (Financial Service), MD, NABARD, AS&FA, MoRD, DG (NIRD & CAPART)	-	Member
(iii) Experts/NGO's (5)	-	Member
(iv) Secretary (RD) of the concerned states	-	Member
(v) Mission Director	-	Member Secretary

5.6 The EC will oversee the activities of the Mission and approve the individual state action plans to ensure that overall objectives of the NRLM are achieved within stipulated period. The EC will ensure smooth functional linkages among different Missions, departments and other institutions including NABARD and other banks. The Chairperson

of the EC may nominate more members to the committee as per requirement. The EC will meet at least once in every quarter.

5.7 A Mission Management Unit will be created in the Department of Rural Development. The Unit will be the implementation arm of the NRLM. The Unit will provide necessary support to the GC and EC and will administer the NRLM. The Unit will be headed by the Mission Director (Joint Secretary in the Department of Rural Development, GOI) and supported by a multi-disciplinary team of experts in Social Mobilization and Institution Building, Capacity Building, Micro Finance and Livelihood Finance, Gender, Micro Enterprises, food security, Marketing, Risk and Vulnerability Reduction, Policy Analysis, Monitoring and Learning, MIS and such other fields as per the requirement.

5.8 **The NRLM will perform the following functions:**

- (i) facilitate establishment of state level umbrella agencies by the state governments for providing institutional support for poverty elimination programmes;
- (ii) support state level umbrella organizations in the design and implementation of pro-poor programmes;
- (iii) provide professional and technical support and guidance to the state agencies by seeking out and disseminating pro-poor technologies and institutional innovations through research and development and forging linkages between the state agencies and the national centers of excellence;
- (iv) liaise with other Missions/departments to explore areas for convergent action and facilitate such convergence to enhance the capabilities and facilitate access to other entitlements such as wage employment, food security, education, health, etc and ;
- (v) explore and facilitate partnerships between National/State Rural Livelihoods Missions and public, private, NGO and Co-operative sector partners, for diversifying and sustaining the livelihoods of the poor;
- (vi) undertake/commission studies to assess emerging self employment/skill based employment opportunities and disseminate the information to the State agencies;
- (vii) study best practices in self-employment/ micro enterprise activities across the country and support their replication in other parts of the country through workshops, cross-learning visits and exchange programmes;
- (viii) develop capacity building and training modules for functionaries of the peoples institutions as well as the state agencies and district units, and other stakeholders participating in the poverty elimination programmes;
- (ix) facilitate analysis and dissemination of the impact of changing economic policies on the poor and play policy advocacy role;
- (x) act as information warehouse on rural poverty statistics by accessing information from multiple sources;

- (xi) identify shortcomings in programme design and implementation and facilitate debates/discussions thereof by experts for finding innovative & workable solutions and their dissemination to the state agencies.
- (xii) promote institution of comprehensive monitoring and learning systems at the state agencies and district units, including web enabled MIS and community monitoring systems; and
- (xiii) identify high quality institutions in livelihoods education and training and facilitate linkage of the state organizations with missions with such institutions for capacity building of professionals.

6. State Level Mission

6.1 A state level Mission with induction of professional & domain experts will be constituted by all State Governments to oversee the implementation of the Mission and other poverty eradication programmes in the states, wherever such organizations do not exist. The State Mission will be set up separate entity under overall charge of Secretary/Principal Secretary of RD Department for implementing the Mission in the state. The State level Mission will have a Governing Body with the following composition:

1. Chief Minister	Chairperson
2. Minister of RD	Vice
	Chairperson
3. Chief Secretary	Convener
4. Ministers of Agriculture, AHD, Industry, Labour, Education, Health, WCD, SJ&E,	Member
5. Representative from MoRD, GOI	Member
6. Director/PD of ICAR	Member
7. Representative of RBI, NABARD, Lead Bank	Member
8. Experts (RD)	Member
9. Representative of SHG Federations	Member
10. Secretary (RD)	Co-convener

6.2.1 The state agency will also have a an Executive Body with the following composition:

1. Chief Secretary	-	Chairperson
2. Secretary/Commissioner – Agriculture, AHD, Industry, Labour, Education, Health, WCD, SJ&E,		Member
3. Director/PD of ICAR		Member
4. Secretary RD		Convener
5. CEO (Mission)		Co-convener

6.3 The State Agency will finalize the state's action plans in consultation with the district level agencies by following bottom up approach for promotion of self-

employment through social mobilization and formation of people's institutions, training and capacity building of all stakeholders in a time bound manner, marketing strategies, bridging infrastructural gaps, possible convergences with other programmes and Missions, skill-based wage employment and such other activities necessary for the eradication of rural poverty. The state agency endowed with sufficient autonomy and authority to function effectively will play a catalytic role in the organization of the poor into self-help groups, facilitate their capacity building and put in place the democratic institutions owned managed and governed by the poor.

6.3 The State Management Team

6.3.1 A Project Management Team will be constituted at the state level under the leadership of the Chief Executive Officer of the agency, drawn from the state government, equivalent in rank to Secretary to the State Government. The State Management Team will be assisted by highly competent technical experts to be appointed on contractual basis with specific terms of reference, for the implementation of the Mission/ restructured SGSY and other poverty alleviation programmes.

6.3.2 The state team will include experts in the areas of social mobilization, institution building, capacity building and training, micro finance development, marketing and micro enterprises like forest produce based livelihoods, fisheries based livelihoods, value chain analysis, skill development and placement support, gender aspects of poverty, communication, monitoring and evaluation.

6.3.3 Apart from providing critical inputs required for the promotion of people's institutions and the implementation of the Mission's programmes, the state team will have the responsibility to ensure collaboration among various line departments of the state government to facilitate implementation and convergence of activities for deriving optimal benefits from NRLM and other programmes. The team will use the services of national and state institutions functioning in the district in the implementation of different components of the Mission's programmes and will also ensure proper coordination with the DRDAs.

The state level agency will have the following specific responsibilities:

- (i) prepare perspective and state action plans by following bottom up approach in consonance with the Mission goals and objectives and in close coordination with the state Department of Rural Development/ Panchayati Raj and other agencies responsible for implementation of poverty eradication programmes;
- (ii) provide professional support through a dedicated in-house professional team or outsourced support, to the district units;
- (iii) facilitate setting up of district units suitably linked with the DRDAs to implement the Mission's activities.
- (iv) guide the district units in organizational and technical issues.

- (v) facilitate implementation of the Mission's programmes in the state through district units, people's institutions, NGOs and private sector partners and PRIs;
- (vi) coordinate with the RBI, NABARD, lead banks, insurance agencies, state marketing and other development agencies and departments to facilitate the required flow of financial, technical and other services to the rural poor;
- (vii) coordinate and develop convergence with other missions and programmes in the state for the required synergy to enhance the capabilities of rural poor and their access to other entitlements such as wage employment, food security, risk mitigation etc necessary for poverty eradication;
- (viii) organize state level skill training and placement support programmes, capacity building programmes, workshops, seminars and cross-learning visits to promote the objectives of the Mission in the state;
- (ix) develop required training and other material for promoting the functioning of the people's institutions, their transparent financial and democratic management and statutory compliance;
- (x) document the progress and process of implementation and best practices, including institution of comprehensive MIS systems;
- (xi) conduct/ commission studies to assess the impact of the Mission on eradication of poverty
- (xii) To receive funds from the NRLM/MORD and other agencies as well as the state government to execute the approved action plans; and
- (xiii) facilitate institution of monitoring and learning system and undertake concurrent/periodic evaluations and
- (xiv) To undertake publicity/information/awareness campaign for promote the Mission objectives.

7. District Level Units

7.1 At the district level, a dedicated unit suitably linked to DRDA will be set up by all the states. The district level units will be responsible for implementing the Mission's programmes in the district following the guidelines. The district level unit will be the implementation arm of the DRDA under the overall supervision of the state agency and as such it will not be an independent society or entity.

7.2 The district unit will be headed by the Programme Director, DRDA. The Director will manage the Mission activities in the district under the direction of the state agency. The District Programme Director will be assisted by a team of functional specialists in the fields of Social Mobilization, Institution and Capacity Building, Micro Finance, Livelihoods/ Micro Enterprises/ Marketing, Gender, Information, Education and Communication (IEC) *etc.*, in addition to administration and finance. The functional specialists will be appointed on contractual basis and will undertake activities in the respective fields under the proximate leadership of District Programme Director and the overall guidance and supervision of the state project team. This will work in close liaison with DRDAs.

7.3 The district unit will facilitate setting up of block level programme units and position personnel having expertise in social mobilization/institution building, livelihood promotion and SHG bookkeeping/accounting. The district unit could consider outsourcing the entire tasks of Mission in a block level to an experienced NGO with good track record in SHG promotion. The district unit will interface with district administration and line departments, banks, NGOs, PRIs and corporate agencies. The district unit will facilitate the formation of district and block level federations in the light of their economic viability and technical feasibility. The major task of the district unit will be to train the block level personnel in the core areas of social mobilization, institution and capacity building, micro finance and livelihoods. It will also undertake regular monitoring and review of the performance of the block level unit.

8. Block Level Unit

8.1 The block level unit will be headed by Block Coordinator/ Social Organizer supported by community facilitators/coordinators responsible for social mobilization/institution building, bank linkage, micro finance, livelihoods promotion and book keeping. The principal role of block level unit will be mobilization of all BPL households into the SHG fold and build their capacities. The units will also be responsible for building village level and block level federations of SHGs depending upon their economic viability which will undertake the bigger tasks of negotiating with the financial and marketing institutions as well as the PRIs. To accelerate the process of social mobilization, the block level unit may divide the block into clusters and place each cluster under the charge of a coordinator and master bookkeeper. Eventually, the block level federations will replace the block level units over a period and perform all the activities that the block level mission units will initially perform. Thus, the people's institutions are expected to takeover the entire implementation responsibility of sustaining all activities after the Mission.

9. Role of Panchayati Raj Institutions

9.1 Panchayati Raj Institutions (PRIs) will be actively involved in the following activities of the Mission:

- (i) identification and mobilization of BPL households into SHGs, with priority being given to the SC and ST households especially primitive tribal groups, poorest of the poor households, women headed households and households engaged in declining occupations;
- (ii) facilitating federation of SHGs at the village/gram panchayat level/ block level and providing basic facilities for the effective functioning of such federations in terms of providing accommodation for federation office and such other basic facilities;
- (iii) giving priority to the demands of the SHGs and their federations in the annual plans/activities of the PRIs by making suitable financial allocations;

- (iv) entrusting execution of panchayat activities including civil works to SHGs and their federations on a priority basis;
- (v) leasing out panchayat resources such as fishing ponds/tanks, common property resources, market yards, buildings and other properties to the SHGs and their federations for proper management and maintenance;
- (vi) entrusting responsibility for collection of panchayat revenues including house property tax to the SHGs for a small fee; and
- (vii) entrusting management and maintenance of select civic amenities to the SHGs.
- (viii) any other activity which could be taken up by the members of the SHGs or their federations.

10 Area of Operation of NRLM

10.1 NRLM programmes will be implemented in all rural districts of different states excluding the districts in *Delhi* and *Chandigarh*. However, the GC, based on the latest available data is empowered to include or exclude the districts for the implementation of various components of the Mission.

11. Mechanism of Funds Flow

11.1 It is envisaged that the State Governments will transit into the NRLM mode only in a phased manner. Till such time the States do not transit into NRLM mode, the SGSY activities will continue to be implemented as per current guidelines/norms and fund releases will be made to DRDAs as per existing procedures. The revised norms of SGSY will be applicable to the States having the commitment to fulfill the following within the stipulated time period:

- i. State level agencies and the district level units are set up
- ii. Full complement of professional staff has been trained and placed
- iii. State level poverty reduction strategy has been formulated

11.2 Funds for implementing the Mission's programmes will be directly released separately to the state level agency and the DRDAs on the basis of the detailed district-wise annual action plans submitted by the state agencies and approved by the EC of the National Mission, but within the overall allocation indicated for each state on the basis of the poverty ratio. The funds to state level agencies will be transferred to meet expenditure on: (i) establishing and running the dedicated state /district/sub-district level agency; (ii) organizing state level skill development and placement services (covering more than one district); and (iii) other activities such as technical services, concurrent evaluation and such other activities.

11.3 The funds to DRDAs will be transferred to meet expenditures on: (i) subsidy to SHGs; (ii) infrastructure and marketing (district level and sub-district level); (iii) corpus for federations; (iv) interest subsidy; (v) training and capacity building of all stakeholders and (vi) engagement of NGO facilitators. The funds to district units will be released where full complement of professional staff has been placed and district poverty

reduction plans have been formulated. In other case the exiting procedure of fund release will be followed.

11.4 Funds will be released in two installments based on the progress report and submission of utilization certificates by the district units under intimation to the state level agency. The State level agency will compile and consolidate expenditure details, physical progress and other details and submit to National Mission periodically. MoRD will release 75% of the approved amount to the State Government/DRDA and the State government will release the balance amount of 25%. In respect of north-eastern states, J&K, Himachal Pradesh & Uttarakhand, the GOI and state share will be in the proportion of 90:10, respectively.

11.5 As far as possible, e-banking will be used for transfer of funds to the state level agencies and to the districts. The state level agency will maintain a separate budget and prescribed accounting system for the Mission activities both at the state and district level. The district units will adhere to the accounting system and financial guidelines prescribed by the state agencies. The block units will be directed by the district units to follow similar systems and guidelines to ensure transparency and accountability.

12. Monitoring

12.1 The National Livelihood Mission will have a strong mechanism of Monitoring and Evaluation with the involvement of the state level agency and dedicated district level units. The Monitoring and Learning (M&L) specialists at the Mission and state agency levels will coordinate concurrent monitoring of the Mission activities. At the district level, the Monitoring and Learning specialist will undertake monitoring of the physical and financial targets of various Mission interventions, adopting the formats designed by the National Mission for this purpose. In addition, the district level M&L specialist will be responsible for instituting community monitoring systems including a system of self-monitoring by the SHGs and their federations.

12.2 At the state agency level, the activities of the Mission will be monitored by a committee headed by the Chief Executive Officer with members drawn from the Departments of Rural Development, Panchayati Raj, NABARD, District federations and select professional experts and NGOs. The M&L specialist at the state agency will act as the member-convenor of the committee and will furnish the committee information on the progress of the Mission activities. The proceedings of the committee will be placed before the EC of the State Agency.

12.3 At the National Level, the activities of the Mission will be monitored by a committee headed by the Mission Director (Joint Secretary/Additional Secretary in the MoRD) with members drawn from the Planning Commission, NABARD, Ministry of Finance and reputed national research institutions. The M&L specialists at the National Mission Team will act as the Convenor of the committee and furnish the required information to the committee. The proceedings of the committee will be placed before the EC of the National Mission Society.

13. Reporting System

13.1 The district units and the state agencies will ensure the submission of monthly and quarterly progress reports to the National Mission by 10th of every month. Similarly, the quarterly report will be sent to the Mission within 15 days after the end of the quarter. The annual progress report will be submitted before April 15th of the following financial year by each district unit and state agency. The formats for reporting will be prescribed by the National Mission.

14. Evaluation

14.1 The State Agencies will undertake a Base Line Survey (BLS) to assess the extent of social mobilization, progress of people's institutions, extent of self-employment and skill-based wage employment activities undertaken and their impact in different districts. If necessary, the state agencies will commission independent studies for this purpose. In addition, the state teams will undertake/commission concurrent evaluation to assess the performance of the Mission activities. There will be a Mid-Mission Evaluation study by an independent agency to assess the performance and short-comings so as to take the remedial measures and corrective action.

14.2 An Impact Evaluation Study at the national and state levels will also be undertaken through independent agencies towards the end of the Mission to assess the impact of various activities on self-employment, skill-based wage employment, income generation and poverty elimination.

14.3 A comprehensive web-enabled MIS system will be positioned to capture the progress of the project in near real-time mode. The system will capture information from the block, district and state levels. Specialized software and reporting structures will be developed for this purpose.

15 Criteria for Identification of Beneficiaries and Safeguards

15.1 All the Mission activities are meant for the BPL households. Therefore, the state agencies and the district units will target only BPL households in all Mission activities starting with social mobilization, SHG formation, federation building, capacity and skill building, pro-poor financial services, technical and marketing support and skill-based wage employment. However, the district units will particularly focus on the vulnerable groups among the rural BPL households such as the SCs, the STs, the women-headed households and households living vulnerable circumstances. In the sanction of financial assistance for the Mission, the safeguards in force shall continue to be followed. Accordingly, the SCs and the STs will account for a minimum of 50%, women for 40%, minorities 15% and disabled for 3% of the total members assisted in a year. The assistance will not only include capital subsidy but also the newly introduced interest subsidy. Even in respect of subsidy to SHGs towards revolving fund and towards corpus

for federations, preference will be given to the SHGs and federations with a predominant presence of the SCs and the STs.

16. Procedure for Approval and Implementation

16.1 The Department of Rural Development, Government of India will communicate the tentative annual outlay to each State /District, for approved Mission activities. The dedicated district units will prepare the annual action plan keeping in view the extent of social mobilization and institution building completed and potential for promoting self-employment and skill-based wage employment activities and submit the district plan to the state level agency. The state agencies will be required to prepare a state action plan based on the district annual action plans and the overall outlay indicated by the MORD. The state agencies could engage the in-house team of experts or alternatively outsource to technical consultants for preparing the annual action plans. The state level agencies will submit the detailed state action plan indicating the state level and district level components under training, infrastructure and monitoring and skill development to MoRD. The EC of the National Mission will examine the state action plan and will be within its powers to recommend changes if necessary and approve the same in the light of overall national objectives, outlays and priorities.

17. Position of Ongoing SGSY

17.1 The ongoing centrally sponsored scheme of SGSY will be brought under the NRLM to facilitate rapid coverage of the BPL households under self-employment and skill-based wage employment activities. As a result of the dedicated structure envisaged under the Mission, the NRLM will be implemented with the close coordination with the DRDA. As most of the DRDAs lack professional support, the dedicated structure at the district and sub-district levels equipped with professionals and technical experts will accelerate the process of poverty alleviation of the BPL households through self-employment and skill-based activities. Even at the state level, the Department of Rural Development/ Panchayati Raj overseeing the SGSY will be strengthened with the State level Mission. Thus, all the Mission activities encompassing NRLM will come under a dedicated structure from the national to the block level, which will contribute to the Mission's outcomes.

18. Mission Interventions

The Mission will undertake the following interventions as part of NRLM:

18.1 Dedicated Implementation Structure

18.1.1 Functionally effective institutions of the poor are the bedrock on which the restructured SGSY is based. Mobilization of the poor into self-managed and self-governed institutions is however, a process incentive task requiring a sensitive support structure, which will respond to the needs of the BPL households through multiple ways. The DRDAs which have been implementing SGSY are overburdened with a multiplicity

of schemes of the GOI and the state governments. The DRDAs also lack adequate number of professionally qualified staff to undertake multiple process oriented activities. The restructured SGSY requires professional experts in different areas of institution building and micro enterprises. Therefore, it is necessary to have a dedicated Mission Implementation Structure at the MoRD-GOI, state level, district level and sub-district level, exclusively to implement restructured SGSY by hiring consultants with expertise in social mobilization, institution building, capacity building, promotion of self-employment oriented income generating activities, monitoring and learning, gender and IEC, on a contractual basis.

18.1.2 At the national level, there will be a National Rural Livelihoods Mission (NRLM) having a National Mission Director under the MoRD. In addition to the existing staff of SGSY the Mission will hire the services of at least 8 Mission Managers (Social Mobilization, Institution Building and Capacity Building, Micro Finance, Food Security, Marketing and Livelihood Promotion, Risk Mitigation, Monitoring and Learning/MIS and Gender) from the market. The Mission will also hire the services of 8 Project Executives to support the Mission Managers in these areas. The Mission will also hire the services of two Computer Professionals and an Accounts Officer. All these personnel will form a part of the Mission Management Unit. The expenditure of the Mission on the salaries of consultants and other activities including studies, MIS, workshops and seminars and exchange visits will be met from the funds earmarked for this purpose.

18.1.3 At the state level, a Mission will be established under the direct supervision of the State Rural Department. The state level Mission will be headed by State Mission Director and will be facilitated by a Chief Executive Officer. Regional Coordinators will be appointed to oversee the implementation of the Mission activities. There will be one regional coordinator for 14 districts. The state agency will hire the services of at least 8 Mission managers with expertise in Social Mobilization, Institution Building and Capacity Building, Micro Finance, Marketing and Livelihood Promotion, Risk Mitigation, Monitoring and Learning/ MIS and Gender. The state agency will also hire the services of Computer personnel, administrative assistance and account assistants. All these personnel will form part of the state management team. No additional post would be created for the purpose of the Mission. However, redeployment from within the government departments will be permitted. The expenditure of the state agency on the consultants and related expenditure will be met from the funds allocated for this purpose. The indicative staff structure at various levels is given at Annex- II.

18.1.4 At the district level, a dedicated unit suitably linked with the DRDA will be established which will function as implementation arm of the state level agency. A Project Director supported by a team of functional specialists hired on contractual basis will be appointed to implement the Mission activities. The expenditure on the team as well as the other establishment cost will be met from the Mission funds subject to such ceilings imposed by the MoRD. The district units will also establish dedicated block level/sub-block level units comprising 3 to 4 functional specialists in social mobilization and institution building, capacity building, micro finance and book keeping. The expenditure on the establishment and running of the sub-district units will also be met

from the funds allocated for this purpose subject to the overall ceilings imposed by the MORD. All the structures indicated would be formed through hiring the services of consultants having relevant expertise in the respective areas for the Mission period on year to year renewal basis and no permanent charge would be created by appointing permanent staff.

19. Social Mobilization for Universalisation of SHGs

19.1 In order to achieve the Mission targets, one member will be mobilized from each rural BPL household into the SHG network by adopting a campaign mode. The functional staff placed at the sub-district level will undertake intensive IEC to reach the target. The services of Community Resource Persons (CRPs) from successful groups/ Best Practitioners will be used to accomplish the mobilization target. While undertaking social mobilization, priority would be given to the Poorest of the Poor (PoP) households, particularly primitive tribal groups, beggars, those belonging to the SCs, the STs and other vulnerable sections. Wherever necessary the service of NGO will be used for supporting mobilization. For maintaining the records and accounts of the SHGs in the first year, a one-time assistance of Rs.1,000/- will be provided to each newly formed individual SHG.

20. Setting up of SHG Federations/ People's Institutions

20.1 Efforts will be made to form federations of rural BPL SHGs at the village/GP level, block level and district level keeping in their economic viability. A bottom up and voluntary approach will be adopted in the formation of federations. The federations may be registered as Societies under the relevant statutes in the states to ensure their permanency. The federations will undertake mobilization of the leftover poor households into SHG network, and undertake several collective issues affecting the poor such as, procurement and marketing in agricultural commodities, non-timber forest products, dairy products, fish products and articulate common social issues. The setting up of federal structures at various levels will form part of the state action plan and a one time grant of Rs.10,000/- to village/panchayat level federation, Rs.20,000/- to block level federations and Rs.1,00,000/- to district level federation would be provided as initial start up grant to catalyze their functioning.

21 Enhanced Grant for Augmenting Revolving Fund

21.1 Three types of subsidies will be provided under the Mission. First, a revolving fund subsidy of Rs.15,000/- per SHG would be provided to enable the SHG to consolidate itself and access credit from the commercial banks both for consumption and income generating activities.

22. Enhanced Capital Subsidy

22.1 A subsidy of Rs. 15,000/- to individual swarozgaris of general category and Rs. 20,000/- to SC/ST swarozgaris will be provided as capital subsidy to promote self-

employment oriented income generating activities subject to a maximum of Rs. 2.5 lakh per SHG, will be provided. The subsidy will be linked to the Swarozgaris/SHGs being sanctioned credit from Public Sector Banks, other sources including financial institutions. In the distribution of capital subsidy, priority will be given to poorest of the poor rural BPL members. The subsidy & credit would be available to the Swarozgaris/SHGs for upgrading the existing assets as well as creation of new assets including supply of modern tool kits for income generations.

23. Interest Subsidy

23.1 An interest subsidy amounting to the difference between prime lending rate (PLR) and 6% will be provided to the poor households for every loan, up to a maximum loan amount of Rs. 1.00 lakh, accessed from the banks such that they can avail loans on par with the agricultural loans available to farmers. Interest subsidy will only be provided on loans subsequent to the first loan for which subsidy has been availed, however, the interest subsidy would be provided only to those borrowers who adhere to the repayment schedule. This will act as an incentive to promote repayment of loans by the SHGs.

24. Steps to improve credit access

24.1 Credit constitutes a very significant element under the NRLM. Despite the expansion of the organized banking system into rural areas, very large number of rural poor continued to remain outside the fold of the formal banking system. To ensure credit linkage to the rural poor, the NRLM will make concerted efforts to strengthen their credit worthiness and credit absorption capacity through training and capacity building and coordinate with RBI, NABARD, Public Sector Banks and other financial institutions to increase the coverage by banks by using technology, expansion of branch network to un-banked areas, agency banking, Bank Mitras of SHG federations and other suitable mechanisms.

25. Infrastructure and Marketing Support

25.1 In addition, 20% (25% for NER, J&K, Himachal Pradesh & Uttrakhand) of the allocation for subsidy will be earmarked for infrastructure development and marketing promotion. The key infrastructure bottlenecks will be identified by the state agencies and district units and critical gaps filled in with the fund earmarked for this purpose. The fund will also be used for providing different forms of marketing support to the rural micro enterprises including for induction of marketing professionals, organization of rural fairs, and exhibitions.

26. Placement linked Skill Development & Innovative livelihood projects

26.1 The National Skill Development Mission (NSDM) has been constituted to create a pool of 50 crore trained persons by 2022. For this purpose a National Skill Development Corporation and a National Skill Development Fund have been created. In the process of up-scaling the operations of skill development and placement, a subset under NRLM will supplement the efforts of NSDM.

26.2 Indian economy has been on a rapid growth path of 7-9% per annum creating widespread employment opportunities across emerging sectors. Several labour intensive

industries and service sector activities on the high growth path (like textiles, construction, retail, leather, health care & hospitality, food parks, housekeeping, security services, cleaning & maintenance, automobile & allied services etc), face shortage of labour, especially at the lower end of the skill base. Such employment opportunities are best suited for absorption of rural poor. There exists a vast segment of rural unemployed youth with low levels of education and skills, looking for gainful employment but unable to capture the opportunities offered by the growth momentum due to their low levels of education & skills, entrance test barriers and limited capacity for paying course fees in training institutes. Hence bridging this gap can be an important intervention as a sub set of NRLM, by matching skills of job seekers from rural areas with skill requirements of job providers particularly in entry level jobs and to maximize employment opportunities for rural poor from about 4.4 crore Below Poverty Line (BPL) house holds, to bring them and their families above poverty line. Placement Based Projects, for short term (up to 100 days) training/skill development, backed by or driven by the industry itself with assured employment/ placements can be taken up in this component of NRLM.

26.3 In order to enable the rural youth to secure wage employment opportunities in the sunrise sectors like textiles, construction, hospitality, security, automobile, health, services *etc.*, a placement based skill development programme will be taken up as part of the Mission interventions. The purpose of these interventions is to bridge the skill gap and entry level barriers for the youth from the rural BPL households and facilitate their entry into relatively high wage employment. 20% of the total NRLM funds will be allocated for placement linked skill development and innovative special projects.

26.4 The National Mission will handle only multi-state placement linked skill development projects and the State Mission the state specific projects. Further, experienced firms with a good track record will be engaged for the skill development and placement support intervention. A prime contractor model will be adopted for this purpose such that even the smallest organization will be able to participate and bring in new innovations. The multi-state projects covering up to 30,000 beneficiaries will be considered by the National Mission under the existing SGSY, while the multi-state projects involving more than 30,000 beneficiaries will be executed under the prime contracting model. In all the cases, third-party certification from recognized/ reputed agencies such as DGET/NCVT/IGNOU/NOS/representative industries/ apex organizations will be the necessary requirement.

27. **Capacity Building and Training**

27.1 For the inclusion and effective participation of rural poor in the growth process, it is imperative that they have the requisite means in terms of productive assets, access to credit and necessary skills. Lack of capacity (productive as well as skill) has proved to be a greatest barrier for the rural poor in managing an enterprise successfully. In the last 10 years of implementation, about 1/4th of SHGs were able to access bank credit for income generating activities including micro-enterprises which indicates that for credit absorption and credit worthiness of the SHGs, there is need for augmenting the training and long term handholding of swarozgaris including skill up-gradation and entrepreneurial guidance.

27.2 In addition to the apparent shortcomings in the existing structure for training and capacity building for SHGs, there is absence of whole range of service providers in rural areas such as unavailability of technical and management cadre, supply-chain actors (e.g. suppliers of inputs like seeds, fertilizers, pesticides etc.) last tier implementation personnel (e.g. Rojgar / Aajivika Mitra) which adversely affects rural productive system. Thus, a multi pronged approach is required for training and capacity building of SHGs in order to enable them to run successful micro-enterprises and come out of poverty. The proposed approach under NRLM will be:

- Optimal use of the existing infrastructure facilities at the district as well as the block levels such as Polytechnics, Krishi Vigya Kendras, Jan Shikshan Sansthan (JSSs), Khadi and Village Industries Boards, State Institutes of Rural development, Extension Training Centres and other Departmental facilities available in that area.
- Setting up of dedicated training institutes for rural poor i.e. 500 Rural Self Employment Training Institutes (RSETIs) one in each district of the country by 2012 through replication of successful RUDSETI model.
- Dedicated structure for training and capacity building at districts and State level involving professionals as envisaged under the National Rural Livelihood Mission (NRLM).
- Public Private Partnerships with NGOs, Voluntary Organisations etc.
- Training of large number of trainers who would further train people down below. This would lead to a cascading effect and benefit the poor people right at the lowest level.
- Creating a cadre of service providers, Community Resource Persons (CRPs) and Master Craftsmen and utilizing their services for training of SHG beneficiaries.

27.3 Dedicated staff at the state, district and sub-district level will plan and undertake capacity building and training programmes for the BPL SHGs and their federations. They will also provide necessary counseling, skill upgradation and entrepreneurial guidance necessary for undertaking income generating activities. In addition, the services of community resource persons drawn from the senior and successful groups will be used to build the capacities of the SHGs and their federations. Further, the state agencies will explore the use of prime contracting and PPP models to upscale the training and skill development programmes. The state and district units will also undertake preparation of appropriate training manuals focused on micro finance, self management, negotiation skills, entrepreneur skills and such other areas. Wherever necessary, the services of NIRD will be used for the preparation of training manuals as well as for providing training of trainers' programmes. The targeted approach for capacity building along with access to productive assets and credit will provide substantial appreciation to the income and purchasing power of rural poor and thereby enhance their reach to goods and services.

27.4 At present Rs 5000 per swarozgaris is provided for basic training and skill development to strengthen their creditworthiness to avail credit and take up micro enterprises. It is proposed to increase it to Rs 7500 of which Rs 2500 will be for basic orientation training and remaining Rs 5000 for skill development training.

28. Rural Self Employment Training Institutes (RSETIs)

28.1 In addition, the public sector banks will be encouraged to set up Rural Self Employment Training Institutes (RSETIs) in all districts of the country during the next

three years. A one time grant of Rs.1.00 crore will be made to set up the centers in each state, while the state governments will be expected to provide free land for the institute. Other recurring costs of the institutes will be borne by the sponsoring banks. About 500 Rural Self Employment Training Institutes will be set up during XI plan period. The guidelines relating to RSETI scheme have been prepared.

29. Convergence for Technical and Other Inputs

29.1 Under NRLM special emphasis will be given on convergence with other programmes of the Ministry of Rural Development as well as of other Ministries to achieve optimum results. The main purpose of convergence is to overcome the constraints faced by rural poor to avail maximum benefits under SGSY and also to maximize the livelihood opportunities to the rural poor.

29.2 It is proposed to provide technical inputs by convergence of NRLM with programmes of ICAR through involving the Krishi Vigyan Kendras (KVKs). The Ministry has already initiated pilot programme for convergence of SGSY and ICAR in 50 districts in the country to ensure technological inputs to SHGs in the area of agriculture and allied activities through KVKs as 60% of SHGs are involved in these activities. The convergence with ICAR will be extended to other districts also.

29.3 National Rural Employment Guarantee Scheme (NREGS) is one of the flagship programmes of Ministry of Rural Development with focus on wage employment, development of natural resources and creation of community assets and livelihood opportunities for rural poor. Under NRLM, convergence with NREGS will be one of the important activities such as formation of SHGs at NREGS work site, mobilization of savings, etc. Further, the land belonging to BPL people will be developed through NREGS and receive further value addition provision of technical inputs and credit under NRLM. This will help in enhancement of productivity and sustained income to rural poor. It is also proposed to tap various livelihood opportunities generated in different processes of NREGS and other programmes like IAY, Drinking Water & Sanitation, Watershed Management, and PMGSY etc. for SHGs and rural poor. This will be done through training and skill development of SHGs and generating awareness among implementing agencies, PRIs and other stakeholders about benefits of convergence. Similar efforts will also be undertaken for convergence of SGSY with programmes of Ministries Panchayati Raj Institutions, Human Resource Development, M/o, M/o, Health & Family Welfare, Textiles, Agriculture and Department of Women & Child Development etc.

30. Transparency and Accountability

30.1 Transparency and accountability will be integral parts of the programme. To ensure this a dedicated MIS will be put in place for capturing all the information starting from the formation of SHGs till the SHGs reach at the micro-enterprise stage. The fund flow mechanism availability of credit and other financial transactions will also be captured through this MIS. In addition to this periodic review through evaluation studies and social auditing involving third parties will also be conducted.

31. Brief of NRLM

NRLM will have multi pronged approach to strengthen livelihoods of the rural poor by promoting SHGs, improving existing occupations, providing skill development & placement and other activities thereof.. The training and capacity building, deployment of multidisciplinary experts and other initiatives will enhance the credit worthiness of the rural poor. The services of craft persons, community resource persons etc will be utilized as TOT to for capacity building and training under NRLM. The periodic interaction of Mission with Public Sector Banks and other financial institutions to enhance the reach of rural poor to the un-banked areas will ensure their financial inclusion. Further, poor have multiple livelihoods and they need multi pronged approach to strengthen it. The existing strategy of social mobilization of poor, their organization into SHGs, training & capacity building, credit linkage for micro enterprise for self employment will continued to be one of the main components of NRLM. Emphasis will be on convergence with various schemes of Rural Development along with other line departments/ministries to strengthen the exiting occupations of the rural poor, ensure their participation as beneficiary of emerging opportunities as a result of various schemes for sustainable livelihood and also introducing newer technologies in their enterprises. The multidisciplinary domain experts at various levels will coordinate with all the stakeholders for benefiting the poor in risk mitigation, food security, training and capacity building, micro financing, infrastructure development and better marketing linkages for getting appropriate prices for their products. People owned & people centred organization by federating SHGs will act as facilitators for strengthening the SHGs and thereby benefiting the rural poor. In addition skill development & placement will be the subset of the redesigned programme for deploying the rural BPL poor in the sun-rising sectors of the economy. The Mission will make concerted efforts to train rural BPL to provide last tier implementation personnel as service providers, lok sevaks, etc to local bodies to implement to programmes efficiently and effectively.

Swarnjayanti Gram Swarozgar Yojana (SGSY)

SGSY is a holistic programme covering all aspects of self employment for rural BPL population.

(i) **Objective:** To bring the rural BPL families (swarozgaris above the poverty line by ensuring appreciable increase in income on a sustainable basis through creation of self employment opportunities through a mix of credit and subsidy.

(ii) **Brief of the Scheme:** The scheme is based on the assumption that poverty is a multidimensional problem and needs to be tackled holistically through a multi-pronged strategy. The scheme involves selection of key activities, planning of activity clusters, organization of the poor into Self Help Groups (SHGs) and building their capacities through social mobilization, training and skill development, creation of infrastructure, technological and marketing support, etc. The scheme is implemented through District Rural Development Agencies (DRDAs) with active involvement of Panchayati Raj Institutions (PRIs), banks, line Departments of the state governments and Non-Government Organizations (NGOs).

Subsidy under the SGSY to individual swarozgaris is uniform at 30% of the project cost, subject to a maximum of Rs.7,500. In respect of SCs/STs and disabled persons, the subsidy is 50% of the project cost, subject to a maximum of Rs.10,000/-. For groups of Swarozgaris (SHGs), the subsidy is 50% of the project cost, subject to per capita subsidy of Rs.10,000/- or total subsidy of Rs.1.25 lakhs, whichever is less. There is no monetary limit on subsidy for irrigation projects. Subsidy is back-ended.

Special safeguards have been provided to vulnerable sections by way of reserving 50% benefits for SCs/STs, 40% for women, 15% for minorities and 3% for disabled persons.

15% of the SGSY allocation is set apart for Special Projects to tryout new initiatives which are in the nature of pioneering nature capable of triggering much needed growth impulses to ensure a time bound programme for bringing specific number of rural BPL families above the poverty line

2. Funding pattern: It is a Centrally Sponsored Scheme financed on 75:25 cost sharing basis between the Centre and the States, except in the case of North Eastern states including Sikkim where it is 90:10 basis.

3. Allocation for the 11th Five Year Plan

During 11th Plan an outlay of Rs. 17803 crore has been provided for SGSY out of which Rs. 6,400 crore has been allocated till 2009-10 and Rs. 11403 crore is remaining as balance. The year wise funds provided for the scheme are as follows:

Rs. In crore

Year	BE	RE
2007-08	1800	1697
2008-09	2150	2350
2009-10	2350	
Total	6300	

4. Physical Targets

Year	Targets for Swarozgaris to be assisted					Total Swarozgaris Assisted
	Total swarozgaris	SC/ST	Women	Minorities	Disabled	
2007-08	1352745	676372	541098	202912	40582	1699295
2008-09	1762670	881335	705068	264401	52880	1861875
2009-10	1822482	911241	728993	273372	54674	306886

5. Physical and Financial Achievements by June 2009

Under the scheme no targets are set for total number of SHGs formed though targets for swarozgaris to be assisted are given to the states since 2005-06. Overall, 34.33 lakh Self Help Groups (SHGs) have been formed since its inception in April, 1999 and about 124 lakh Swarozgaris have been assisted (Up to June, 2009). Performance under SGSY (2007-08 to 2009-10) in respect of major parameters is given below:

Items		2007-08	2008-09	2009-10 (Up to June, 2009)
1	Central allocation (Rs. in crore)	1697.70	2350.00	2350.00
2	Central releases (Rs. in crore)	1697.70 (100%)	2337.89 (99.48%)	791.52*
3	Credit mobilized (Rs. In crore)	Target	3743.55	3929.80
		Achievement	2760.31 (73.73%)	3530.07 (89.83%)
4	SHGs formed (in Lakh)	3.06	5.64	0.57
5	Swarozgaris assisted (in Lakh)	Target	13.53	17.63
		Achievement	16.99 (125.57%)	18.62 (105.63%)
6	SC/ST Swarozgaris assisted (in Lakh)	8.12 (47.83%)	8.76 (47.04%)	1.13
7	Women Swarozgaris assisted (No.in lakh.)	10.84 (63.79%)	12.06 (64.80%)	2.00
8	Minority Swarozgaris assisted (No. in Lakh)	1.42 (8.38%)	2.75 (14.78%)	0.29
9	Total Investment (Rs.Cr) (subsidy + credit)	4049.41	5272.34	497.78
10	Per Capita Investment	28765	29932	28101

*On vote for account an amount of Rs 940.62 crore has been provided for the scheme out of which Rs. 791.52 crore have been released.

Figures in parenthesis are the achievement in percentages

6. Overall assessment of progress & Strength and Weakness of the programme

6.1 Formation of SHGs & Swarozgaris assisted

Since inception of the programme i.e 1-4-199 to 2009-2010 (upto June, 09) more than 34 lakh SHGs have been formed. Out of them, 22 lakh obtained the status of Grade I (65%) encompassing basic orientation, thrift & credit etc spread over a period of six months. Out of this, 10 lakh SHG,s (29% of total SHGs formed) entered into Grade II level making them eligible for skill training and credit linkage. However, only 7.68 lakh (23% of total SHGs formed) SHGs could obtain credit for undertaking economic activities. Thus, the proportion of SHGs taking up economic activities financed by bank credit and supported by subsidy was only 23 per cent of the total SHGs formed. The programme since inception assisted 1.24 crore swarozgaris. Social composition of the assisted swarozgaris was in favour of the most vulnerable groups, such as scheduled tribes and scheduled castes, which accounted for nearly half of the assisted swarozgaris in 2008-09. Women accounted for 65 per cent, disabled two percent and minorities 15 per cent.

As per programme, the choice of activity should be based on local resources, the aptitude as well as skill of the people. As a result, most of the rural poor are crowded in the low productivity primary sector activities, the success of the programme depends on raising their ability to diversify into other high productive activities. Most of the assisted SHGs were engaged in primary sector with little diversification in their livelihood base. In 2008-09, about two-thirds of the assisted *swarozgaris* were engaged in primary sector, with dairy activity alone accounting for 47 per cent. The small income gain to swarozgaris from enterprise in the primary sector is due to low absorption of technology and the inherent limitations of the primary sector. There is therefore, a need for diversification to the secondary high return sectors with production of value added goods which has so far not been achieved under the programme. This would require intensive skill development efforts and convergence with other programmes for technological inputs.

6.2 Funds

In 1999-2000, the first year of launching SGSY, the total funds available were Rs.1,962 crore, but it declined to Rs. 1,608 crore in the very next year and varied between Rs.1200 crore to Rs.1500 crore per year between 2001-02 and 2005-06. Thereafter, fund allocation showed an increasing trend since 2004-05. The total fund available for the programme up to June, 09 was Rs 19,272 crore but the utilization was only 70 per cent (Rs.13,562 crore) during this period. Clearly, the utilization of funds improved over the years from 49 per cent in 1999-00 to over 80 per cent in recent years. The under-utilization of available funds has been due to various shortcomings of the programme

which include lack of adequate implementation machinery, lack of training and capacity building of beneficiaries and shortcomings in the financial sector. Similarly, only 16 per cent of the total funds were utilized, against the norm of 20%, for infrastructure development over the ten year period. For capacity building & training only six per cent of the total SGSY funds, against the norm of 10%, were utilized during the past one decade.

6.3 Credit

The failure in the spread of the programme and the limited absorbing capacity kept even the targets of credit more or less at a constant level. The target for credit under SGSY increased very moderately from Rs.3,205 crore in 1999-00 to over Rs.3929.80 crore in 2008-09. Credit actually mobilized showed over 3 times increase over the same period i.e Rs.1,056 crore in 1999-2000, (33% of the target) to Rs.3530.07 crore in 2008-09 (90% of the credit target). The ratio of credit to subsidy was about two during the period and did not vary much from year to year. Thus, credit-subsidy ratio remained much below the target ratio of 3:1. This is partly due to failure to strengthen the demand side of the credit by improving the capacity of the poor to absorb credit for income generating activities. But it is also due to supply side failures. The financial services did not have the systems and procedures suited to the poor. Credit flow has been seen to be better in Andhra Pradesh and SHGs formed by NABARD, where SHGs members are mixed from APL and BPL category and majority of them are from APL category. In case of SGSY SHGs which largely have BPL poor as their members the credit mobilisation has been much lower. On the whole, credit and related indicators show that SGSY-bank linkage is yet to take off from the perspective of credit facilitating the growth of micro enterprises.

6.4 Investment

The cumulative investment (credit + subsidy) over the period of ten years was Rs 27,887 crore, consisting of Rs 18,725 crore of credit and Rs.9,162 crore as subsidy . The annual investment increased more than three times in 2008-09 from Rs. 1600 crore in 1999-2000. As compared to the target of Rs.25,000, the per beneficiary investment have been increased from Rs 17,000 in 1999-2000 to around Rs. 30,000 in 2008-09.

Annexure-II

Indicative Implementation Structure from National to Sub-District Level

National Mission			
	Name of the Post	Number required	Remarks
1	Mission Director	1	AS/JS in the Ministry
2	Mission Manager (Social Mobilization, Risk Mitigation, Food Security, Micro Finance, Capacity building, MIS, Institution building and Marketing & livelihood promotion)	8	
3	Project Executives(Social Mobilization, Risk Mitigation, Food Security, Micro Finance, Capacity building, MIS, Institution building and Marketing & livelihood promotion)	8	
4	Computer Assistant	2	
5	Accounts Officer	1	
State Mission			
1	State Mission Director	1	
2	Regional Coordinator	1 for 14 Districts	
3	State Mission Manager (Social Mobilization, Risk Mitigation, Food Security, Micro Finance, Capacity building, MIS, Institution building and Marketing & livelihood promotion)	8	
4	MIS/Computer Assistant	2	
5	Administrative Assistant	2	
6	Accounts Assistant	2	
District Mission			
This will be a part of DRDA			
1	PO, Self Employment	1	
2	APO, Training & Institution building	1	
3	APO, Livelihood promotion	1	
4	APO, Marketing	1	
5	MIS/Computer Assistant	3	
6	Administrative Assistant	1	
7	Accounts Assistant	1	
Sub-District Structure			
1	Coordinator	1	
2	Community Facilitator/Coordinator -CF/CC (1 for 3000 HH or 3 for one Block)	15000	CF/CC would be engaged by the District Mission with maximum Honorarium of Rs1000 per month plus performance based incentives.Preference will be given to qualified SHG members.
3	MIS/Computer Assistant	3	

