



ROLE OF NATIONAL RURAL LIVELIHOOD MISSION IN POVERTY ALLEVIATION AND WOMEN EMPOWERMENT

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Abstract

Access to finance by the rural poor and vulnerable groups is an essential pre-requisite for poverty reduction and sustainable development. In India, the share of rural poor in the bank credit continues to be very low. Lending the rural poor continues to be considered as risky by the banks. One of the important reasons for this situation is the lack of an effective credit delivery mechanism for the poor, besides limited outreach and coverage. It is in this context that the National Rural Livelihoods Mission (NRLM) has taken up the task of promoting financial inclusion of the rural poor, in particular for women. In Indian social set up, the participation of women in the development process has to be ensured through tangible measures taken at various levels for their overall development. The National Rural Livelihoods Mission (NRLM) is, perhaps, the largest poverty reduction initiative, the largest program for women, in the world with its goal of reaching nearly 70 million rural households. This article highlights the role of NRLM in Poverty alleviation and women empowerment. Also, this article focuses on the progress of NRLM in the present scenario.

Keywords: NRLM, Poverty Alleviation, Self Help Groups (SHG), Women Empowerment.

Prologue

Access to finance by the rural poor and vulnerable groups is an essential pre-requisite for poverty reduction and sustainable development. The government of India has implemented several policies such as Nationalisation of banks, Lead Bank Schemes, Regional Rural banks, Service Area Approach and financing of SHGs, for promoting the access of the rural poor to institutional finance. However the share of rural poor in the bank credit continues to be very low. Lending the rural poor continues to be considered as risky by the banks. One of the important reasons for this situation is the lack of an effective credit delivery mechanism for the poor, besides limited outreach and coverage. It is in this context that the National Rural Livelihoods Mission (NRLM) has taken up the task of promoting financial inclusion of the rural poor, in particular for women.

Active participation of any community in the development process is recognized as a tool for its empowerment. In Indian social set up, the participation of women in the development process has to be ensured through tangible measures taken at various levels for their overall development. The government has taken a conscious view to make adequate provisions in its policies and programmes, through which it is to be ensured that the women of the country are not only empowered but also become active participants in the development process in the country. Various programmes of the Ministry of Rural Development are formulated keeping in view the above perspective. Ministry of Rural Development is implementing various poverty alleviation and rural development programmes. These programmes have special components for women. One of the Major Schemes, having women's component, implemented by the Ministry include „Swarnjayanti Gram Swarozgar Yojana (SGSY) now restructured as National Rural Livelihood Mission (Aajeevika).

Objectives

1. To discuss the origin of National Rural Livelihoods Mission.
2. To focus on the salient features of the Scheme.
3. To highlight the role of NRLM in poverty alleviation and empowering women.
4. To study the progress of NRLM.

Origin of NRLM

The cornerstone of the Swarnjayanti Gram Swarozgar Yojana (SGSY) strategy was that the poor need to be organized into Self Help Groups (SHGs) and their capacities built up systematically so that they can access self-employment opportunities and establish effective linkages between the various components of the programme such as availability of credit, technology transfer/up-gradation, marketing and infrastructure. Performance of SGSY was assessed through concurrent evaluations, various studies and reports. Prof. Radhakrishna Committee on Credit Related Issues Related to SGSY, set up by the Ministry of Rural Development in April, 2008 reported the shortcomings in the implementation of SGSY like uneven mobilisation of rural poor and formation of SHGs across the States, insufficient capacity building of beneficiaries, low credit mobilization and lack of professionals to implement the programme. Based on the findings of the report, SGSY was restructured as National Rural Livelihoods Mission (NRLM), subsequently renamed as “Aajeevika”, to implement it in a mission mode across the country.



The largest poverty reduction initiative in the world Aajeevika- National Rural Livelihoods Mission

NRLM is a programme implemented 'by the poor'. The National Rural Livelihoods Mission (NRLM) is, perhaps, the largest poverty reduction initiative, the largest program for women, in the world with its goal of reaching nearly 70 million rural households. NRLM's unique proposition is that this process is best managed and owned by 'transformed and empowered' women and not by 'external entities' such as the State missions or even N.G.O s. The external entities, no matter how good they are, cannot replace these internal women champions. The main role of these external entities is to catalyze this process and enable community champions to emerge from among the poor and to take over the process. The Mission therefore plays the role of a 'facilitator' and not an 'implementer'.

The National Rural Livelihood Mission (NRLM)-Aajeevika, a programme of the Ministry of Rural Development, was launched on 3rd June 2011 to reach out to 8-10 crore rural poor households, organise them into women Self Help Groups (SHGs), and their federations and nurture them into functionally efficient, self-reliant and sustainable institutions. These institutions, led by women will promote the socio-economic and political empowerment in general, and the most marginalised among them in particular.

For NRLM, empowerment is both a process and an outcome. As a process, it enables women to gain control over their lives by helping them to access the means and resources to shape their own destinies. It is a continuum of several interrelated and mutually reinforcing activities such as individual and collective awareness building, organisation, capacity and skill building and creating a right environment. Empowerment is a long process requiring changes to the institutions, legal framework and social norms.

Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor, enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.

NRLM's mandate is to cover all the poor and vulnerable households through formation and strengthening of 70-90 lakh SHGs, close to 6,00,000 village level federations and around 24,000 cluster level federations, covering all the 6,40,000 villages, 2,38,000 Gram panchayats, 5852 blocks and 649 districts in 29 states and 5 UTs of the country. As of now, NRLM has supported (formed/strengthened) 20 lakhs SHGs in 180,145 villages spread across 2472 blocks.

NRLM, with its women centric and women-led approach and posited on the four key pillars of universal social mobilization, financial inclusion economic inclusion and convergence provides a strong foundation for greater empowerment of poor, especially women.

Institutional Building & Capacity Building Harnessing Latent Potential of rural poor

NRLM organizes all poor households (women) into aggregate institutions of the poor that provide them with voice, space and resources. These platforms 'of the poor' and 'for the poor' would partner with local self-governments, public service providers, banks, private sector and other mainstream institutions to facilitate delivery of social and economic services to the poor.

Universal Social Mobilisation

- At least one member from each poor household would be brought under the Self-help network.
- Poor are identified through participatory processes – participatory vulnerable assessment. The Gram Panchayat authorises the final list of poor in the village.
- Special efforts are made to identify vulnerable and marginalised households – SCs/STs, PVTGs, single women and women headed households, disabled, landless, migrant labour, isolated communities and communities living in remote, hilly and disturbed areas.

Building Institutions of the Poor

- The poor are mobilised into Self-help Groups (SHGs).
- The SHGs are federated at the village and higher levels (cluster, block/sub-district, district).
- Existing institutions of the poor are strengthened and integrated into the institutional architecture of the poor.
- The SHG members are trained to manage their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness, etc.
- NRLM also promotes livelihoods collectives that help poor to enhance their livelihoods through deriving economies of scale, backward and forward linkages, and access to information, credit, technology, markets etc.



- Community professionals, Community Resource Persons (CRPs) and 'community heroes' are being engaged for capacity building of SHGs and their federations.
- NRLM invests in building 'social capital' – community animators, activists, CRPs, etc., who are crucial in making NRLM community driven and sustainable.

Building Capacities

- NRLM ensures the poor are provided with the requisite skills for managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness.
- A multi-pronged approach is adopted for providing continuous capacity building of the targeted families, SHGs, their federations, government functionaries, bankers, NGOs and other key stakeholders.
- Focus is to develop and engage community professionals and community resource persons (CRP) for capacity building of SHGs and their federations and other collectives.
- NRLM plans to use ICT as an important tool in knowledge dissemination and making capacity building more effective.
- The costs incurred on professional support at the block and sub-block levels are considered as programme costs and not administrative costs.

Financial Inclusion

Financial Inclusion: NRLM facilitates universal access to the affordable cost-effective reliable financial services to the poor. These include financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services.

Making poor preferred clients of financial institutions

NRLM facilitates universal access to the affordable cost-effective reliable financial services to the poor. These include financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services. The core of the NRLM financial inclusion and investment strategy is "making poor the preferred clients of the banking system and mobilizing bank credit".

Capitalizing Institutions of the Poor

NRLM provides Revolving Fund and Community Investment Fund (CIF) as Resources in Perpetuity to the institutions of the poor, to strengthen their institutional and financial management capacity and build their track record to attract mainstream bank finance.

- NRLM provides **Revolving Fund (RF) to SHGs of Rs.10,000-15,000** as corpus to meet the members' credit needs directly and as catalytic capital for leveraging repeat bank finance. RF is given to SHGs that have been practicing 'Panchasutra' (Regular meetings; Regular savings; regular inter-loaning; Timely repayment; and Up-to-date books of accounts).
- NRLM provides **Community Investment Fund as Seed Capital to SHG Federations at Cluster level** to meet the credit needs of the members through the SHGs/Village Organizations and to meet the working capital needs of the collective activities at various levels.
- NRLM provides **Vulnerability Reduction Fund (VRF) to SHG Federations at Village level** to address vulnerabilities like food security, health security etc., and to meet the needs of the vulnerable persons in the village.

Access to Credit

NRLM expects that **the investment in the institutions of the poor would leverage the bank credit of at least Rs.1,00,000/- accessible to every household in repeat doses over the next five years**. For this, SHGs go through Micro-investment Plan (MIP) process periodically. MIP is a participatory process of planning and appraisal at household and SHG levels. The flow of the funds to members/SHGs is against the MIPs. NRLM has provided **interest subvention for all eligible SHGs to get loans at 7% per annum** from mainstream financial institutions. Further, additional 3% interest subvention is available only on prompt repayment by SHGs in most backward 250 districts.

SHG Credit Linkage

While the Mission provides only catalytic capital support to the community institutions, it is expected that the banks provide the major chunk of funds required for meeting the entire gamut of credit needs for the rural poor households. The Mission therefore expects that the SHGs leverage significant amount of bank credit.

- The Mission assumes that over a period five years, each SHG would be able to leverage cumulative bank credit of Rs. 10,00,000/- in repeat doses, such that on the average each member household accesses a cumulative amount of Rs. 100000/-.



- **In order to facilitate bank linkages, State Level Bankers' Committees (SLBC)** would constitute exclusive sub-committees for SHG bank linkages and financial inclusion in NRLM activities. Similarly, District Level Coordination Committees and Block Level Coordination Committees would review SHG-Bank linkages and NRLM.
- The Mission units are also expected to use the services of the field level customer relationship managers such as, **BankMitra/Sakhi**.
- Further, institutions of the poor are expected will be guided to constituting community-based recovery mechanisms (sub-committees on bank linkage and recovery of loans).
- NRLM works towards increasing the portfolio of products of savings, credit, insurance (life, health and assets) and remittance through the institutions of the poor directly or in partnership with mainstream financial institutions using various institutional mechanisms and technologies.

Livelihood promotion

NRLM firmly believes that the poor households know what they want and will prioritize their efforts based on their felt needs, knowledge and resources available to them.

Transforming Lives

- NRLM focuses on stabilizing and promoting existing livelihoods portfolio of the poor through its three pillars –
- 'vulnerability reduction' and 'livelihoods enhancement' through deepening/enhancing and expanding existing livelihoods options and tapping new opportunities in farm and non-farm sectors;
- 'employment' - building skills for the job market outside; and
- 'enterprises' - nurturing self-employed and entrepreneurs (for micro-enterprises).

Vulnerability Reduction and Livelihood Enhancement

NRLM encourages the delivery of services/entitlements (such as MGNREGS, PDS) through the SHGs and their federations. The institutions of the poor set aside funds towards vulnerability reduction - food security, health security, etc. Vulnerability Reduction Fund is also used for meeting the emergency needs of the poor and meeting the needs of the ultra-poor and vulnerable households on a differential footing. NRLM promotes and supports Collectives towards Sustainable Livelihoods of the Poor (CSLP) around key livelihoods of the poor. These collectives offer their members access to livelihoods knowledge, skills, technology, market intelligence, risk management products and credit support through their SHGs and Federations to individual members/households.

NRLM, through MahilaKisanSashaktikaranPariyojana (**MKSP**), is promoting and facilitating scaling-up successful, small-scale projects that enhance women's participation and productivity in agriculture and allied activities.

MahilaKisanSashaktikaranPariyojana (**MKSP**), launched in 2010-11, is a special programme for livelihood enhancement under NRLM. It is a concerted effort to recognize the role of women in agriculture, to enhance their capacities and increase their income in agriculture and allied activities. MKSP aims to ensure household food and nutrition security of the poor and the poorest of poor.

Its primary focus is on promoting and facilitating the scale-up of successful small-scale projects with the help of NGOs, CBOs and other government agencies across the country.

Sustainable Agriculture

MKSP promotes sustainable agriculture where the inputs are localized, risks are mitigated, productivity is enhanced, food security is ensured and hence the net income of family is increased. The important objectives of MKSP-Agriculture are as follows:

- Create sustainable agricultural livelihood opportunities for women in agriculture
- Ensure food and nutrition security at the household and the community level
- Improve the skills and capabilities of women in agriculture to support farm-based activities
- Enhance the managerial capacities of women in agriculture for better management of bio-diversity

Employment

NRLM implements Aajeevika Skill Development Programme (ASDP). 25% of NRLM Funds are earmarked for this purpose. ASDP facilitates building the skills of the rural youth and placement in relatively high wage employment in the growing sectors of economy.



Self-Employment

One of the pillars of the Livelihoods promotion strategy of NRLM is nurturing self-employment and entrepreneurship. In this regard, NRLM is encouraging public sector banks to set up Rural Self Employment **Training Institutes (RSETIs)** in all districts of the country on the lines of Rural Development Self Employment Institute (RUDSETI) model. National Academy of RUDSETIs is supporting RSETIs in this effort.

Social Inclusion & development

In order to ensure that no poor family is left out, NRLM would use differential strategies for social inclusion of all identified rural poor households into functionally effective and self-managed institutions, with particular focus on more vulnerable sections like Scheduled Castes (SCs), Scheduled Tribes (STs), Primitive Tribal Groups (PTGs), single women and women headed households, Persons With Disabilities (PWDs), landless, migrant labour, isolated communities and communities living in remote, hilly and disturbed areas. **It** would identify the poorest and vulnerable through participatory identification of poor (PIP). The mobilization would begin with them first. The mobilization effort would progress with the satisfactory community readiness and milestones for various stages of mobilization and graduation as evolved and tested in a participatory manner. Existing institutions, their leaders, staff and community resource persons (CRPs) would support the processes of inclusion and mobilization.

Convergence & Partnerships

NRLM works in convergence with other programs of Central and State Governments. It has also entered into partnerships with NGOs and other CSOs for more effective reach-out. NRLM encourages linkages with PRIs or traditional local village institutions for creating local synergies. Government of India and State Governments are implementing a wide range of programmes to address different dimensions of poverty and deprivation. Major Government programmes impacting on the poor can broadly be classified as –

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

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

Panchayati Raj Institutions

NRLM will ensure that mutually beneficial working relationship and formal platforms for consultations, between Panchayats and institutions of the poor are put in place in a manner that PRIs are actively involved in various activities of NRLM but the autonomy of the institutions of poor is also preserved/ protected.

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

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

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

Sensitive support: NRLM’s long-term dedicated sensitive support would be with the poor and extend facilitation support in all their efforts to get out of poverty and achieve increased access to their rights, entitlements and public services, diversified

risk and better social indicators of empowerment. As the institutions of poor grow and mature, they become the internal sensitive support structures and institutions for the poor. This gives sustainability to the efforts under NRLM, unlike in the past where support was sporadic.

NRLM Progress at a Glance(as on Sep-2016)

Sl.No.	Indicators	Achievement
I.	Geographical coverage under NRLM	
1	Number of States/UTs transitioned to NRLM	30
2	Number of Districts with intensive blocks in NRLM States	451
3	Number of Blocks identified for intensive approach in NRLM States	3091
4	Number of Blocks where intensive implementation has commenced	3058
5	Number of Grampanchayat in which intensive implementation has started	65719
6	Number of villages in which intensive implementation has started	179454
II.	Progress in Intensive Blocks (includes NRLM- EAP/ State Projects)	
6	Number of households mobilized into SHGs (in Lakh)	304.3
7	Number of SHGs promoted (in Lakh)	26.2
8	Number of Village Organizations promoted	136433
9	Number of SHGs provided Revolving Fund	617119
10	Amount of Revolving Fund disbursed to SHGs (in Lakh)	83,709.9
11	Number of SHGs provided Community Investment Fund (CIF)	422264
12	Amount of Community Investment Fund disbursed to SHGs(in Rs. Lakh)	228,286.5
13	Number of Community Resource Persons developed	444569
14	Amount of credit mobilized through banks (in Rs. Lakh)	56,197.8
15	Number of youth provided self-employment training under RSETI (In Lakh)	13.34
16	Number of MahilaKisans supported under MKSP (in Lakh)	33.54
17	Number of Producer Group promoted	1485
18	Gross cropped area brought under sustainable agriculture under MKSP (in Lakh Acres)	38

Epilogue

Throughout the country, SHGs have created significant impact on the empowerment status of women, both at the individual as well as the community level. The innumerable success stories have concluded that if properly nurtured and developed, the SHGs of poor women could become effective vehicles of transformation. A large number of Central and State government programs, as well as programs funded by multilateral agencies have attempted to mainstream the SHG-centered approach in their poverty eradication programs. To encourage universal social mobilisation through self-help groups under the National Rural Livelihoods Mission (NRLM), attention is being paid to women's empowerment. "The NRLM strives to ensure universal financial inclusion by facilitating opening of savings accounts by all SHGs, while encouraging their thrift and credit activities and other financial services."

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