

## SHGPF feedback on proposed NRLM

Poverty removal is not a change of symptoms. It involves systemic overhaul of the society's power relations! The proposed NRLM (existing SGSY) is not only trying to deliver important services like finance, training, marketing, etc., but also building up community owned organizations to ensure these services on a sustainable basis. SHG, a vibrant CBO formed on neighborhood basis has shown "transformation potential" for themselves in particular and for the society as a whole. In the draft document, there is lot of interventions suggested for service delivery point of view, while the second aspect i.e. networking and institution building aspects has been cursorily touched upon. But it is very important because not only the success of the NRLM, but also the even mere initiation will be futile, if it is not properly addressed, as it has been happening now in most of the cases – a strong quality SHG is basis for change. If NRLM is to address poverty removal, it has to address this with full vigour i.e. networking and institution building.

In India, Government has been playing major role in Social Development activities. But at the same time, poverty eradication can not be made possible by Government only. It needs involvement of people, people's organizations, CSOs and of course of market and its players – a market accessible and favorable to the poor. If we want to change the poverty scenario, we have to change the paradigm as well.

The National Rural Livelihood Mission has exclusive focus on financial services and income generation activities without any consideration on other livelihood related factors like health, education, etc. The existing SGSY did have some thinking and space in this regard, though not much implemented in the ground level. Once again poverty eradication through economic model with shift towards delivery approach without any room for integrating with the non-financial empowering process may not lead to a success.

Keeping the above framework in mind, we are placing our feedback on the proposed restructuring for NRLM:

SI	Theme	SHGPF's feedback
1	Mission Mode approach	Competent professional with commitment and proven track record must be inducted and there should be openness for lateral entry at any level (as it is happening in the case of universal identification card in India). And these professional should be given adequate space to operate, of course within an agreed policy framework. Mere creation of State and District level project management unit may not serve the purpose.
2	Universalization of SHGs	There should not any discrimination between so-called official BPL and non-BPL people. All Groups must be

		<p>supported through NRLM. We suggest to follow the propositions made by Government of West Bengal on “Convergence between NABARD’s SHG-Bank linkage programme and SGSY” (referred by Rangarajan Committee on Financial inclusion – for detail please annex 01)</p> <ul style="list-style-type: none"> <li>▪ We therefore propose universalization of all poor households for financial inclusion on the basis of above propositions and</li> <li>▪ For income generation activities, NRLM must think appropriately and even separately but with synergy with financial inclusion interventions, as all poor shall not be interested in and capable of undertaking IGA for his/her own sustenance and growth, through self-employment mode.</li> </ul>
3	Creation of SHG federations at the level of village, cluster of villages, block, district, State and National level.	<p>a) First of All, Federations must not be thrust upon. It must be facilitated to emerge and to ensure that the formation of federated structures add value to the lower tiers, and can be run on sustainable basis (financially and organically).</p> <p>b) There can be Federations addressing various thematic areas severally or jointly – social, financial, livelihood (sub-sector wise), multiple purposes. These have to be backed up by huge mobilization on institution building and this must not be overlooked or by-passed against initiating income generation activities in hurry.</p> <p>c) Relationship between NRLM/SGSY promoted Federation and other Federations - there must be some process of convergence and engagement to avoid duplication, conflict and confusion.</p>
3	Social Mobilization	In Social mobilization, all must be invited to take part. Please see section SHPI in annex 01
4	On engaging Bank Mitra” credit Linkage	<p>a) NGOs can be engaged with clear TOR. NGOs are to be selected on the basis of fulfilling certain eligibility criteria and</p> <p>b) whenever necessary, capacity building inputs for the potential / engaged NGOs must be provided and enhanced</p> <p>c) The services of the Bank Mitras can be utilized for grading as well. Grading in proper manner and on a timely basis is a critical issue in bank-linkage.</p> <p>d) Bank Mitra can be also be engaged for continuous rating of the groups, say on 6 monthly interval if not on a quarterly basis.</p>
5	Capacity Building	The CB needs can be broadly classified into 4 categories

		<p>(focused but not on mutually exclusive manner):</p> <ol style="list-style-type: none"> <li>a) Group Management</li> <li>b) Financial Management</li> <li>c) Livelihood management</li> <li>d) Networking and Institution Building</li> </ol> <ul style="list-style-type: none"> <li>▪ First of all, we urge upon all to come out of event mode (training only) to process mode (with training, hand-holding, monitoring, user-friendly MIS, etc.). Only training without any other process related supports is a wastage of resources</li> <li>▪ We strongly recommend for proper need assessment on a regular basis on the above 4 themes of CB inputs, with what, where and how, etc., say on a yearly basis at the district level, if not at block level.</li> <li>▪ This CB needs must be serviced through adequate CB delivery mechanism with a proper review and mechanism in place for CB aspects exclusively.</li> <li>▪ CB inputs must be inclusive and open to all, must not be restricted to NRLM groups only.</li> <li>▪ RSETIs must be made fully ready with adequate faculty and infrastructure with flexible training modules, proper materials and even be ready with hand-holding supports as a post training follow up. NGOs with proven capacity can be invited to establish such RSETIs.</li> <li>▪ NRLM should consider to establish SHG facilitation centre at the block and district level (please see annex 02) with the support from competent NGOs or Federation or by themselves. This can be very useful for the areas where SHGs are growing and Federations have not yet jelled yet.</li> <li>▪ Based on the capacities, NGOs and others must be involved at all levels, and whenever necessary, capacity of capacity builders / trainers / facilitators must be enhanced</li> </ul>
6	Subsidy	<p>For poor, access and timeliness are more important than cost. But cost has to be reasonable and cheap as far as possible.</p> <p>On Interest subsidy – Interest subsidy should go to the group and who in turn decide its use ( such as creating SHG’s own corpus or direct onward transfer to the members, etc. )</p> <p>On Capital Subsidy – Can go through Federation, wherever possible</p>
7	IT application	First of all immediate application on data base of all SHGs

		(not only SGSY, all), MIS with status of rating, credit disbursement status from Bank, etc.
8	Role of NABARD	Role of NABARD in NRLM is not mentioned. NABARD being the pioneer and lead player in SHG movement, its promotional and sectoral development role must be utilized to its fullest possibility. NABARD's programmes in SHG, MF and Livelihood interventions must complement NRLM.
9	Coordination with all other departments related with SHGa, Specially for West Bengal: Role of SHG department	SHG & Self Employment Department of Government of West Bengal must be engaged in NRLM in West Bengal. This department and other departments should also be part of NRLM venture in West Bengal with letter and spirit
10	Availability of Human Resources	SHG has become a big agenda in rural and even urban life and livelihood. At the same time, there is dearth of competent professional especially at the District and Sub-district level to meet this HR need of NRLM type big programme. In order to catering to this HR gap, <ul style="list-style-type: none"> <li>▪ All types HR institutes like colleges must be invited to develop sector ready people.</li> <li>▪ SHG related contents must be part of school curricula.</li> </ul>

**Annex 01 (an extract of the suggestions made by Government of West Bengal on “Convergence between NABARD’s SHG-Bank linkage programme and SGSY”**

**I. Who can be members of SHGs?**

Rural poor families having similar

- a) poverty levels,
- b) Living conditions,
- c) source of livelihood,
- d) same community,
- e) same neighbourhood,
- f) high level of mutual trust
- g) willingness to come together to help each other
- h) Can become members of a SHG.

**II. A family will be termed poor if it satisfy at least 05 or 06 of the followings traits:-**

- a) The family does not have agricultural land / homestead land.
- b) The main earner is an agricultural labourer / manual worker / rural artisan.
- c) The family has no house / possesses one room kutchra house / stays in someone else’s house.

- d) There is a permanently ill / disabled member in the family.
- e) The children in the family do not go to the school and/or there are illiterate elders, in the family
- f) The family regularly ( in certain part of the year ) borrows from the money lender.
- h) They eat less than two meals a day at least in some months of the year.
- i) They belong to Scheduled Castes / Scheduled Tribes.
- j) It is a woman headed family.
- k) There is a child labour / seasonal migrant labour in the family.
- l) The family generally has food grain stock for not more than one month's consumption.

**III. Identification of a poor should be through self-declaration by the SHGs / by neighbourhood SHG / concerned SHPI.**

**IV. SHPIs**

- a) The SHGs may be promoted by NGOs / Banks / Government Departments / Farmers' Clubs / PRIs / other volunteers.
- b) Amount of grant assistance to the SHPIs and the release mechanism need to be rationalised.
- c) Grant assistance for promotion of SHGs may be given to NGOs, RRBs, Farmers' Clubs, PRIs
- d) Past experience in promotion of SHGs and the quality of those SHGs should be one of the main criteria for sanction of grant assistance to eligible SHPIs.
- e) Suitable Rating Norms for assessing the NGOs / SHPIs may be devised

**Annex 02 Objective of the SHG facilitation Centre**

- i. 1<sup>st</sup> level: To provide a one window information services to the facilitators as well as SHG member themselves on all kind of information of the skill and service providers in capacity building, finance, value addition, back ward and forward linkages, different government and private departments, etc.
- ii. 2<sup>nd</sup> level: To facilitate intermediation between the service providers and the actual users, and finally
- iii. 3<sup>rd</sup> level: To facilitate and hand holding support to the business units run by the SHGs at a reasonable fee