

NATIONAL RURAL LIVELIHOODS MISSION

Framework for Implementation

**MINISTRY OF RURAL DEVELOPMENT
GOVERNMENT OF INDIA**

Contents

Preface

1. National Rural Livelihoods Mission- An Overview
2. Social Mobilization and Institution Building
3. Financial Inclusion Strategies and Role of Revolving Fund, Capital Subsidy and Bank Linkages
4. Livelihoods, Infrastructure and Marketing Support and Rural Self Employment Training Institutes
5. Skill Development & Placement Projects and Innovative Projects
6. Convergence and Partnerships with line Ministries, Civil Society Organizations, Industry Associations and Academic Institutions
7. Role of Panchayati Raj Institutions in NRLM
8. Support Structure and Implementation Arrangement
9. Monitoring, Evaluation & Learning
10. Funds Flows – Financial Management
11. Technical Support
12. Transition from SGSY to NRLM
13. Implementation of National Rural Livelihoods Mission

Annexures

Preface

Our country is one of the fastest growing economies with annual growth rate of Gross Domestic Product (GDP) of over 9 percent in the recent past. In spite of this rapid growth rate 41.8% of the rural population continue to live below the poverty line (poverty estimates of the Tendulkar Committee for 2004-05). The key challenge, therefore, is to ensure that the economic growth is inclusive and it leads to significant reduction of rural poverty. Despite significant efforts of Government rural poverty continues to be a major challenge.

Programmes directly targeting poor families and supporting their livelihoods promotion hold a major promise to trigger pro-poor growth. However, the past record of implementation of these programmes has not been very successful and the pro-poor growth that they were supposed to generate has actually not taken place.

There was a significant shift in focus when in 1999 the Integrated Rural Development Programme (IRDP) was transformed to Swarnajayanti Gram Swarajgar Yojana (SGSY). The strategy of self employment through organizing poor into Self Help Groups (SHGs) became the cornerstone of the new strategy. An overview of the implementation of SGSY over the last ten years throws up a mixed picture. There is a widespread acceptance in the country of the need for poor into S.H.Gs as a pre-requisite for poverty reduction. In the last 10 years about 250 lakh rural BPL households have been organized and brought under the SHG network. However, it has also brought into focus shortcomings like vast regional variations in mobilisation of rural poor, insufficient capacity building of beneficiaries, insufficient investments for building community institutions, weak linkages with the banks leading to low credit mobilization, lack of repeat financing and lack of dedicated manpower to implement the programme. The focus on single livelihoods activity has not met the multiple livelihoods requirements of the poor. Furthermore, several states have not been able to fully utilize the funds received under SGSY, indicating a lack of appropriate delivery systems and lack of building necessary absorption capacity among the rural poor. Absence of aggregate institutions in the form of SHG federations precluded the poor from accessing higher order support services for productivity enhancement, marketing linkage, risk management, etc.

Several evaluation studies, particularly 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 have also shown that the scheme has been 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. In other places the impact has not been significant.

The magnitude of the task on hand can be assessed by the fact that 450 lakh households still need to be organized into SHGs and the existing SHGs covering 250 lakhs also need further strengthening and greater financial support. This is clearly an enormous task considering the limitations of the existing strategy and the delivery systems.

It was in this background that the Ministry of Rural Development (MoRD), Government of India (GoI) set up a committee under the Chairmanship of *Prof. R. Radhakrishna* (Committee on Credit Related Issues under SGSY). The committee gave its recommendations in the year 2009. The Ministry held widespread consultations on the

recommendations and accepted the major recommendation of the Radhakrishna Committee. The Ministry secured the approval of the Planning Commission and the Finance Ministry for restructuring the SGSY as National Rural Livelihoods Mission (NRLM). The Ministry' proposal was approved by the Cabinet Committee on Economic Affairs (CCEA) on 24.6.10.

The basic purpose of National Rural Livelihoods Mission is to put in place a dedicated and sensitive support structure from the national level to the sub-district level which will focus on the poor, build and sustain their organizations at different levels. This will provide the poor a platform for collective action based on self help and mutual cooperation and they become a strong demand system, build linkages with mainstream institutions, including banks, and Government departments to address the various dimensions of poverty. The process of development is thus led by the poor and the interventions are locally relevant and suit the specific needs and contexts of poverty in which they live. These institutions would focus on ensuring timely and sustainable access to savings and credit services to meet their priority needs, both for social needs and livelihoods purposes and graduate them out of poverty.

After the approval of the CCEA, the Ministry undertook extensive consultations with the State Governments, Civil Society Organisations, Bankers and academicians. The guidelines have been prepared on the basis of these consultations. The Ministry will learn from the experiences in the field and modify the guidelines from time to time after wide ranging consultations with all the key stakeholders.

The Guidelines should be seen under two categories – the 'hard' category and the 'soft' category. The 'hard' category includes the funding norms and ceilings for funding of different components, as approved by the Cabinet Committee. This category also includes the inter se allocation among the states, which is guided by the Planning Commission's norms. The 'soft' category includes all the other processes described in these guidelines. The processes under this category are based on the learnings from large scale best practices in the country. This category of guidelines is not binding. These are for the guidance of the States/UTs to enable them to prepare their own action plans and for formulating their own guidelines in the matter. The operational guidelines of each state should evolve based on these guidelines, and based on their programme strengths and weaknesses.

It is our earnest endeavour to see that the institutions of the poor are continuously nurtured, strengthened and empowered and they eventually drive all the initiatives to enable their members to come out of poverty and enjoy a decent quality of life. The external sensitive support structure envisioned under the NRLM should gradually shed its functions and responsibilities to the institutions of the poor and truly evolve into a sensitive facilitating structure. The success of NRLM will lie in achieving this objective.

Chapter I

National Rural Livelihoods Mission- An Overview

The core belief of NRLM is that the **poor have innate capabilities and a strong desire to come out of poverty**. This intrinsic capability of the poor is unleashed only when they are organized into institutions which are truly owned by them, provided sufficient capacity building and handholding support. A sensitive support structure from national level to sub-district level is required to induce such a social mobilization process. A strong institutional architecture owned by the poor, enables them to: access institutional credit for various purposes, pursue livelihoods based on their resources, skills and preferences, access other services and entitlements, both from the public and private sector. On the basis of large scale experience it has been observed that even the poorest of the poor family can come out of abject poverty in a period of six to eight years. NRLM also believes that the programme can be up scaled in a time bound manner only if it is driven by the institutions **of the poor**.

Mission Statement, Values and Strategy

NRLM Mission: “To reduce poverty through building strong grassroots institutions of the poor. These institutions enable the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable increase in their incomes, on a sustainable basis”.

Guiding Principles of NRLM

- Poor have a strong desire to come out of poverty, and, have innate capabilities
- Social mobilization and building strong institutions of the poor is critical for unleashing their capabilities
- An external dedicated and sensitive support structure is required to induce social mobilization

Values: The core values which will guide all the activities under NRLM are as follows:

- Inclusion of the Poorest
- Transparency
- Accountability
- Equity – to the disadvantaged, esp. women and vulnerable groups
- Partnerships; and
- Ownership and key role of the poor in all stages – planning, implementation, and, monitoring

Mission Mode approach:

The implementation of NRLM in a Mission mode is essential as it will enable (a) focus on targets, outcomes and time bound delivery (b) shift from the present allocation based

strategy to a **demand driven strategy** enabling the states to formulate their own poverty reduction action plans, and (c) monitoring against targets of poverty outcomes.

Key Features of NRLM

1. Sensitive Support Structure of National Rural Livelihood Mission:

The major drawback in SGSY was lack of dedicated manpower for the process intensive work envisaged under the programme. All evaluation studies have pointed out this as critical shortcoming. Hence, the major innovation under NRLM is the setting up of sensitive and dedicated support structures at the National, State, district and sub-district levels. The district level units for managing the activities of NRLM will have suitable linkages with District Rural Development Agencies (DRDAs). They will have appropriate linkages with the PRIs. No additional post would be created for the Mission; all professional support in the required fields will be on deputation or on contract or through outsourcing of services.

2. Universal Social Mobilization: This will ensure that at least one member from each rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. Concerted efforts will be made to strengthen and consolidate all existing SHGs of poor households formed by various organizations. Large scale successful poverty eradication programmes in the country have demonstrated that the best way to reach out to the entire family is through women. Hence, NRLM will focus on women for the primary institutions. Banks in the country have had a positive experience in lending to women's self help groups. Since banks will have a key role under N.R.L.M, the strategy of women S.H.Gs is aligned with the Banks' positive experience with women's groups. Subsequently, both women and men will be organized for addressing livelihoods issues i.e. farmers organizations, milk producers' cooperatives, weavers associations, etc.

Participatory social assessments and well being analysis would be conducted to identify and rank all households according to vulnerability. This will enable special focus, right from the beginning, on poorest of poor among the BPL households. The most vulnerable households like the Particularly Vulnerable Tribal Groups (PVTGs), single women, women headed households, persons with disability, landless, migrant labour, etc would receive a special focus. NRLM will ensure adequate coverage of vulnerable sections of the society such that 50% of the beneficiaries are SC/STs, 50% are women, 15% are minorities and 3% are persons with disability.

3. Promotion of Institutions of the Poor: Strong institutions of the poor such as SHGs and their village level and higher levels federations are necessary to provide space, voice and resources for the poor and for reducing their dependence on external agencies. NRLM will therefore focus on setting up of these institutions at various levels. These institutions will partner with Government, Public and Private sectors for last mile delivery of social and economic services for the poor. NRLM will in addition promote specialized institutions like Livelihoods collectives, producers cooperatives/companies for deriving economies of scale,

backward and forward linkages, and access to information, credit, technology, markets etc. The Livelihoods collectives will enable the poor to optimize their limited resources.

4. Demand Driven: NRLM will adopt a demand driven strategy. States will have the flexibility to develop their action plans for poverty reduction which will include a 7 year Perspective Plan and a detailed Annual Action Plan. The overall plan will be within the allocation for the state based on inter-se poverty ratios.

Demand driven also implies that it will be a process driven from below by the grassroots institutions of poor. Planning will be highly decentralised and as the institutions of the poor mature, they will drive the agenda.

5. Training and Capacity building: Training and capacity building of the poor ensures that they are provided with the requisite skills for managing their institutions, managing their livelihoods, for enhancing their credit absorption capacity and credit worthiness. A multi-pronged approach for training and continuous capacity building of the targeted families, S.H.Gs, their federations, government functionaries, bankers and other key stakeholders is envisaged. Particular focus will be given to develop and engage community professionals, community resource persons for capacity building of SHGs and their federations and other collectives. NRLM will mark extensive use of ICT to make knowledge dissemination and capacity building more effective.

6. Revolving Fund and Capital Subsidy

Subsidy will be available in the form of revolving fund and capital subsidy. The Revolving Fund is provided to the SHGs as an incentive to inculcate the habit of thrift and credit and also to meet their immediate consumption needs. Under NRLM the major paradigm shift is that subsidy will be a 'resource in perpetuity' and will be used as catalytic capital for leveraging bank finance rather than a onetime injection to bridge the viability gap in the microenterprises taken up by the beneficiaries. The capital subsidy is thus meant for building their credit worthiness and this enables a long term relationship with banks for repeat finance.

7. Universal Financial Inclusion: NRLM will work on achieving universal financial inclusion, which will go beyond providing basic banking services to all the poor households /SHGs/federations. NRLM will work on both demand and supply side of Financial Inclusion. On the demand side it will promote financial literacy among the poor and provide catalytic capital to the SHGs and their federations. On the supply side, NRLM will coordinate with the financial sector and encourage use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like 'Bank Mitras'. The N.R.L.M will also take initiative to ensure universal coverage of rural poor against loss of life, health and assets through convergence with existing insurance products. Finally N.R.L.M will also work on remittances, especially in areas where migration is endemic.

8. Provision of Interest Subsidy – The rural poor need credit at low rate of interest and in multiple doses to make their ventures economically viable. In order to ensure affordable

credit, it is proposed to provide subsidy on interest rate above 7% per annum for all SHG loans availed from mainstream financial institutions, based on prompt loan repayment. This subsidy is available till a member accesses institutional credit, through repeat loaning, up to Rs 1.00 lakh per capita.

9. Infrastructure creation and Marketing support

NRLM will seek to ensure that the infrastructure needs for key livelihoods activities of the poor are met with. Particular attention needs to be given to activities for providing marketing support to SHGs which will include support for market research, market intelligence, technology, extension and developing backward and forward linkages. This will include support to build livelihoods collectives.

10. Convergence

Due emphasis will also be given on convergence with programmes of Ministry of Rural Development and other Central Ministries and state government programmes for developing synergies.

11. Skills and Placement Projects

NRLM sees Skill and Placement projects as one of the best investment in youth, and provide impetus to livelihoods opportunities in emerging markets. 15% of the allocation under NRLM will be earmarked for this purpose.

12. Partnership with CSOs

NRLM will develop a framework for partnership with CSOs at both strategic and implementation levels. The partnership will be guided by the core beliefs and values of NRLM, and mutual agreement on processes and outcomes.

13. Linkages with PRIs

In view of the importance of PRIs, it is necessary to consciously structure and facilitate a mutually beneficial working relationship between Panchayats and institutions of the poor particularly at the level of Village Panchayats. Care should be taken that while doing so the autonomy of the institutions of poor is not to be compromised; at the same time lead role of the PRIs in initiating local level development is not challenged. Formal platforms can be conceived for regular consultations between institutions of poor and PRIs for exchange of mutual advice, support and sharing of resources available with the Panchayats.

14. Innovations

NRLM believes that successful innovations can reduce the learning curve for poverty eradication by showing a better pathway or a different pathway out of poverty. 5 percent of the allocation will be earmarked for innovations. Those innovations which have the potential for reaching out to the poorest, for reaching out to the largest number of poor and hence maximum impact with limited resources will be preferred.

15. Technical Support by Ministry of Rural Development (MoRD)

The Ministry will provide technical assistance for creating and strengthening institutional capacities of the States and UTs for effective implementation of NRLM. It will also facilitate partnerships between institutions of the poor and banking sectors, public and private sectors, for last mile service delivery to reach the poorest. NRLM will develop a national pool of experts, practitioners and advisers in all the relevant disciplines including social mobilization, institution building, microfinance, livelihoods, placement linked skill training, etc. to provide handholding support to SRLMs for developing and executing state poverty reduction strategies. The technical assistance will also be available to all other partners for creating and strengthening institutional capacities to support and accomplish the goals of the mission.

16. Monitoring and Learning

NRLM will be monitored by the Ministry through web-enabled comprehensive MIS, regular meetings of the Performance Review Committee, visit by Area Officers and the mechanism of DLMs (District Level Monitors), NLMs (National Level Monitors). These will be supported by process monitoring studies, thematic studies and impact evaluations. NRLM will also promote social accountability practices to bring in more transparency. This is in addition to the mechanism that will be evolved by the State Governments.

17. Funding Pattern under NRLM

NRLM is a Centrally Sponsored Scheme and the financing of the programme will be shared between the Centre and the States in the ratio of 75:25 (90:10 in case of North Eastern States including Sikkim). The Central allocation earmarked for the States will be distributed in relation to the incidence of poverty in the States. However, additional parameters like absorption capacity (based on past trend in utilization of SGSY/NRLM funds) and special requirements, performance incentives etc. will also be taken into consideration during the course of the year.

18. Package of Economic Assistance/Financial Norms as approved by the Cabinet Committee

S. No.	Activity	Financial Norms
1.	Formation of SHGs	Rs. 10,000 per SHG
2.	Revolving fund	Equivalent to corpus of SHG with a minimum of Rs. 10,000 to a maximum of Rs. 15,000 per SHG
3.	Capital Subsidy	Maximum amount of Rs. 2.50 lakh per SHG calculated @ Rs 15,000 per general category and Rs 20,000 per SC/ST category beneficiary
4.	Capacity building and skills training	Rs. 7,500 per beneficiary
5.	Interest subsidy	Subsidy on interest rate above 7 percent per annum for all SHG loans availed from banks, based on prompt repayment, up to Rs 1.00 lakh per capita.

6.	One time grant for corpus fund for sustainability and effectiveness of federations	<ul style="list-style-type: none"> • Rs 10,000 for Village/Panchayat level federation • Rs 20,000 for Block level federation • Rs 100,000 for District level federation
7.	Administrative expenses	5 percent of the allocation, net of the component relating to skill development & placement and net of the component of RSETIs
8.	Infrastructure and Marketing	Up to 20 percent (25 percent in case of north eastern states and Sikkim) of the allocation
9.	Skills and Placement Projects and Innovations	20 percent of the allocation out of which expenditure on innovative projects should not exceed 5 percent and the remaining will be for placement linked skill development projects. 7.5 percent of the allocation will be retained at the centre for multi-state skill development projects and 7.5 percent will be allocated to states to implement state specific skill development and placement projects.

19. Phasing - Covering blocks and districts in phased manner

Since NRLM will be effective only when it is driven by the poor themselves, the development of social capital of the poor to undertake this process is critical. Social capital of the poor consists of leaders of SHGs/federations, community para-professionals and more importantly community resource persons (poor women whose lives have been transformed through the support of their institutions). This will take some time in the initial years, but will rapidly multiply after some time. If the social capital of the poor does not play the lead role in NRLM, then the desired results will not occur as it will then be a 'bureaucratically' driven programme and not a people's programme). It is important to ensure that the quality and effectiveness of the interventions is not diluted. It is therefore proposed to adopt phased approach for implementing NRLM.

The blocks that are taken up for implementation of NRLM will be called 'intensive blocks' and will cover whole range of activities envisaged below.

- i. Full complement of trained professional staff at district, block and sub-block levels
- ii. Saturated mobilization of all poor households in every village of the intensive block¹
- iii. Promotion of institutions of the poor – SHGs and their primary federations
- iv. Creating and strengthening large base of social capital or community professionals to emerge as reliable service providers
- v. Revolving fund to the SHGs

¹ Saturation approach will entail NRLM to coverage of all poor and vulnerable households in all villages in the identified blocks.

- vi. Capital Subsidy to primary federations for supporting any or all of the following purposes:
 - a. Safety nets and small grants to poorest like destitute, old and infirm
 - b. On lending to SHGs against their Micro Investment Plans
 - c. Health Risk Fund to complement health savings
 - d. Food and nutrition security
- vii. Bank finance to SHGs and primary federations for financing Micro Investment Plans
- viii. Focus on select pro-poor livelihoods activities like agriculture, livestock, non-farm and skills
 - a. Promotion of specialized livelihood institutions and producer collectives
 - b. Productivity enhancement initiatives and community extension models
 - c. Small scale productive infrastructure and local value addition
 - d. Collective input purchase and collective marketing
- ix. Public-Private-Community-Partnerships for last mile service delivery of entitlements, public services and livelihoods support services

In the remaining blocks or non-intensive blocks the focus of NRLM will be on improving quality of the existing mobilization and strengthening linkages with mainstream institutions.

- i. Lean staff structure at block levels supported by social capital and community professionals
- ii. Strengthening of existing groups and formation of new groups
- iii. Revolving fund to the SHGs
- iv. Capital Subsidy to SHGs with link to bank finance (minimum subsidy loan ratio of 1:2)
- v. Linkage with existing local level livelihood initiatives like watersheds, dairy, etc.

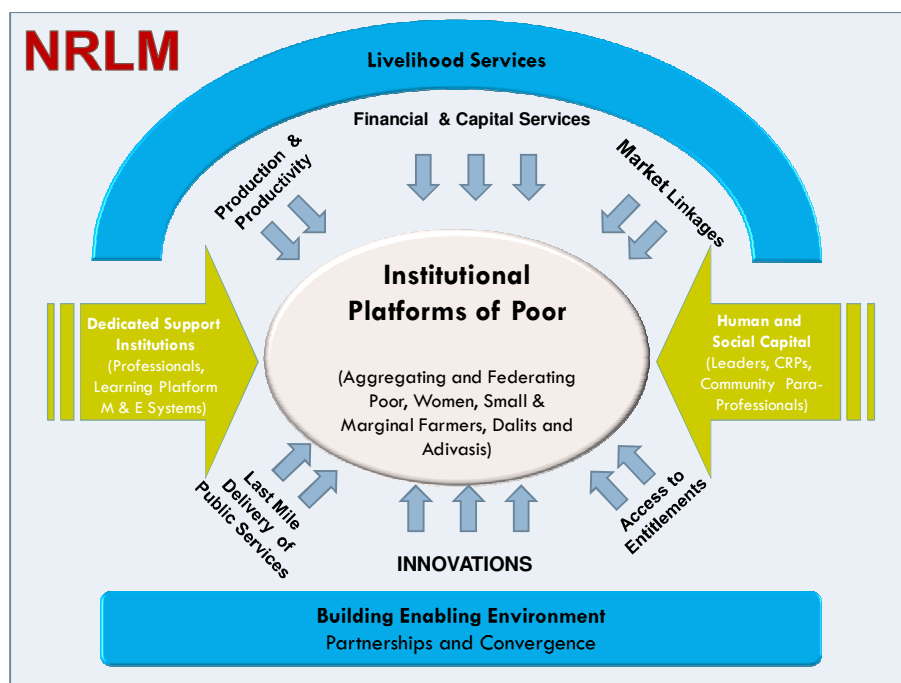
It is essential for the states to factor these approaches while preparing their perspective plan and action plan. The intensive blocks in the initial years of the programme will provide the social capital for subsequent phases. Once the social capital in the later blocks develops, they take over the responsibility of driving the programme.

Chapter II

Social Mobilization and Institution Building

One of the most important challenges to reaching the rural poor is that they are not organized and therefore they must deal with all institutions, both state and private, as scattered and fragmented producers of goods and services, fragmented consumers of goods and services, and passive recipients of their entitlements and public services. Successful poverty reduction experiences in India and elsewhere have shown mobilization of poor to form their 'own institutions' is the most important investment for large scale poverty reduction. NRLM envisages universal mobilization of poor households into affinity based thrift and credit Groups of women. These affinity groups serve as a strong support system and have been found to be critical for addressing risks and vulnerabilities of poor.

Organising all poor households will allow formation of aggregate institutions of the poor that provide them with voice, space and resources. **Creating such an institutional platform for social and economic empowerment is a critical prerequisite.** These platforms 'of the poor' and 'for the poor' can partner with local self governments, public service providers, banks, private sector and other mainstream institutions to deliver social and economic services to the poor in the last mile. These crucial investments in the institutions of the poor will optimize the impact of all anti-poverty programmes.



Participatory vulnerability assessment: N.R.L.M will facilitate participatory identification of the vulnerable households in all programme villages engaging poor households, existing SHGs of the poor, civil society organizations and Panchayat Raj Institutions. This will be overseen by the Gram panchayat. Unlike in the conventional poverty assessments that rely

upon 'income' and 'expenditures', this method will largely rely upon the 'vulnerability analysis' to identify key risks and vulnerabilities of each household to arrive at poverty grouping/ranking. Some of the vulnerability indicators identified in several communities include: food and nutrition insecurity; social category, chronic illness, old, infirm or disabled in the family; literacy status, housing conditions; number of bread earners; landlessness, high cost indebtedness, etc. In line with the recommendations of N C Saxena Committee, the rural communities can be facilitated to develop set of indicators that invite "automatic inclusion" and for some categories of extremely poor households and exclude the non poor. This is part of the entry point activities in a village and **the vulnerability assessment so prepared has a limited purpose**. It is not a substitute for the BPL list. It is meant for use by S.H.Gs and their federations for the purpose of helping each family to prepare their own vulnerability and poverty reduction plans, which will then be appraised by the S.H.Gs (and their federations, when they come up). It is also meant to ensure that the poorest among the poor households are clearly identified. This process can be initiated in the villages in the intensive blocks.

Universal Social Mobilization: NRLM will adopt saturation approach to include all needy and identified vulnerable and poor households into Self Help Group network. It will use clear targeting principles and support differential strategies for social mobilization of all poor households into functionally effective, self managed institutions with particular focus on vulnerable sections like scheduled castes, scheduled tribes, particularly vulnerable tribal groups, single women and women headed households, disabled, landless, migrant labour, isolated communities and living in disturbed areas. Facilitating peer support and social mobilization campaigns by community resource persons (CRPs)² have proved to be successful to achieve high levels of social inclusion across the states. They will play a major role in achieving social mobilization.

Social Inclusion

In order to ensure that no poor family is left out, **social inclusion** will be an integral part of N.R.L.M. It will comprise three steps. First step is to facilitate social assessments through participatory processes to identify the vulnerable households, from the point of view of the village community. This will be done with the active participation of the poor and overseen by the Gram panchayat. Second is to identify those vulnerable poor who are not part of any Self Help Group. The final step is to ensure that all the vulnerable poor are organized and they participate in all key processes and access full range of benefits and services offered by SHGs and their Federations. Social inclusion at all stages of the programme is an important measure that should be systematically monitored and should feed into the strategy formulation and policy making processes.

Promoting institutional platforms of poor: A Self Help Group is the primary building block of the NRLM institutional design. Some of the key elements of a successful Self Help Group strategy are – (i) self-determined/voluntary group membership; (ii) promoting homogeneity

² Community Resource Persons are best practitioners and role models, who are the members of Self Help Groups and have successfully, come out of poverty through this paradigmatic approach.

in group membership³ (usually comes by default through self-selecting process); (iii) exclusive membership to women will be encouraged⁴; (iv) group determined savings and intra-lending norms; (v) initial intra-lending from own savings is used for smoothing consumption⁵ (vi) developing social capital for providing support services (like training, book keeping, etc.); and (vii) emphasis on creating federated higher order structures⁶. Systematic handholding support and guidance will be provided to SHGs both through the external support structure and their own federated structures. This will strengthen the social and economic development processes and promote self help and cooperation through sharing and learning.

Inclusion of Pre-existing SHGs and Federations: NRLM would partner with Civil Society Organizations (CSOs) and other line departments to achieve saturation in coverage. The partnerships will be guided by the core values and principles of NRLM. A large number of SHGs are in existence but their quality is highly variable. Similarly the quality of the promoting institutions is variable. NRLM will evolve processes for grading the quality of the groups and federations. N.R.L.M will also develop a framework for assessing the promoting institutions. The support provided by NRLM will be based on this objective and transparent diagnosis.

Existing SHGs and federations of SHGs, whose membership is mostly from BPL households, and which are functioning well will be supported under NRLM to achieve their full potential. A mutually agreeable strategy will be evolved so that investment of time and resources by dedicated CSOs and line departments are not frittered away and NRLM processes get a head start in these areas.

Building federations at different levels for sustaining collective action: NRLM will focus on building and sustaining institutions of the poor at various levels for collective action. Following the principles of subsidiarity, the federation at each level will have its own purpose, functionality and identity. Each of these institutions is independent yet organically interdependent.

The primary federations of SHGs would come up at the village or Panchayat level depending on the size of the village. The federations will take up the responsibility of (i) bringing all left-out poor into SHG fold; (ii) providing support services like trainings, book keeping, monitoring, etc. to SHGs; (iii) providing them higher order financial and livelihood services; (iv) providing access to public services and entitlements. They will have a harmonious relationship with the Gram Panchayat. The terms of this relationship will be developed in advance by the SRLM. SRLM will undertake intensive capacity building of Gram

³ Non-homogenous groups (e.g. where better off families are combined with very poor ones) tend to be prone to elite capture.

⁴ International experience from almost every region of the world suggests that thrift groups are better managed when they are composed entirely of women. They also lead to much better social and human development outcomes in the long run due to the empowerment effect the groups have on women.

⁵ So as to promote good use of finance (for productive purposes) on the one hand as well as to reduce vulnerability to household and community level shocks/risks (like food, health, floods, natural disasters, etc.) that could wipe out accumulated asset bases of the poor and in the process threaten the viability of the group.

⁶ Without which the true power of aggregation cannot be exploited and higher order needs cannot be addressed.

panchayats and the S.H.G federations regarding their inter-relationship. Capacities of the primary S.H.G federations would be built in accounts and record keeping, good governance practices, micro planning, business linkages, besides creating access to financial services. Skills and tools would be provided to communities to manage these institutions ensuring that they are inclusive, participatory and accountable in nature.

States and UTs will have flexibility to determine the levels of federations village, Gram panchayat and block level, and, their location guided by the logic of federating and best practices and experiences in the country. The primary federations should enable close bonding of the SHGs and the ideal size should range from 10-20 SHGs. This can be relaxed for tribal areas or thinly populated areas. One of the key factors to be kept in mind is the ease with which general body meetings of the primary federations can be carried out. The evolution of federations should be supported and facilitated carefully by the dedicated support structures established at various levels. Since building federations is process intensive and requires very active involvement of the members of the constituent units it requires be handled with due sensitivity. It should not be done mechanically or scaled up inorganically. The formation of the federations is not enough. It is very important that a cadre of community professionals is developed to support these federations continuously in the management and governance functions. Systems of good governance, mechanisms for periodic review, planning and monitoring, book-keeping and audit should be put in place to sustain the federations. They will also help address demand side governance issues by engaging primary stakeholders through social audits and grass roots public expenditure tracking surveys.

Specialised institutions like Livelihoods Collectives – Co-operatives and Producer Companies: NRLM will encourage promotion of specialised institutions for deriving economies of scales, backward and forward linkages, and access to information, credit, technology, markets etc. These community enterprises will engage in co-production and delivery of livelihood services to the last mile. For instance in the farm sector this could include farm extension, technology transfer, input supply, village level quality control and value addition, market information, logistics services, and marketing support through commodity procurement centers. Similarly for livestock this could include feed supply, animal health and breed improvement services, milk collection centers etc.

Creating Social Capital: The mission will invest in creating a large pool of '*social capital*' i.e. federation members and office bearers, community resource persons, community para-professionals (book keepers, accountants, community animators, village botanists etc), customer relationship managers in banks (bank mitras), etc. to support poor communities. This pool of community human resources is critical for the sustainability of all the processes in N.R.L.M. They will work on the supply side processes to ensure 'improved availability' of services i.e community agriculture extension workers, para-vets, village health activists, etc. Similarly, working on the demand side, they will ensure 'increased access' of services by the poor through demand side aggregation (for e.g. resource persons supporting commodity

procurement centers and milk collection centers, quality controllers, case managers at PHC, 'bank mitras').

Facilitating processes and mechanisms that build self managed and self reliant institution of the poor: Primacy will be given to build the ownership and control of the members in these institutions by focusing on capacity building of members and office bearers, creating social capital in the form of best practitioners, community resource persons and community staff at each level through training, hand holding and systematic guidance to build the required competencies. Dedicated project staff would facilitate the process and build the capacity of community institutions and support structures such that over a period of time they become truly independent and sustain on their own, as self managed institutions of the poor. Under NRLM there will be two support structures for the poor. The first one, is the **external** dedicated support structure in the form of national mission management unit, state mission management unit, district mission management units and civil society organizations This structure will be put in place right in the beginning and its key role is to induce the social mobilization process. Once the institutions of the poor emerge and their capacities are built systematically they become the **internal** support organizations of the poor. They however emerge over a period of time and require systematic capacity building and nurturing.

NRLM's key role is to empower the **internal** community owned support structure to ensure more and more responsibilities in all the processes and at all stages. This is the key to sustainability. As their role increases, naturally the role of the external support structure will shrink. This process of strengthening the internal support structure and rationalization of the external support structure will be facilitated by NRLM units at various levels.

Capacity building of community and project staff: This would involve continuous capacity building of institutions of poor, their leaders, their community service providers and resource persons. The project staff needs very intensive training to internalize the core values and principles of NRLM. In addition they have to be trained in social mobilization, institution building, financial inclusion, etc. NRLM would also sensitize and orient all other stakeholders to be inclusive of the need of the poor and to have a pro-poor perspective. There is a need for capacity building of PRIs so that they can have a very positive impact on the N.R.L.M outcomes. The efforts would include structured training programmes and events through establishing capacity building units and involving resource agencies at various levels with a clear needs assessment. Initiating pilots and model demonstration sites to facilitate learning by doing and handholding support to community. Exposure Visits and experience sharing would be facilitated through best practitioner community members and leaders as resource persons.

(**Annex-I** Formation of SHGs and Federations)

Chapter III

Financial Inclusion Strategies and Role of Revolving Fund, Capital Subsidy and Bank Linkages

Access to finance at affordable price, desired amount and convenient repayment terms is critical for poverty reduction. Repeated doses of credit are essential to help poor to smoothen consumption and support investments in assets (acquisition, renewal and expansion). The poorest and vulnerable in several parts of the country still depend upon wages in kind. In times of food, health and other shocks, they borrow food or money from informal sources at usurious interest rates which is repayable in kind, labour and produce. The poor therefore need to come out of this debt trap as the first step out of poverty. The Reserve Bank of India defines financial inclusion as providing access to appropriate financial products and services to the most vulnerable group of the society in a fair, transparent and cost-effective manner by the mainstream financial institutions. *Making poor the preferred clients of the banking system is core to the NRLM financial inclusion strategy.* Mobilization of bank credit is crucial for accomplishing investment goals under NRLM.

Basic banking services

The role of banks commences right from inception of the program. The banks shall open savings accounts for all program beneficiaries, Self Help Groups and their federations (unregistered/registered) and facilitate full range of banking services including savings, credit and remittances. State Level Bankers' Committee in each State will facilitate consensus on the KYC procedures to be adopted by the banks for smooth opening of bank accounts. NRLM will develop strategic partnerships with major banks.

Financial assistance to Self Help Groups

Primary source of financial assistance on a continuous basis for the institutions of poor, like Self Help Groups and their federations, is the SHG-Bank Linkage Program. This unique banking innovation, pioneered by NABARD in partnership with N.G.Os, has led to remarkable results. This will be the cornerstone of N.R.L.M.

Micro Investment Plan: Every Self Help Group that is practicing '*Panchasutra*' principles (PPs)⁷ will be facilitated to formulate Micro Investment Plans, which will become the basis for financial assistance from NRLM or the financial institutions. Micro Investment Plan is a simple list of investments that members would like to make with the financial support of their Self Help Group. Micro investment planning is an iterative process entailing the following steps:

- Developing household investment plans to address their most important vulnerabilities, in discussion with all family members

⁷ There are five good group management practices called the '*Panchasutra*' principles. They are regular meetings, regular savings, regular inter-loaning, timely repayment of loans and up-to-date books of accounts.

- Appraisal of socio-economic status of members through participatory wealth ranking among the group members
- Appraisal of household investment plans by the SHGs
- Consolidation and prioritization of loan requests by the group. Priority on the basis of the urgency of the need and the vulnerability of the member.
- Mobilizing financial resources to support MIP. To apply future cash flows (from thrift, repayments, revolving fund, external loans, etc.) to support members in the order of priority
- Evolving terms of partnerships with borrowing members that prescribes manner of acquisition of assets, asset insurance, repayment schedule, interest rates and penal provisions for non-compliance
- Social audit on loan utilization by SHG members and sub committees of the federation

Revolving Fund support to SHGs: The NRLM provides a revolving fund support equivalent to corpus of SHG, with a minimum of Rs. 10,000 to a maximum of Rs. 15,000 per SHG, to groups meeting the following eligibility conditions:

- Completed minimum period of 6 months of active existence. However this condition could be reduced to three months for groups that meet regularly on weekly basis (for the purpose of revolving fund support).
- Practicing *Panchasutra*
- Prepared a Micro Investment Plan covering all members of the group⁸ and use the plan for extending financial support to members.

The revolving fund support besides meeting consumption and initial production needs, will also build institutional capacities of Self Help Groups in managing loans and funds. The revolving fund would remain with the groups and will form part of the corpus.

Capital Subsidy Fund in intensive blocks: NRLM envisages taking up full range of activities in the intensive blocks where primary federations at village or Panchayat level will be actively promoted. In the first phase it is expected that 10% of the blocks in a state will be selected as intensive blocks. This will enable the states to acquire hands-on experience in the key NRLM processes. Each primary federation will have a membership of 10-15 affinity based Self Help Groups. The capital subsidy fund to the eligible Self Help Groups will be routed through the primary federations. This fund will act as catalytic capital and the federation will have flexibility to allocate resources for various requirements with the consent of the member groups. These federations will use large part of these funds for on-lending to the Self Help Groups for providing continuous and timely financial assistance to the poor to

⁸ The following best practices is suggested for guidance: To maintain peer pressure and train Self Help Groups in fund management, the plan will cover requirement of all members aggregating to say Rs.50,000, but the revolving fund should be just sufficient to meet not more than 50 percent of the members. The remaining members will avail loans out of repayments from initial set of members and from fresh savings received by the group.

meet their livelihoods and other essential needs. The eligibility conditions for the federation to receive the capital subsidy are:

- The primary federation should have been in active existence for at least 6 months:
 - o A savings account has been with a nearby bank branch
 - o Three core functional committees have been established and trained. (These are bank linkage committee, social audit committee and repayment monitoring committee have been established
 - o Completion of training of office bearers and the functional committees
- Standard books of accounts and a trained book keeper is in place
- All the micro investment plans of SHGs are compiled and posed to the commercial/cooperative banks.
- At least one-third of the member groups are credit linked to banks and the repayment against such loans is at least 90 percent, or there is an assurance from the banks that SHGs following good management principles will be financed within a defined time period.

It must be noted that under no circumstances capital subsidy ceilings for BPL SHGs and for the individuals in SHGs are exceeded. Within this ceiling, further ceilings may be introduced since money available is limited. The key guiding principle for deciding on the funds requirements for a federation could be:

- The minimum amount required to meet the priority needs of the poorest and the most vulnerable members
- The responsiveness of the banks to finance member SHGs
- The need for the food security credit and health security credit
- Amount required for ensuring the viability of the primary federations

The primary federations will be encouraged to prepare a 3 to 5 year plan which indicates the investments required for the member SHGs and also for the collective economic activities on behalf of the members. The portions that will be met from own savings, bank loans (SHG-Bank linkages) and the use of capital subsidy would be indicated.

Financial intermediation by the primary federations is seen as **'bridge financing'** to attract mainstream financing for SHGs. In order to demonstrate that poor are credit worthy, there is a need to inject financial resources that are in the nature of catalytic capital, into the institutions of poor to help them invest in livelihoods of the poor and develop a track record of the SHGs to attract the mainstream financial institutions. In other words, the subsidy support to the institutions of the poor is in the nature of bridge capital and therefore should not be seen as viability gap funding appropriated by individuals, projects or enterprises. This is a radical departure from the earlier financial strategies for anti-poverty programs. This is the key paradigm shift in NRLM. Subsidy becomes a 'resource in perpetuity' rather than a viability gap funding.

Capital Subsidy Fund in non-intensive blocks: *Formation of SHG federations is not envisaged in non-intensive blocks.*⁹ In the absence of such institutions of the poor, the capital subsidy fund is to be seen as an enabling provision for the Self Help Groups to demonstrate their credit worthiness to mainstream financial institutions and build their confidence to provide repeat doses of loans on continuous basis. As such the capital subsidy fund is linked to the bank loan and will be released to the groups satisfying the following eligibility conditions

- Completed at least 12 months of active existence practicing *Panchasutra*
- A minimum period of 6 months has elapsed after the receipt of revolving fund
- Availled and repaid promptly at least one dose of bank linkage
- Have received satisfactory rating from the financing bank
- Prepared a Micro Investment Plan for the proposed dose of financing

This strategy has been extensively practiced in Andhra Pradesh for the last ten years and recently in Bihar. The leveraging results of this strategy can be clearly seen in Andhra Pradesh. The capital subsidy deployed in the primary federations over the last ten years was around Rs. 1200 crores and the bank loan leveraged during this period was Rs. 27000 crores. (a leveraging of 22 times). During the same period under SGSY the total subsidy disbursed for the entire country was about Rs. 11000 crores and the bank credit leveraged was about Rs. 23000 crores, a leveraging of only 2 times. The capital subsidy was used as 'bridge finance' to make the SHGs more credit worthy and capable of accessing bank linkages based on their 'good' management practices and track record of 'credit worthiness'.

The banks will follow the financing norms applicable to SHG-Bank Linkage Program as agreed in the State Level Bankers' Committee. However, the banks will maintain a **minimum subsidy-loan ratio of 1:2**. This will be a front-end subsidy and will be applied along with the bank loan for financing MIP of the group. Since there will be large number of eligible groups in a block, the capital subsidy fund allocation may not sufficient to meet the requirements of all eligible groups. Since funds are scarce, SRLM may consider maintaining **equity** in releasing finances across all eligible groups in the block, and also keep focus on the most vulnerable groups.

Bank linkage under NRLM

Expansion of SHG-Bank Linkage Program during last few years provides several useful examples of successful partnerships between government agencies, non-governmental organizations and banks. Considering the procedural bottlenecks and misaligned incentives in the past, the bank credit dispensation under NRLM has been streamlined. The salient features of bank finance under NRLM are:

- a. Banks to treat NRLM as mainstream business opportunity and view Self Help Groups formed under the program as business clients. This would provide incentive to banks to maximize the business potential in Self Help Groups and extend credit support on continuous basis.

⁹ This is a temporary phase in NRLM implementation and will last till such time full scale implementation is launched in the block concerned.

- b. Banks will adopt a Rating Index (like the index developed by NABARD) as appraisal tool for assessing credit worthiness of Self Help Groups, which broadly covers the *Panchasutras*.
- c. The financing under NRLM will take two forms. The first form of financing is extending direct credit assistance to Self Help Groups or through their federations against their Micro Investment Plans covering variety of livelihoods activities, including social needs. The second form is financing Self Help Groups or their Federations for specific economic activities on cluster basis.

Financing Micro Investment Plans of Self Help Groups

Eligibility: Self Help Groups should be practicing *Panchasutra* and have been rated as 'A' category as per the Rating Index.

Preparation of Micro Investment Plans: The groups shall prepare a Micro Investment Plan prioritizing the needs of each member household. The plan will also include a fund rotation plan for recycling the recoveries received from the members before the bank loan is fully repaid. It may be made abundantly clear that unit cost of each activity is left to the discretion of the groups and not prescribed by outside agencies.

Quantum of Loan: The banks will decide upon the quantum of loan based on the Micro Investment Plans and the fund rotation plan submitted by them. Banks may increase the quantum of loan with every dose based on the track record of previous loans, rating of the group and increasing proportion of income generating activities in Micro Investment Plans.

Multiple doses of credit: Under the financing mechanism, the banks are expected to provide continuous flow of credit to the groups and nurture them as business clients. Successful repayment of each dose of loan by a Self Help Group shall establish credit history of the group and enhance its credit entitlement.

Security norms: The loans made by banks under NRLM will be treated as advances to weaker sections and hence no margin/security is required for the purpose.

Repayment Period: The principle for fixing loan installments for SHG is based on the need to allow float for recycling part of the repayment proceeds within the group and capture the inbuilt investment multiplier in Self Help Group mechanism.

Sanction and disbursement procedures: The banks shall decide upon the loan quantum and other conditions of the loan in a transparent manner after discussing with group members the Micro Investment Plan prepared by them. The banks sanction the loan in a

reasonable period of time (15days) from the date the applications received by the bank. The loan disbursements shall be made in cash.

Post disbursement scrutiny and monitoring: The social audit committee of the federation will ensure compliance to MIPs, while bank linkage will monitor repayment of bank loans. Banker will also undertake periodic visits to Self Help Groups.

- d. The SRLM will coordinate with RBI, NABARD and State Level Banker's Committee (SLBC) to develop SHG-Bank Linkage strategy for each year. On its part, SLBC will facilitate consensus among the various participating banks on the norms like eligibility of groups, size and tenor of loans, etc. for MIP based lending. This will send clear policy signal and facilitate better coordination on bank linkage program between the institutions of the poor and the local branches.

Making financial services work for the poor

NRLM will invest in creating enabling conditions for both the banks and the poor clients for mutually rewarding relationship. This will include range of activities in both supply and demand side of rural finance value chain. Some of them are:

- a. Financial literacy and business counselling services embedded in the Micro Investment Planning process
- b. Improving the service quality of bank branches to poor clients by positioning dedicated customer relationship managers (Bank Mitra). Similarly SHG federations could be encouraged to constitute specialized sub-committee on bank linkage and recovery of loans for monitoring bank credit
- c. Similarly specialized spearhead teams could be constituted by banks for business development and origination services, monitoring and recovery of loans to SHGs and federations
- d. Developing and delivering new savings, credit, remittance and insurance products with and through institutions of the poor.
- e. Partnership with banks for extending banking outreach to all villages with population exceeding 2,000 by leveraging IT and mobile based financial technologies and using institutions of poor as business facilitators and business correspondents. NRLM will also create pool of youth formally trained in business correspondent banking to expand the outreach model to remote and isolated locations.
- f. Business process re-engineering taking advantage of Core Banking Solutions and other financial technologies. Networking electronic payment points with branch network or backed by call centres and business processing cells in the back end would be essential to make banking pro-poor.
- g. Creating specialized NRLM Cells for review and coordination in each controlling office of the participating banks. These cells will give on-site guidance for the branches to coordinate closely with SRLM for drawing up joint strategies and review the progress in flow of credit to the poor.

Interest Subsidy

With a view to provide access to credit at affordable rate of interest to the rural poor to venture into economically viable enterprises, it is proposed to provide interest subsidy being the difference between the interest rate charged by the bank and 7 percent per annum, on all loans from main stream financial institutions to BPL SHGs. The interest subsidy will be provided only to those groups that are regular in repayment of bank dues. Linking interest subsidy release to performance of SHG loans is proposed to bring in the perspective of long term engagement with banks over the entire credit cycle rather than at entry point alone, thereby completely aligning the incentives of groups, banks and NRLM. Secondly, it will also reverse the logic of allocation based financing in banks in favor of lending based on quality of institutions and the quality of their business plans. The interest subsidy provision enables repeat financing to SHGs and a long term relationship between the bank and the SHG. Based on large scale experiences in poverty eradication, it is estimated that each poor household requires at least Rs. 1.00 lakh investment to meet their various priority requirements and come out of abject poverty. The interest subsidy incentive is available to each BPL household till their cumulative loaning, over several doses, reaches Rs. 1.00 lakh. **It may be noted that interest subsidy is not available to the groups which receive direct capital subsidy. The same family will not avail of two subsidies at the same time.**

Coordination Mechanisms

Close involvement of various line departments, banks, public and private sectors and civil society organizations is essential for monitoring the flow of credit and utilization of credit. In order to ensure proper coordination the following committees could be constituted at various levels.

Central Level

The Department of Rural Development in the Ministry of Rural Development, Government of India, New Delhi has the overall responsibility of policy formulation, monitoring and evaluation of the program and for release of central share of funds. A Central Level Coordination Committee (CLCC) has been constituted as under to assist the Department. The CLCC will meet once in six months.

- | | | |
|-----|----------------------------------------------------------------|----------|
| 1. | Secretary, Ministry of Rural Development | Chairman |
| 2. | Secretary, Dept of Financial Services, Ministry of Finance | Member |
| 3. | Deputy Governor, Reserve Bank of India | Member |
| 4. | Secretary, Department of Agriculture & Cooperation | Member |
| 5. | Secretary, Department of Expenditure | Member |
| 6. | Secretary, Department of Women and Child Development | Member |
| 7. | Secretary, Department of Small Scale & Agro-related Industries | Member |
| 8. | Secretary, Ministry of Social Justice and Empowerment | Member |
| 9. | Secretary, Ministry of Tribal Welfare | Member |
| 10. | Managing Director, NABARD | Member |

11. Adviser (Rural Development), Planning Commission	Member
12. Additional Secretary & FA, Ministry of Rural Development	Member
13. State Secretaries of Rural Development	Members
14. Chairman-cum-Managing Director of all commercial	Member
15. Director General CAPART	Member
16. Director General, NIRD	Member
17. Chairman, Indian Banks Association	Member
18. NGOs, nominated by the Ministry of Rural Development	Members
19. Joint Secretary (NRLM) – Department of Rural Development	Member-Secretary

Other officials/non-officials may be invited to the meetings of this Committee whenever their presence is felt necessary.

The functions of CLCC are as under:

1. To review and ensure effective implementation of the programs.
2. To review linkages for support services for NRLM.
3. To review progress of these programs in physical, financial and qualitative terms including credit assistance.
4. To consider concurrent evaluation reports.
5. To provide a forum for a continuous dialogue with the State Governments and Bankers.
6. To review the credit arrangements and recommend changes and improvements as and when necessary.

State Level

The State Level Bankers' Committee would constitute an exclusive sub-committee for SHG bank linkages and implementation of NRLM activities. Functions of this committee would include planning, coordination, monitoring and review of financial inclusion and credit linkages under the program. This committee shall meet at least once every quarter to ensure proper follow up and effective implementation.

District Level

The forum of District level Coordination Committee chaired by the District Collector would review the implementation of NRLM activities and remove any impediments in flow of credit to SHGs, SHG federations and livelihoods collectives. This committee shall meet at least once every quarter for the following functions:

1. Monitoring and review of the overall progress in physical and financial terms
2. Sorting out inter-agency differences and to prepare items for consideration of State Level Committee
3. Assessing training needs of beneficiaries and also to review the arrangements for training including identification of appropriate institutions and also

4. Monitor the recovery position bank-wise and block-wise so as to initiate corrective measures where necessary.

Below the district level, the joint block level consultation committees will review SHG-Bank linkages and NRLM. The district and sub district mission unit members, branch managers in the block and other block level development officials will attend the meeting. In addition, the SHG representatives and the representatives of livelihoods organisations within the block, will be invited to these meetings. In the intensive blocks, the block level federation members and select SHG-Bank linkage committee members will be invited to these meetings.

Financial Assistance to Individuals

Under NRLM emphasis will be given to the group approach, under which the rural poor are organized into Self Help Groups and efforts will be made that most of the benefits of the scheme are provided to the poor through Self Help Groups. However, in certain cases it may not be possible. In such cases, an individual member can also be considered for providing the benefits of the scheme. The first task for considering the benefits under the scheme to the individual beneficiary is to identify the most deserving beneficiary through a participatory identification of the vulnerabilities. The second task is to provide financial literacy and business counseling services to help the person in developing a business plans for financing. It is possible that the number of such potential beneficiaries would be more than the availability of the funds in a particular block. In such a case, the efforts should be made to select the best of the potential entrepreneurs. The provision of capital subsidy & interest subsidy for the individual beneficiary would be as follows:

The list of all individual beneficiaries should be disclosed at SHG federations and the Gram Panchayats. Similar list shall also be made available to the DRDA/DPMU, other block officials, bankers and all other concerned agencies. To ensure focus on the vulnerable groups and weaker sections, the SRLM will maintain stipulated thresholds viz. SC/STs to constitute 50 percent; women 50 percent; and persons with disability 3 percent of the total swarozgaris assisted during the year.

Chapter IV

Livelihoods and Rural Self Employment Training Institutes

Consumption patterns of the poor have significant bearing on livelihoods as they influence well-being, productivity and risk taking ability of the poor. The business, life cycle risks, higher costs for consumption/production¹⁰ and exploitative terms of trade expose the poor in the bottom rung to extreme vulnerability. In order to cope with the situation, poor and vulnerable households pursue diverse livelihoods strategies. The most common livelihoods activities of the poor are wage labour, small and marginal holding cultivation, land leasing, tenant cultivation, cattle rearing, forest produce, weaving, fishing etc. Therefore, 'vulnerability reduction' and 'economic inclusion' are two pillars of NRLM's livelihoods strategy. NRLM will strengthen opportunities in key pro-poor livelihood sectors like sustainable agriculture, livestock, fisheries, forest produce collection, etc. livelihoods that are virtually universally practiced.

Vulnerability Reduction

Access to services, safety nets and entitlements: Large resources flow from the Government to the poor households in the form of entitlements like PDS, pensions, MGNREGS, social insurance, health services, etc. Together these services can strengthen the household economy in the form of additional incomes and savings on expenditure, resulting in increased consumption. The institutions of the poor with better accountability systems, will provide an effective platform for reliable and efficient delivery of such services and entitlement schemes.

Need based models for food and health financing: Poor households usually borrow for emergency food and health expenditures in distress. This often leads to dispossession of productive assets and loss of livelihoods. NRLM will support primary federations of SHGs to allocate dedicated resources for financing food and health expenditures and ensure that the resources for livelihood assets are not compromised. This will be based on SHGs coming together and articulating this requirement and preparing micro-plans to operationalise it. The micro-plans will specify the roles and responsibilities of individual SHGs and the primary federations. Under this arrangement, the poor households will be encouraged to contribute separate health savings to a 'Health Risk Fund' during good times. In times of health emergencies, loans will be given to member households at nominal interest rate and easy installments. On food security, some of the models successfully implemented in different parts of country include financing food purchase from PDS and bulk purchases from the open market and distributed as in-kind loans.

Debt restructuring of poor households: External incentives to poor households to invest in productive assets seldom work unless their existing debt structure is altered and they are

¹⁰ Since poor buy goods and services in small uneconomical lots and often on credit basis, they end up paying what is referred to as 'poverty penalty'.

untangled from concomitant exploitative relationships. In the absence of any consumption loans in the portfolio of SHGs, this could lead the poor and vulnerable back to money lenders. NRLM will support to financing Micro Investment Plans for debt redemption by primary federations of SHGs and the banks to reduce the high cost indebtedness of the poor.

Small grants and soft loans to poorest households: The primary federations will support creating a special fund out of the capital subsidy fund to provide small grants to the poorest like destitute, old, infirm and disabled for meeting emergency expenditures like food and health. This kind of support need not be seen as one time assistance. VPRCs can combine these small grants with other entitlements like pensions, food aid, PDS, health insurance, NREGA etc. for maximum impact. This will also be based on consultations among SHGs and their consent. Care should be taken to ensure that the limits for capital subsidy for individuals and SHGs are not exceeded.

This provision can also be used as an important measure for social inclusion of the *ultra poor households who find it difficult to immediately participate in SHGs* by strategically combining soft loans and safety net components. The soft loan component will help in acquiring productive asset and the safety net in the form of small grants could be used for meeting food/health/ working capital needs that is released on monthly basis till such time the productive asset yields cash returns. This way NRLM can help extremely poor to graduate into the mainstream strategy. This bundled solution will also ensure that productive asset is not disposed off mid-way. Number of families subsequently mainstreamed into SHG would be an important measure of this component.

Economic Inclusion

NRLM will make efforts to promote economic inclusion of small and marginal producers in farm and non farm sector through increase in access to institutional membership, finance, productive assets, technology, skills and markets.

Specialized livelihoods promotion institutions like producers' companies, co-operatives

NRLM will encourage promotion of specialized institutions for systematic promotion of major livelihoods of the poor, particularly the poorest. The small and marginal producers need specialized institutions or livelihood collectives to achieve three outcomes. Firstly, being institutions of poor, they will ensure reliable service delivery to their members. Secondly, aggregating the demand at institution level will bring down cost of services. Thirdly, by bundling information, credit, technology and input services with microfinance they make such services affordable to poor producers. Such livelihoods collectives pass immediate benefit of productivity improvement services, market information and market facilitation for small producers. They benefit the producers by helping them access fair price for their produce by linking with formal sector.

These institutions will first be incubated by the existing women's organization. They will start of as livelihoods sub-committees in the village and block level federations. After adequate experience with running them as sub-committees and after members experience significant benefits, they will be developed into separate livelihoods organizations.

These organizations will help achieve economies of scales, backward and forward linkages, and access to information, credit, technology and markets for select livelihood activities. These community livelihoods enterprises will engage in co-production and delivery of livelihood services in the last mile. The services provided by such collectives the specialized institution focused on the farm sector could include farm extension, technology transfer, input supply, village level quality control and value addition, market information, logistics services and marketing support. Similarly for livestock sector service profile could include feed supply, animal health and breed improvement services and milk collection centers. Building specialized livelihoods institutions of the poor and investing in them the capacity and resources to build linkages with technology, credit, information and commodity markets will be the core intervention.

Infrastructure and Marketing Support for Livelihoods Promotion

Adequate infrastructure and marketing support is essential for deriving optimum returns from an economic activity. NRLM, therefore, provides for utilization of up to 20 percent of the total fund allocated to the district project implementing unit (25 percent in the case of North Eastern States) under NRLM for the infrastructure and marketing support.

This fund can be used for creating both soft and hard infrastructure for supporting livelihoods activities of the SHGs. Some illustrative purposes for which this fund may be used are as follows:

- i. Creation of productive infrastructure for processing, storage and value addition (one time expenditure)
- ii. Marketing support services like packaging, branding, market research etc. (One time expenditure)
- iii. Hiring Consultancy services for productivity enhancement, cost and risk reduction etc. (one time expenditure).
- iv. Expenditure incurred in organizing fairs and exhibitions and participation of SHGs in fairs and exhibitions

Only the fixed cost and not the recurring expenditure for infrastructure creation should be met out of the fund earmarked for infrastructure and marketing. The infrastructure fund is not meant to substitute the infrastructure investment of the various line departments in rural areas. This fund is meant to provide end-to-end livelihoods solutions for the SHGs, their federations and livelihoods collectives. Hence, this fund would be sanctioned only on the basis of viable business plans submitted by the institutions of poor. The infrastructure is a capital grant provided to them. In the business plan, the various business partners and their roles should be indicated. The business partners could include – private sector, co-operative sector and public sector. The appraisal process should clearly bring out the increase in incomes or reduction in costs/risks or any other benefits.

Value chain approach for farm sector: NRLM will encourage value chain approach for promoting productive and business linkages with poor producers. It will take both demand based and market based approaches to livelihoods development. While the demand based value chain development will be based on the pre-dominant activity in the area like food grains, dairy, fresh vegetables, etc. This is largely evidenced in micro investment planning process. The market based approach envisages a significant market opportunity for the collectives of the poor. Attracting market players entails reducing perceived costs and risks for them in transacting with the poor. This risk can be substantially mitigated, through properly defined mutually beneficial partnerships with livelihood collectives.

Cluster and Sub-Sectoral Approaches for non farm sector: NRLM would also identify few activity/trade clusters to support non-farm enterprises in a comprehensive way. It would work out focused sub-sector packages that include skill enhancement, design/product development, credit access, bulk procurement of raw materials, collective marketing and provision of common facilities for value addition/quality control/packaging and supply contracts with downstream firms.

Public-Private Partnerships: NRLM will actively encourage Public-Private Partnerships for developing alternate channels to deliver livelihood support and business linkage services for the poor. Productive partnerships between peoples' institutions, public and private enterprises have been very effective for co-producing and delivering services for the poor in the last mile. These include farm extension services, agri-input supply, procurement, grading, and processing franchises for agribusiness enterprises; logistic service providers; and service delivery channels for social safety net programs.

Self – employment – micro-enterprises development through Rural Self Employment Training Institutes (RSETIs)

RSETI concept is built on the success of Rural Development Self Employment Institutes (RUDSETI) model pioneered by collaborative partnership between SDME Trust, Syndicate Bank and Canara Bank. The model envisages transforming unemployed youth into confident self employed entrepreneurs through a short duration experiential learning program followed by systematic long duration hand holding support. The trainings are executed in such a way that they build entrepreneurship qualities improve self confidence, reduce risk of failure and develop them into change agents. Unique to this model is complete involvement of the banks in selection, training and post training follow up stages. NRLM will encourage public sector banks to set up Rural Self Employment Training Institutes (RSETIs) in all districts of the country. A one-time grant of Rs.1 crore will be made to set up one RSETI in each district in each state, while the state governments will provide free land for the institutes in the districts. Other recurring costs of the institutes will be borne by the sponsoring banks. NRLM will partner with RUDSETI to provide structured technical assistance to banks and RSETIs for improving the effectiveness of their programs. The areas of technical assistance would include trainee selection methodologies, course development,

training pedagogy, MIS and post-training follow-up mechanisms. SRLMs will be encouraged to develop support mechanisms for graduates of RSETIs in the form of interactive web portal, call centers, network of business counseling centers and alumni conventions for helping them effectively run their own enterprises.

Chapter V

Skill Development & Placement Projects and Innovative Projects

Innovative livelihoods projects

The objective of innovative livelihoods projects is to encourage well conceived livelihoods projects, that would bring a specified number of poor and vulnerable households above the poverty line. These projects are free to choose their own strategies to provide long term sustainable employment opportunities. These could be in terms of organization of the rural poor into livelihoods collectives, provision of design training or manufacturing training, common infrastructure, technology support, marketing, etc. These projects would provide end-to-end solutions and increase livelihoods incomes substantially within the project period. Under this component, priority would be given to projects in the non-farm sector.

For projects in agriculture and livestock to be considered they must focus on value added forward linkages. Ecological and organic farming leading to lower costs of cultivation and premium market prices would be encouraged, provided the proposal offers end-to-end solutions. Ecological initiatives in farming are

The guiding principles for innovative projects are:

- Substantial benefit to the poor compared to existing livelihoods – additional employment days, better price realisation for their labour and goods, lesser costs of inputs and production, value addition at the village level, etc
- A new concept, that has worked very well on small scale and where the proof of concept is established
- End to end solutions, particularly the forward end
- Building livelihoods organisations managed by the poor themselves
- Focus on non-farm, since the mainstream programme will focus on the universal livelihoods of the poor - agriculture and livestock
- Multi – state projects
- Partnership based (Public, private, community, partnership (PPCP)) – institutions of poor, technology provider, marketing services provider, financial solution provider, etc.

not only good for the small and marginal farmers and the consumers, they are also good for the environment. Livelihoods projects in the area of non-timber forest produce collection, value addition and marketing would be encouraged as they help the tribal communities.

Up to 5 percent of the funds under NRLM will be set apart for initiatives supporting livelihoods innovations.

NRLM will collaborate with industry associations, research and development organizations, private sector, government, semi-government or civil society organizations, and support initiatives which are in the nature of pioneering projects, capable of triggering much needed growth impulses.

These projects can be submitted to NRLM for assistance. The comprehensive proposals for assistance shall clearly articulate innovation and uniqueness of the approach, coverage of area and beneficiaries, linkage with on-going rural development programs, etc.

Skill development and placement programs

Creating one job per poor household brings the whole family out of poverty in a short period of time. The rationale generates from the idea that formal sector employment brings in stable and higher levels of income. Several labour intensive industries and service sectors face shortage of skilled manpower even while there is a vast segment of unemployed youth. NRLM will take steps to make skill development an entitlement of the rural poor and attempt to bridge the skill gap and entry level barriers for the youth from the poor and vulnerable households and facilitate their entry into relatively high wage employment in the growing sectors of the economy. NRLM will offer complete 'jobs' solution to the unemployed rural youth - identifying the unemployed, skilling and re-skilling them, placing them in jobs, providing post placement support, counseling and mentorship, leveraging an alumni network. It will encourage SRLMs to support a string of academies delivering job related courses, build networks with the private sector to explore employment opportunities. This also enables the poor to migrate to growth centers for jobs in organized sector on better terms, with better skills, higher wages and a sensitive support network instead of distressed migration as in the past.

These demand driven placement linked skill development programmes for rural BPL youth will largely be taken up through public private partnerships (PPP). NRLM will earmark at least 15 percent of its allocation for placement linked skill development projects. Out of which half of this allocation (i.e. 7.5 percent) will be retained at the NRLM for multi-state skill development projects and the remaining will be given to SRLMs that have set up dedicated institutional mechanism for implementing skill development and placement projects.

- i. The scope of work for N.R.L.M and S.R.L.M s in this component includes:
 - a. Using the institutional platform of Self-Help Groups and their Federations in targeting the poor and vulnerable households and organizing supply side conditions to deliver customized job solutions
 - b. Partnerships with reputed recruitment and placement agencies and accreditation agencies for quality promotion; and franchisee arrangements with string of training academies, technical training and development institutes
 - c. Systematic engagement with potential companies and hiring agencies for building pro-poor systems on the demand side of the jobs market
 - d. Creative ways to ensure placement and diligent post-placement including Sensitive support mechanism for safe migration, care facilities for children and siblings of young women, occupational health support and cost effective remittance systems
 - e. Web-enabled tracking systems
 - f. Market studies and demand assessments for skilled labour in high growth sectors and periodic survey of employers - 'best places to work' to identify preferred employers

Preparation of proposals for Skill Development and Placement: The agencies will prepare proposals for assistance in the format prescribed by NRLM for the purpose depending upon which of the following two streams they conform to:

- a. Engagement of Prime Contractors to implement special projects on a large scale through invitation of expression of interest (EOI) with the assistance of a Transaction Adviser and
- b. Implementation of special projects for skill development with maximum cost ceilings up to Rs. 15 crore.

Parameters for the special projects

- a. The maximum investment, inclusive of credit and State share, under each Special Project should not exceed Rs. 15.00 crore and the minimum project cost shall not be below Rs. 1.00 crore.
- b. Special Projects should be formulated particularly with focus on backward districts having high incidence of poverty.
- c. Ordinarily one project shall be approved for one district at a time. In exceptional cases, Project Approval Committee (PAC) may approve a second project for the district. However under no circumstances there shall be more than two on-going projects in a district.
- d. No project will be approved for a State unless the State indicates its commitment to provide 25% of the project cost as its matching share.
- e. There should be prior commitment from the banks for funding the projects.
- f. Credit component of projects may be arranged from the banks or other institutions such as SC/ST/Women Corporation etc.
- g. The release of funds to the Implementing Agency should be normally in three installments in the ratio of 25:50:25. However, if a release schedule is indicated in the proposal and approved, funds will be released according to the schedule
- h. Attempt should be made to cover maximum BPL families under the Project. At least 80% of the beneficiaries under the Project shall be from BPL families. The number of BPL families to be covered should be specifically indicated in the Project Proposal.

Screening and Approval of innovative livelihoods projects, and, skills and placement projects

The innovative livelihoods projects duly approved and recommended by SRLM are to be submitted to the NRLM for consideration. Multi state skills and placement projects will be submitted directly to N.R.L.M. To consider these proposals, the Ministry has a two-tier Committee system.

a. Project Screening Committee:

The Projects submitted would first be examined and considered by the Project Screening Committee (PSC). The composition of the Project Screening Committee would be as under:

- i. Mission Director, NRLM Chairman

- | | | |
|------|-----------------------------------------------------------|----------|
| ii. | Director/Dy.Adviser (RD), Planning Commission | Member |
| iii. | Director/Deputy Secretary (IFD), MoRD | Member |
| iv. | Special Invitees (Livelihoods/Innovation/Banking Experts) | Member |
| v. | Director/Deputy Secretary/Joint Director concerned | Convener |

The Committee would refer the screened project with their recommendations to the Project Approval Committee (PAC).

b. Project Approval Committee

The sanction of assistance for innovative livelihoods projects and the skills and placement projects and the terms and conditions governing such assistance will be considered by the Project Approval Committee (PAC) constituted for the purpose. The composition of the PAC would be as under:

- | | | |
|------|------------------------------------------------------|-----------------|
| i. | Secretary, MoRD | Chairman |
| ii. | Adviser (Rural Development), Planning Commission | Member |
| iii. | Additional Secretary & Financial Advisor, MoRD | Member |
| iv. | Director General – CAPART | Member |
| v. | Special Invitees (Rural Development Experts/Bankers) | Member |
| vi. | Chief Executive of NSDC | Member |
| vii. | Mission Director (NRLM) | Member-Convener |

Chapter VI

Convergence and Partnerships with line Ministries, Civil Society Organizations, Industry Associations and Academic Institutions

Ministries of Government of India and State Governments are implementing a wide range of programmes to address different dimensions of poverty and deprivation. The major programmes of the government impacting on the poor can broadly be classified under the following categories:

- **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. (These are not mutually exclusive categories and a particular programme may come in several categories.)

The effectiveness of all these programmes can be enhanced with strong linkages between the institutions of the poor nurtured under N.R.L.M, the PRIs and the respective line ministries. These partnerships will enable the poor to access these services better and develop different models for creating and delivering services. NRLM units at national and state level will work on developing these partnerships.

2. The convergence possibilities between MGNREGS and NRLM is described below to illustrate how both the programmes can improve their effectiveness and impact by building synergies. MGNREGS is the major flagship programme of Ministry of Rural Development, and it focuses on wage employment and development of natural resources and creation of community and livelihood assets for rural poor. One of the important tasks for NRLM is to ensure that all members from the MGNREGS households are organized into SHGs and through financial inclusion, knowledge management, asset acquisition they are enabled to enhance their incomes. The Mission units at district level will facilitate the SHGs and their federations at the village level to discuss all aspects of MGNREGS in their regular meetings be involved in preparation of job cards, selection of work, access to assets, assistance in payment of wages, creating awareness about entitlements and rights under NREGA, social auditing etc. Under N.R.L.M, support will be provided to the rural poor whose lands have been developed under MGNREGS by linking them with technical inputs, skill up gradation and bank credit.

3. NRLM will emphasize convergence with other programmes such as Rural Housing, drinking water and sanitation, Integrated Watershed Management Programme etc for ensuring that the rural poor get their due entitlements from these programmes. In addition NRLM will support the rural poor households to access and build on the livelihood opportunities generated by these programmes.

4. Further, efforts will also be undertaken for convergence with the programmes of Ministry of Panchayati Raj, Human Resource Development, M/o Health & Family Welfare, M/o Textiles, D/o Women & Child Development, D/o Financial Services, D/o Tourism etc. Convergence with the programmes of Ministry of Urban Development will be taken up to address the concerns of migrant labour and with the programmes of Ministry of Textiles and M/o MSME (KVIC) in order to develop market linkages for products developed by SHGs.

5. The Mission will take initiative to ensure universal coverage of rural poor against loss life, assets and health through convergence with programmes like Aam Admi Bima Yojana, Rashtriya Swasthya Bima Yojana etc.

Partnership with Civil Society Organizations (CSO)

CSOs in the country have pioneered and demonstrated social mobilization principles, social inclusion, formation of women SHGs and their federations, micro finance, bank linkages for SHGs, livelihoods promotions etc. The learnings from their rich grassroots experiences have influenced the Ministry of Rural Development and the state departments to formulate new strategies and fine tune existing strategies for poverty eradication. NRLM will develop a framework for partnership with CSOs. The partnerships would be both at strategic and at implementation levels. The partnership will be guided by the core beliefs and values of NRLM, and mutual agreement on processes and outcomes.

The possible areas of partnerships include:

- i. In places where CSOs have significant presence, they could be supported for both up-scaling and deepening various thematic interventions in the area
- ii. Service providers in areas of their core competence – like in areas of knowledge management, capacity building and training, technology transfers, livelihoods promotions, etc.
- iii. Linking SHGs and their federations with various initiatives of line ministries
- iv. Implementation of the programme in specified clusters of villages or blocks
- v. Innovations
- vi. There will be a continuous dialogue with CSOs to improve the NRLM strategies and implementation.

Industry Associations

Partnership with public and private sectors is core to economic inclusion strategies pursued by NRLM. Leading industry associations will be encouraged to conduct and

share with NRLM periodic HR and skills assessment reports and market studies to inform strategy formulation for placement linked skill development scheme. They will be encouraged to co-promote and co-invest with SRLM dedicated agencies for skill development at the state level and manage the demand side of the jobs value chain, particularly in designing of job courses, quality assurance of training and placement processes, career counseling services, etc.

NRLM will engage with industry associations to set up platforms for Public-Private-Community Partnerships in key livelihoods sectors like agriculture, livestock, non-farm sectors. It will partner with them for developing select value chains or product clusters to harness the comparative advantage of micro enterprise sector.

Academic and Research Institutions

NRLM lays primary emphasis on promotion of 'professionally competent and dedicated implementation structures' at the national, state, district, and sub-district level for managing and supporting all the programme activities. It will initiate partnerships with reputed research and academic institutes for training and developing professionals for rural livelihood programs and where necessary provide technical assistance for faculty development (re-skilling and re-tooling) besides supporting curriculum design, training pedagogy and development of course packs, etc.

NRLM will partner with reputed research institutions for informing the policy formulation process through evidence based research and action research projects. It will support centers of excellence to initiate high quality research and use innovative tools like social observatories to monitor the macro and micro level trends impacting rural livelihoods. NRLM will encourage them to support States with poverty diagnostic tools and help drafting of poverty reduction strategies.

Chapter VII

Role of Panchayati Raj Institutions in NRLM

Concept and approach

PRIs have a constitutional role in Local Economic Development and Social Justice with poverty reduction as the focus. In the interest of deepening democracy and also for empowering the poor it is necessary to consciously structure and facilitate a mutually beneficial working relationship between Panchayats and institutions of the poor particularly at the level of Village Panchayats. Care should be taken that while doing so the autonomy of the institutions of poor is not to be compromised; at the same time lead role of the PRIs in initiating local level development is not challenged. Formal platforms can be conceived for regular consultations between institutions of poor and PRIs for exchange of mutual advice, support and sharing of resources available with the Panchayats.

Role of Panchayati Raj Institutions

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

- (i) Identification and mobilization of BPL households into affinity based SHGs, with priority being given to the SC and ST households particularly primitive vulnerable tribal groups (PVTG), 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) Coordinating with different departments and agencies on behalf of the SHG network.
- (v) Any other activity which could be taken up by the members of the SHGs or their federations.

In turn the SHGs and their Federations could undertake the following responsibilities;

1. Actively participate in Grama Sabhas and other fora of PRIs.
2. Providing feedback through community based monitoring
3. Support developmental initiatives of PRIs
4. Support PRIs in their planning exercises.

In situations where the relationships between the two have matured, the following additional activities can be contemplated:

- a. 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;
 - i. Entrusting responsibility for collection of panchayat revenues including house property tax to the SHGs for a small fee; and
 - ii. Entrusting management and maintenance of select civic amenities and execution of civil works to the SHGs/federation.
 - iii. Acting as an extension and outreach mechanism for delivery of services on behalf of PRIs

For achieving the linkages/synergies between PRIs and People's Institutions, massive capacity building efforts are required. The PRIs should be imparted training and exposure on the need for and the processes under NRLM. The SHGs/federations, in turn, also need to be sensitized on the role of PRIs and on the need to work in close coordination with them.

Chapter VIII

Support Structure and Implementation Arrangement

Under NRLM dedicated sensitive support units at the National, State, district and sub-district levels will be set up, to catalyze mobilization and institution building, capacity building and skill development, access to financial services, infrastructure and marketing support for promotion of micro enterprises, risk mitigation activities, convergence with other programme activities etc. These units will be staffed professionally competent and dedicated human resources drawn from the Government and from the open market.

Institutional Structure at National Level

At the national level, there will be an Advisory Committee (AC) of the National Rural Livelihoods Mission (NRLM) under the Chairmanship of the Union Minister of Rural Development. It will consist of eminent persons representing civil society organisations, financial institutions, industry associations, academicians, poverty and development experts and others. This committee would be a policy making body setting the overall vision and direction of the Mission. It will lay down priorities and review the overall progress of the Mission.

A Coordination Committee (CC) under the Chairmanship of Secretary, Ministry of Rural Development, GoI would also be set up. This Committee is expected to oversee the activities of the Mission and approve the individual state action plans to ensure that overall objectives of the NRLM are achieved within the stipulated period.

The Joint Secretary/Additional Secretary, NRLM, Ministry of Rural Development would lead the Mission at the National Level assisted by the NRLM Division. A National Mission Management Unit (NMMU) comprising of multi disciplinary team of experts would be put in place. The requisite support staff would also be in place to assist the NMMU.

Thematic sub-groups consisting of eminent practitioners, academicians from critical livelihoods sectors like agriculture, livestock, non-farm sectors, etc for giving need/demand based technical assistance to States will also be setup.

A Technical Advisory Group (TAG) would be constituted at the National Level, which will coordinate the appraisal missions to the states. A Mission Manager would coordinate the activities of the TAG. The members of the Appraisal Mission would consist of members of NMMU and thematic experts from the development sector.

An exclusive cell could be created at NMMU for Placement Linked Skill Development Projects and Innovative Livelihoods Projects.

Institutional Structures at the State Level

A state level Mission will be constituted by all State Governments to oversee the implementation of the Mission and other related activities in the state. The SRLM shall have two major constituents namely the Governing Body (GB) and the Executive Committee (EC) to provide guidance and advice in all aspects of planning and implementation of the mission. The

structure proposed is indicative and the State Governments can make changes based on their requirements.

The Governing Body

The Governing Body (GB) of the State SMMU should preferably be chaired by the Chief Minister or the Chief Secretary of the State. The Principal Secretary/Secretary, Rural Development could be the Member Secretary/Convener of the GB.

The indicative composition of the Governing body may be as follows

- Chief Minister or Chief Secretary - Chairperson
- Ministers/Secretaries of Agriculture, Panchayati Raj, AHD, SC/ST, Industry, Labour, Education, Health, WCD, SW, Institutional Finance - Member
- Representative from MoRD, GOI - Member
- Representative from Training institutes, Corporate Sector, Academic institutions - Member
- State level Representative of RBI, NABARD, Convener SLBC - Member
- Experts (RD)/NGOs (3) - Member
- Representatives of SHG members/federations - Member
- Secretary (RD) - Convener
- CEO (SRLM) - Co-Convener

The Executive Committee

The SMMU would also have an Executive Committee (EC) headed by the Development Commissioner or Principal Secretary. The CEO of the SMMU would be the convener.

The indicative composition of the Executive Committee may be as under.

- Development Commissioner/Principal Secretary (RD) - Chairperson
- Commissioner/Directors – Agriculture, Rural Development Panchayati Raj, Animal Husbandry, Industry, Labour, Education, Health, Women and Child Development, Social Welfare, Tribal Welfare etc. - Members
- State level Representative of NABARD/RBI/convener SLBC
- Industries Associations - Member
- Representative of SHG Federation - Member
- CEO (Mission) - Convener

State Rural Livelihoods Mission (SRLM)

The State Mission will be an autonomous body, under the Rural Development Department, incorporated as a society, trust or company .

(Annex II: Model Bye-laws for SRLM society for reference)

In those states, where the State Governments want to use an existing society to implement NRLM, they may amend its bye-laws to incorporate:

- The objectives of NRLM
- Broaden the membership in the Governing Body on the lines suggested above.

State Mission Management Unit (SMMU)

The SRLM would constitute a State Mission Management Unit at the state level. This should be preferably headed by a full time CEO, with tenure of three years. The CEO should be a senior officer, preferably who has worked as PD DRDA/ PO, ITDA/District Collector.

State Mission Management Unit will assist the CEO for the implementation of the Mission. As per the requirements, the State Unit could include experts in the areas of social mobilization, institution building, capacity building and training, micro finance development, livelihoods

Apart from providing critical inputs required for the promotion of people's institutions and the implementation of the Mission's programmes, the State Unit 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. 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.

promotion, skill development and placement support, gender, communication, monitoring and evaluation, Human Resource, Finance, Administration, etc.

These experts should have adequate (seven to ten years) experience in the relevant thematic area and they may be drawn either from the market on contractual basis or from the government organizations, to be appointed on deputation basis with specific terms of reference. The placement of the state mission team may be done in a phased manner based on requirement of the programme. Support staff as required for various positions may be appointed at the State Office.

The State SMMU may engage thematic experts or empanel reputed resource agencies to provide technical assistance/ capacity building to its implementation teams at the district/ field levels.

The major responsibilities of the SMMU will be:

- Designing policies and implementation guidelines of the mission in the state.
- Monitoring the progress and providing handholding support to the district and sub-district implementation structures
- Ensuring quality implementation of thematic interventions.
- Managing partnership and

- Any other as required.

(Annex III- Guiding Principles for staff induction and capacity building)

States with multiple agencies implementing livelihoods programmes

In some states there are multiple agencies/departments engaged in activities aligned with the Mission objectives. These could be externally aided projects, or programmes of the departments of Women & Child Development, Tribal Affairs, Social Justice and Social Welfare, etc. NRLM presents an opportunity and window to converge and harmonize all such initiatives. The guiding principles for convergence are:

- Strengths of existing partners to promote the objectives of NRLM should be leveraged.
- Existing Social and human capital should not be lost.
- The non-negotiable principles of NRLM should not be compromised.
- There should be clear demarcation of responsibilities between such agencies to avoid duplication.

District Programme Management Unit (DPMU)

The District Programme Management Unit of the SMMU will be responsible for implementing the Mission's programmes in the district as per the guidelines. The district unit will essentially function as a capacity building and support unit for the field implementation structures at the block/ sub block levels. They would also monitor the programme to ensure the programme objectives are being met. The district level unit will be suitably linked with DRDAs under the overall supervision of the state agency for the effective implementation of NRLM.

The Unit would be led by a District Programme Manager hired from open market on contract or on deputation from Government. The District Programme Manager will be assisted by a team of functional specialists in the fields of Social Mobilization, Institution and Capacity Building, Micro Finance, Livelihoods, Placement linked Skill Development, Communication, Finance and other support staff, as per the requirements. These functional specialists may be hired in a phased manner (as per requirement) on contractual or on deputation basis.

A capacity building cell at the District would be constituted to impart training to the field implementation units. Initially, the district level staff may themselves act as trainers, imparting training to their teams. Once the programme expands, the training cell can empanel external resource persons to deliver the capacity building programmes across the district. The capacity building cell will be responsible for nurturing the social capital of the poor and developing them as trainers. This will be an important task for this cell.

Interface with District Administration

The district unit will interface with district administration and line departments, banks, NGOs and corporate agencies. Forums such as District Level Review Committee on

credit (DLRC), review meetings by Collector, would be used to converge with the district administration and line departments.

Block Programme Management Unit (BPMU)

The principal role of block level unit will be mobilization of all poor households into the SHG fold, strengthening existing SHGs and build their capacities. The units will also be responsible for building federations of SHGs and other community based organizations at various levels. These institutions of the poor are expected to gradually assume the responsibility for sustaining all interventions. Accordingly, the block level support structure would be modified over time.

The BPMU would have 3 to 5 spear head teams/project facilitation teams headed by a Block Programme Manager. These would be recruited from the open market or on deputation. The BPMU would have support staff as per need.

The spear head teams will be responsible for social mobilization, institution building, CRP development etc. Over a period of 2 to 3 years, once saturation is achieved, federations of the poor are established and CRPs emerge, the spear head teams' works would change and they can be re-located and re-trained.

States, based on geographical condition, variation in no of blocks/taluka/mandals/janpad, spread of population and other reasons, may adjust the composition of staff at district/block project management level.

(Annex IV - model Job Descriptions, Staff Profile for reference.)

Interface with Block Level Administration

Mechanisms for active collaborations between the Block office and the institutions of poor would be promoted. The Field Implementation teams would promote such interface initially and build the capacity of community institutions like the Village Organizations, Block Level Federations etc to gradually interface and converge with the Block Administration.

(Annex V - draft Organogram of the State Mission, District and Block Units)

Interface with Panchayati Raj Institutions (PRIs):

It is important to have formal mechanisms for regular interface between the Institutions of the poor and PRIs by creating a platform for PRIs and the SHG network to work together, sharing information and views, resource pooling and planning and regular monitoring. For achieving the linkages between PRIs and SHG Federations, massive capacity building efforts are required. The PRIs should be trained on issues related to poverty and social justice. The SHG Federations should be sensitized on the role of PRIs and on the need to work closely with them. Each State should come out with a clear plan of action on the role of PRIs and include it in the State strategy as well as action plan.

Human Resource (HR) Policy

Quality of human resources is critical to the success of NRLM. One of the non-negotiables of NRLM is, therefore, to put in place a professional institutional structure at various levels to implement the Mission objectives.

The requirement of professional staff is required for each state would vary, depending upon the implementation strategy and phasing of the NRLM roll out. Each State is expected to develop a comprehensive HR Policy and Manual.

Some key guiding principles could be

- SRLM should define the key attributes for each position in terms of knowledge, skills and attitudes to evolve a desired profile of candidate for each position. It is important to attract staff that possesses the 'right attitude' and 'empathy for the poor' in addition to the required knowledge and skills for the job. Village immersion process could be used as a tool for selection to ensure that persons with the right attitude are selected.
- Emphasis would be given for recruiting women, persons with disability and persons to work in remote areas. It is generally observed that through the normal processes adequate number from these categories may not be selected unless exclusive recruitment processes are taken up from them including relaxation of certain criteria like qualifications and experience.
- Selection process should be scientific and preferably done by independent professional HR Agencies. Transparency in selection process should be a non-negotiable principle.
- In order to get and retain the best human resources, salaries offered should be commensurate with what is being offered in the "market". Incentives should be given for good performance, which could be financial or non-financial.
- A longer duration contract should be offered to selected candidates (preferably for three to five years), subject to annual performance review.
- Performance Appraisals Systems should therefore be developed to motivate staff to perform. Appraisals should be both on objective quantitative parameters as well as qualitative parameters (outcomes) and appropriate mechanisms for assessments like team appraisals should be tried out.
- Grievance redressal systems should be developed as part of HR Policy clearly laying procedures and penalties against any form of discrimination.

(Annex VI - Draft of HR Policy guidelines)

Administrative & Financial Rules

An independent implementing agency for NRLM provides an opportunity for the state governments to develop administrative and financial rules that would facilitate smooth implementation of NRLM. These institutions are implementing a process intensive programme. They require flexibility, they have to nurture and retain the skilled professional staff they have recruited. Hence the Administrative and financial rules should be such that they facilitate this process.

(Annex VII (A) & VII (B) - details of Delegation of Administrative & Financial powers in the states of MP and Bihar respectively).

Staff Learning and Capacity Building

The key to success of the mission would be largely dependent on staff performing in the mission to the best of their capacity. It is quite necessary that mission should have a very structured system of staff learning and capacity building for integrating programme learning during implementation. It is also important that agency promoting NRLM may essentially allocate adequate budget for staff capacity building programme. There should be a dedicated budget line for this purpose.

Chapter IX

Monitoring, Evaluation & Learning

Need for a comprehensive Monitoring, Evaluation and Learning Framework

NRLM is a process intensive programme as it aims at eradicating rural poverty in its various dimensions. For the programme to succeed it is important that it constantly reviews, assesses and learns from the progress achieved, both in terms of qualitative and quantitative targets. This requires putting in place a robust I.T based Monitoring, Evaluation and Learning (MEL) system, which facilitates learning and continuous improvement and supports informed decision making at all levels of programme planning and implementation.

Various Mechanisms of Monitoring under NRLM

(i) Self-monitoring systems at the community level

- a. Self-monitoring of SHGs/primary level federations and other organizations of the poor;
- b. Training of frontline staff to enable S.H.Gs and their federations to monitor their own work

(ii) Management Information System (MIS) based input-output monitoring

- a. Under NRLM the first step will be the development of a comprehensive web based Management Information System (MIS) to support informed decision making and real time input output monitoring.
- b. The information in the MIS would be entered at Block, District and State levels and also be monitored at each level.
- c. The entry of data pertaining to other agencies involved in the process of NRLM e.g. RSETIs, Banks, Skill Development and Placement projects implementing agencies etc will also be ensured by the respective states.
- d. Ministry of Rural Development will develop an Information Technology (I.T.) framework for the M.I.S under NRLM

(iii) Internal review mechanisms for National, State and district level mission units – reports, meetings, visits, workshops etc.

- a. Monthly planning/progress/process reporting systems which operate independent of MIS; and
- b. Monthly/quarterly internal review system for the cluster/block/district level team facilitated by District Unit and State Unit at the cluster/block/district/state level with district/state project staff participating.

- c. Field visits by officials of block, district, State and Centre to assess the overall implementation and monitoring mechanism for proper implementation and for suggesting corrective measure.
 - d. Supervision teams will be periodically sent by the National/ State Mission usually once in six months. Such supervision visits would also include the State specific independent resource/research institutions (Monitoring Institutions) that has undertaken the task of monitoring and supervision in that State/ UT. Theme specific supervision visits besides the overall assessment visits would also be undertaken.
- (iv)** The visits of supervision team will be coordinated by the State and the National Mission units.
- (v) Social Accountability**
- a. The SHGs and their federations will develop systems to facilitate social audits as part of their self monitoring systems.
 - b. The SRLM will put a system in place for conduct of external social audit, public expenditure tracking and community score cards for taking corrective actions based on the findings.
- (vi) Impact Assessment**
- a. Development of baseline data on key result indicators
 - b. Interim impact evaluation studies will be carried out by external agencies to measure the progress on key result indicators
 - c. Well-being assessments at the household level will be conducted through panel studies at periodic intervals, preferably every year. The sample size for the entire country will be large enough to enable quantitative assessments at district level, state level and national level. This will be done by the Ministry of Rural Development through an external agency.
 - d. Each state will publish an Annual Report on the status of NRLM in the state

Monitoring & Learning Systems: It is proposed to develop and put in place a web-based comprehensive programme monitoring system facilitating real time flow of information on programme performance and new initiatives for effective decision making. NRLM will assist in developing comprehensive web enabled IT architecture for hosting *SHG Database with a dedicated digital grid* and use of various front-end devices; institutionalizing ICT based 'results monitoring system' and MIS based 'decision support systems'; monitoring and evaluation activities including process monitoring; thematic studies; *social accountability practices* like social audits, public expenditure tracking system, community score cards, etc. to facilitate monitoring & bring in transparency in programme implementation.

Chapter X

Funds Flows – Financial Management

Criteria for Allocation of Funds to the States

National Rural Livelihoods Mission is a Centrally Sponsored Scheme and the financing of the programme will be shared between the Centre and the States in the ratio of 75:25, except in case of the North Eastern States where it will be on 90:10 basis.

The Central allocation for the States will be made in relation to the inter-se incidence of poverty among the states. Additional parameters like absorption capacity (past trend in utilization of SGSY/NRLM funds), special requirements, incentive for better performance, initiatives for improving effectiveness of the programme, large scale pilots for accelerating poverty elimination etc. will also taken into consideration. The tentative allocation for the next financial year will be communicated to the States in advance to enable them initiate preparation of Annual Action Plan. Upon the appraisal of State Poverty Reduction Perspective Plan, the SRLM will enter into a Memorandum of Understanding with NRLM. The final allocation to the States for the year will depend upon the State Action Plan for Poverty Reduction, appraised and approved by the Ministry of Rural Development.

Eligible Items of Expenditure

The following will be the eligible items of expenditure under the State Action Plan:

- i) **Institution Building** - formation of new SHGs, federations and other collectives
- ii) **Training & capacity building** – of institutions of the poor, community resource persons, staff and other stakeholders
- iii) **Revolving fund and capital subsidy**
- iv) **Interest Subsidy**
- v) **Infrastructure creation & marketing**
- vi) **Skills and Placements projects**
- vii) **Administrative cost**

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

Procedures for Release of Funds

The flow of funds from the centre to the states that have transited into NRLM will be routed through SRLM. For this the SRLM will be required to open a separate bank account and notify the same to NRLM. The devolution of funds to the districts will be made by the

SRLM in accordance with district-wise allotments indicated in the Annual Action Plan. The release of central share to the SRLMs will be made in two installments.

The **first installment** of central share will be released in the month of April subject to the terms and conditions stipulated from time to time as is being done now.

The **second installment** will be released in the month of October on the request of SRLM in prescribed proforma and on fulfillment of the following conditions:

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

In respect of the states that have not conformed to the NRLM requirements, the funds will continue to flow directly to the DRDAs as per the extant procedures under SGSY.

Fund Tracking System

There is a need for developing a comprehensive financial management system to ensure transparency, efficiency and accountability by SRLM. The Ministry of Rural Development would develop the framework for the I.T. based fund tracking system

Chapter XI

Technical Support

The guiding principle of NRLM is developing capacities of the institutions of poor to address a variety of social and economic issues adversely affecting them. NRLM implementation is therefore a process intensive effort, responding to the evolving and dynamic needs of the poor. Hence, NMMU will provide technical assistance to support creation of capacities at all levels and among all partners. It will also facilitate partnerships between institutions of the poor and banking sectors, public and private sectors, for last mile service delivery to reach the poorest.

The NRLM will develop a national pool of experts, practitioners and advisers in all the relevant disciplines including social mobilization, institution building, microfinance, livelihoods, placement linked skill training, etc.

Supporting States and UTs in roll out of NRLM: This will include providing handholding support in developing 'poverty diagnostics'; preparing state perspective plans and annual plans; action pilots; formulating programme strategies; and setting up dedicated support structure at state, district, block/sub-block levels and programme management systems like financial management and procurement manuals. Considering the importance of recruitment and placement of competent livelihoods professionals, NMMU will develop a panel of accredited HR agencies to assist the States and UTs in establishing dedicated multi-disciplinary professional teams at the state, district and block levels and systematically build their capacities through systematic trainings, exposures and immersions in best practice locations.

Knowledge Management and Capacity Building: Besides organizing stakeholder workshops, national consultations and policy seminars, NRLM will support multi-stakeholder forum, ICT based learning platforms and web-enabled knowledge management systems that will allow exchange of information, experiences and innovations in rural livelihoods in an extended community of practice.

- a. **Development of Social Capital through promotion of Community Resource Centers:** NRLM will provide assistance to the States/UTs to promote resource centers of the institutions of the poor. States will develop a large pool of '*social capital*' that will include federation members and office bearers, community resource persons and community para-professionals. These could be established at the block or district level. This social capital is key to sustaining all initiatives under NRLM and it makes the programme, a programme of the poor and by the poor.
- b. **Regional and State level Resource Centres:** Resource organizations with long experience in programme implementation at scale, in government and/or civil society sectors would be empanelled to provide support to the SRLMs in social

mobilization and livelihoods promotion. Where required they would be supported to strengthen their capacities.

- c. **Training and capacity building of development professionals:** NRLM will collaborate with reputed academic institutions to formulate and implement strategic plans for enhancing the supply of development professionals. A consortium of training institutions will be empanelled for documenting best practices in livelihood programmes, developing case studies, high quality training materials and practitioner tool kits for social mobilization, institution building, microfinance, and livelihoods management. These agencies could also be used for delivering training programmes for capacity building of staff.

Partnerships Development for banking and market linkages: The NRLM will support the States and UTs to develop strong pro-poor financial sector by facilitating strategic partnership arrangements (MoUs) with major commercial banks and Regional Rural Banks for creating dedicated staff resource and business process re-engineering for facilitating smoother financial access to poor; deepening financial access through product innovations; engaging communities in delivery of financial services. It will also encourage dedicated Public-Private-Peoples-Partnerships (PPPP) that focus on improving production efficiency; productivity enhancement; access to technology extension, logistics infrastructure and information services; and building pro-poor market systems for small and marginal producers. NRLM will also promote innovative use of ICT for delivering livelihood services in the last mile.

Chapter XII

Transition from SGSY to NRLM

NRLM has been conceived as a programme which would build on the strengths of SGSY and incorporate the learning from the best practices emerging from successful rural livelihoods programmes implemented in several pockets in the country. The two major strategic shifts under NRLM, vis-à-vis SGSY are that (i) NRLM will be a demand driven programme and the states will formulate their own poverty reduction action plans based on their past experience, resources and skills base and (ii) NRLM will provide for a professional support structure for programme implementation at all levels from the national up to the block level in different streams. All States will have to be transit to NRLM with in a period of one year from the date of formal launch of NRLM. They are expected to cover all the districts in the States over a period of 5 to 7 years, in a phased manner.

In order for a state to transit to NRLM, they will be required to fulfill the following:

1. Setting up of State Rural Livelihoods Mission as an autonomous entity
2. Requisite human resources at State Mission Management Unit
3. Deployment of trained staff at district and block levels for taking up NRLM activity in the first phase districts and blocks
4. Preparation and submission of State Perspective Poverty Reduction Plan and Action Plan
5. Approval of Perspective Plan and Action Plan by the Ministry of Rural Development

Phasing

Since NRLM involves preparatory activities at the state and district level, the states would develop their own strategies through an iterative process of implementation on pilot basis and incorporating the learning into the perspective plan for NRLM. It is therefore necessary to implement NRLM, in a phased manner. States have to identify districts and blocks for each of the phases and develop a clear roll-out plan. In districts and blocks not selected for NRLM, the guidelines for non-intensive blocks will be applicable. The states would work out separate action plans for intensive and non-intensive blocks to arrive at the consolidated plan for the state.

Some states Like Andhra Pradesh & Kerala are already implementing these processes on State wide basis and are hence be fulfilling the requirements for transiting into state-wide intensive NRLM. They may submit State Perspective Plan and Action Plans covering the entire state for approval.

Chapter XIII

Implementation of National Rural Livelihoods Mission

Under National Rural Livelihoods Mission it is proposed to adopt a Mission Mode approach to tackle rural poverty in a time bound manner. The demand driven strategy of NRLM would facilitate the states to formulate their own poverty reduction action plans taking into account state specific factors to achieve the defined measurable indicators.

The strategies defined under NRLM need to be implemented in such a way that significant result is visible in the states. For this, there is need to define a concrete action plan. For preparation of state **perspective and implementation plans** some preparatory activities are required to be taken up by the states.

The SMMU will prepare State Poverty Reduction Action Plan after amalgamating all the District Action Plans and incorporating the action plan of state mission management unit and get the same approved by its Governing Body. The SMMU will submit the Action Plan to the Ministry of Rural Development for approval. The State has to ensure that there is a balance between the expenditure proposed for different components.

Transiting to NRLM

- The Commissioner/ Director responsible for SGSY implementation in the State will be the Nodal officer for transiting to NRLM. In States/UTs where a dedicated society is already in existence, its State CEO/SPD would be designated by the State as the nodal officer.
- A core team will be constituted for supporting the preparatory work for transiting to NRLM. The members of the core team could be drawn from State Government, banks, civil society organizations, academics, etc. This multidisciplinary teams of experts will have competence in areas like - Social Mobilization, Institution Building, Micro-finance, Livelihoods, Human Resources, etc.
- Establishing State Rural Livelihoods Mission (SRLM) and deployment of staff under SMMU. Appointment of a Chief Executive Officer of SMMU, from State Government.
- Technical assistance for facilitating the preparatory work will be provided by the NMMU, if required. This would include:
 - Exposure visit to best practice states viz. Kerala, Andhra Pradesh, Bihar and Tamil Nadu.
 - Situation Analysis and stakeholders consultations
 - Strategy workshops
 - Setting up SRLM/SMMU

- HR Policy and recruitment
- Formulation of State Perspective Plan and Annual Action Plan
- Submission of Annual Plan and Perspective Plan to the Ministry for the approval.

Situation Analysis – Current Reality Assessment

One of the important elements in preparing action plan is Situational Analysis – Current Reality Assessment/Poverty Diagnostics of the poor, using secondary data, sample participatory assessments and quick studies. The exercise should culminate in a Stakeholders’ Consultations/Sharing Workshop with Community Leaders, Civil Society, Bankers and Government Programme Units/Departments. The workshop would also discuss the draft set of strategies proposed based on the core guiding principles and the Situation Analysis. The workshop would attempt to improve and fine-tune these strategies.

Appraisal and Approval under National Rural Livelihoods Mission (NRLM)

PERSPECTIVE PLANS AND ANNUAL PLANS

Each State will prepare a perspective plan with a seven year time frame. The perspective plan will be a dynamic document subject to modifications based on the experience and learning from programme implementation. The plan will clearly articulate the programme strategies, anticipated outcomes, implementation arrangements, phasing and financial resources for achieving results in a time bound manner. Based on the broad indication of resource availability to the State in a particular year, each SRLM will undertake a prioritization exercise and prepare Annual Action Plan. The draft Perspective Plans and Annual Plans for next fiscal year shall be submitted to NRLM latest by December 15th of each year. To facilitate this process, the National and State Mission will agree on parameters for allocation of resources at least six months before the commencement of the fiscal year.

APPRAISAL OF PERSPECTIVE PLANS AND ANNUAL PLANS

The NRLM will constitute Technical Appraisal Group (TAG) comprising multi-disciplinary teams of experts. These experts will be drawn from national and state missions, besides the roster of consultants maintained with NMMU.

The TAG teams will be responsible for both desk review of perspective plans and annual plans prepared by the states and participate in the field appraisal missions. They will review the plans in the context of poverty situation of each state and agree upon the priorities and broad outcomes for NRLM. The appraisal mission will specifically assess and agree with the SRLM, the programme strategies; results framework; implementation capacity of state, district and block level units; partnership arrangements with key stakeholders like government departments, commercial banks, NGOs and people’s institutions; phasing of intensive and non-intensive strategies; programme implementation; and the administrative and fiduciary arrangements in place. The appraisal mission will use range of methodologies including field visits to programme areas, participatory assessments, discussions with key

officials, multi-stakeholders workshops, etc. to synthesize its formulation for NRLM.¹¹ Based on the agreed actions with the appraisal mission, the SRLM will revise their perspective plans and annual plan. The TAG will review the final perspective plan and the annual plans and prepare an appraisal memorandum (or appraisal document) for approval of the perspective plan. For the subsequent years, the TAG will appraise the annual plans in the context of State Perspective Plan and the feedback provided by supervision missions, concurrent evaluation studies, and the minimum quantitative/qualitative performance criteria laid down by the NRLM from time to time.

APPROVAL OF PERSPECTIVE PLANS AND ANNUAL PLANS

The approval of Perspective Poverty Reduction Action Plan & Annual Poverty Reduction Action Plan will be done by the Coordination Committee at the National Level.

The State Secretaries will make presentation of the perspective and annual plans to the Coordination Committee which will also peruse the appraisal memoranda prepared by the TAG teams for according approval of the plans. The NRLM will allocate resources to States based on approved perspective plans and agreed results. The SRLM will enter into Memorandum of Understanding with Ministry of Rural Development for the period of perspective plan. The NMMU will ensure that the approval exercise is completed latest by March 15th of each year.

The elements in Situational Analysis

The elements in Situational Analysis may include:

- Demographic details within the poor (district-wise, block-wise, cluster-wise) -

¹¹ Separate guidance notes will be used on the role and responsibilities of TAG, appraisal missions; areas of appraisal; and appraisal methodologies.

Rural households, BPL families, Social classification, proportion of vulnerable groups, ... within [S]

- Food and Nutrition Security situation [S and P]
- Poverty as perceived by the Poor [P]
- Per Capita Income of the Poor [S]
- Social Mobilization/Groups/Institutions Situation, Organised Poor, Left out Poor [S and P]
- Credit Situation, , Current formal credit availability per capita, bank accessibility [S]
- Vulnerability Mapping/Analysis, Situation of Vulnerable Groups like SCs, STs including PVTGs, Minorities, Disabled, Single Women, HIV/AIDS infected, Old destitute etc., Disaster-prone [S and P]
- Entitlements, coverage [S]
- Existing Programmes in Government, coverage, performance [S and P]
- Resource endowments of the poor including land, water, common properties, livestock [S]
- Livelihoods Mapping - Livelihoods of the poor (numbers, days of employment, seasonality etc.) [S]
- Poor and Collectives, Cooperatives (S - Arjun Sengupta's Report)
- Employment continuum – wage, job, self-employment; unemployed, under-employed, skills in demand, skill mapping [S]
- Organized and unorganized enterprises [S]
- Migration data [S and P]
- Environmental Situation – coastal, dryland, hilly regions, tank cascades, mines, forests, grazing lands, bio-diversity, flora and fauna, NTFP,... [S]
- Civil Society engagement with communities, examples, practices and their capacity [P]
- Corporate Social Responsibility (CSR) situation and Business Partnerships [P]
- Existing best practices that have the potential for replication [S&P]

S: Secondary Data

P: Primary Data

State Perspective and Implementation Plan - Key Elements

- Generic Profile of the state
 - Summary of Situational Analysis - Poverty Profile, Social Profile, Livelihoods Profile and description of key livelihoods of the poor etc., Efforts to reduce poverty in the state (so far) - (Details in Annexure)
 - Poverty Reduction and Livelihoods Enhancement Strategy of the State, if any
 - Lessons learnt so far from the efforts in the state including those of the civil society and other states
 - Map of the state with districts (and blocks) showing poverty intensity
 - Summary of the Project Perspective and Implementation Plan
 - Vision, Mission, Values, Core Principles, Non-negotiables
 - Strategies
 - Mobilization,
 - Institutions, Social Inclusion
 - Credit, Financial Inclusion
 - Livelihoods,
 - Market Linkages)
 - Results by 7 years
 - coverage,
 - mobilization,
 - linkages,
 - households out of poverty,
 - increased income per household (average),
 - security(ies) achieved,
 - risks addressed,
 - self-managed institutions and their performance
-
- Model of Poverty Reduction and Livelihoods Enhancement
 - Implementation Strategy
 - Identification of Districts, Blocks, Clusters for
 - Intensive
 - Non-intensive
 - Components/Sub-components of the Project (Objective, Results, Activities, sub-activities, processes, costs and resources, phasing specific to the component, if any) –
 - Participatory vulnerability assessment, Universal Institutions; Capacities;
 - Funds (One-time grants, Capitalization of Community Institutions, recurring subsidies, allocation formula etc.); Safety Nets; Health, Nutrition and Risk Funds; Food Security Funds; Social Development Funds; Education Support Funds
 - Special Livelihoods Institutions/Support (Community Livelihoods

Analysis and Planning, Formation of Livelihoods Organizations, Infrastructure, Capitalization, Skill Development, Business Incubation, Working Capital, Linkages, Market Intelligence and Development, Funding Support for Livelihood Enhancement and Quality of Life ...);

- Human Resources; Innovations (creating models) and Incubation Fund; Project Management; Technical Support Envisaged
- Phasing (Geographic and Thematic), including the logic/rationale of phasing; Year-wise and Component-wise Results with indicators
 - Phasing of Districts, Blocks, GPs, Villages – intensive, non-intensive year-wise. Model phasing plan for a state is as follows:

Say in a State No. of Districts are 40 and No. of Blocks are 400

Year	0	1	2	3	4	5	6	7	8
Phase-1	Preparatory work for phase-1								
Districts		10	10	10	10	10			
Blocks		40	40	100	100	100			
Phase-2			Preparatory work for phase-2						
Districts		10		10	10	10	10		
Blocks		40		40	100	100	100		
Phase-3					Preparatory work for phase-3				
Districts						20	20	20	
Blocks						80	80	200	

- First year (or 18 months) – month-wise, component-wise
 - Quarterly Outputs
 - Detailed Activities with timeline/sequence to be implemented during the year
 - Activity-Time-Cost-Responsibility Matrix
 - PERT Chart of activities/MS Project Activity Chart
 - Procurement Plan, HR Plan, Capacity Building Plan, Plan for Technical Support
- Second Year – quarter-wise
- Thereafter – year-wise
- Progress/Cycle of a few typical
 - households, SHGs, institutions, villages, clusters, blocks, districts, state

SHGs and Federations: Approach and Design

The Overall approach and focus of NRLM is to build, promote and sustain the self help groups and their federations primarily of poor women based on self selection. SHGs are the primary building blocks of the proposed interventions in NRLM. The groups are encouraged to initiate savings first and use the same to meet the consumption credit needs of members through a system of internal loaning to build a sense of ownership and mutual support. In addition to own savings the groups are provided with revolving funds and loans from banks to augment the capital and meet the varied social and business credit needs of members to support and stabilize their livelihoods. Groups would evolve their own norms and bylaws for managing the activities. SHGs would be organized into federations at various levels to build and sustain linkages with banks and mainstream institutions and also to undertake collective action for social development.

Self Help Groups: the building blocks

Purpose of SHGs

- Provide the women a space for collective action for social and economic development; promote self help and mutual cooperation through sharing, learning and acting.
- Inculcate the habit and promote savings among the poor and use the same to meet the consumption and emergency credit needs to regulate household level cash flows.
- Act as local financial institution to provide a range of financial services for the poor at the door step and leverage resources from bank thus reducing the transaction costs.
- Arresting leakage of income and get the poor out of the clutches of usurious moneylenders; provide credit to support livelihoods.

Structure and Systems

1. All the members of the group constitute the general body. The membership of the group would be limited to primarily women. The size of the group could range from 10 to 20 members.
2. Each group would elect/select 2-3 members as leaders for a specific period on a consensus basis to take greater role to lead and manage the activities. They could also act as signatories of the group and involve in responsibilities such as ensuring regular group meetings, attendance, implementation of norms, accountability, transparency, book keeping and represent the group at various fora. Rotation of leadership would be promoted to provide opportunities for all members to build their capacities.
3. Each group would evolve a set of norms over a period of time by involving members. The norms could be on any of the following aspects based on their need and context:
 - Membership related: inclusion, cessation, withdrawal

- Attendance related: Time, place, leave and absence
- Savings related: Types of products, amount, frequency and interest/dividends on savings, sharing profits
- Loans related: Types of products, eligibility criteria, prioritization, purposes, loans based on Micro Plans, quantum, no. of loans/member/at a time, installments, rate of interest, penalties, delinquency management etc,
- Social development norms: Children’s education, basic health and sanitation related
- Leadership related: election/selection, tenure, required characteristics,
- Roles and responsibilities of leaders
- Accounting system: Maintain prescribed books of accounts, Bookkeeper – preferably paid and one among the Group members, Community Auditing system
- Representation and participation in federations

4. Phases of SHG Development: Life cycle of a group

Phase	Trigger	Time-frame	Focus	Key Activities	Outcomes
Pre-formation	List of selected districts, blocks	2-3 months	Identification of Poor and vulnerable	<ul style="list-style-type: none"> • Selection and orientation of Community facilitators/Service Providers • Profiling and Vulnerability study • Entry point activities • Identification of poor • Social Mobilization: meetings, interaction with community formation of group 	<ul style="list-style-type: none"> • Profile of the village in place • Vulnerable study report in place • List of identified Targeted HHs • List of Interested members to form into groups
1 st Stage	List of interest members in place	6 months	Organizing groups, norm setting and initiation of savings	<ul style="list-style-type: none"> • Facilitation of norm setting • Election/selection of leaders • Initiation of savings and internal lending • Regular repayment • Bookkeeping and opening of bank account • Orientation and training of members and leaders 	<ul style="list-style-type: none"> • Regular savings and meetings with 95% attendance • 100% repayment rate • Updated books of accounts • Positioning of Community facilitator/Service provider • Completion of basic training to Group • Presiding over the meeting by all

				<ul style="list-style-type: none"> • Training on federation 	members on rotation basis
2 nd stage	<p>Group attaining 6 months age.</p> <p>Bank account opened.</p> <p>Internal lending in place at least for 6 months</p> <p>Updated books of accounts in place.</p>	6-24 months	<p>Training group management, Micro planning and bank linkages</p> <p>Developing linkages with Primary Federation/ bank</p>	<ul style="list-style-type: none"> • Revolving Fund support • Orientation to the leaders of the group and training to the CSP on micro planning • Training on bank linkage/ CIF management • Providing financial support : PF/bank linkage • Initiation of food security / health/ need based interventions • Exposure visits to Primary/secondary level federations • All members visiting banks on rotation basis 	<ul style="list-style-type: none"> • more than 95% attendance • 100% repayment rate of all loans with in SHG and also to PF and bank • Increased access and equity of loans • Regular repayment to PF/Bank • Membership in PF and active participation • Adoption of at least two social norms • Access to food / health services or other social needs
3 rd stage	<p>Group accessed credit external sources viz., PF/Bank</p>	2 years onwards	<p>Development of perspective plan</p> <p>Introduction of new financial products</p> <p>Social capital development</p>	<ul style="list-style-type: none"> • Individual and Group Vision building • Rotation of leadership • Provision of higher doses of bank/PF loans and TFI loans • Introduction of new financial products 	<ul style="list-style-type: none"> • Vision building plans • increased livelihoods • Social capital development • Social security in place • Reduction in usurious loans • Increase in savings by members

Second Level Institutions

Need for federations:

- To overcome the limitation of SHG's in tackling issues such as
 - To address the multi-dimensional issues of poverty
 - To ensure the quality of primary level institutions and their sustainability
 - “ Voice” – collective bargaining power for accessing entitlements of poor
 - Power of collective action , to make use of the economies of scale, aggregation benefits , as a broad service provider (for example credit, inputs, market linkages, collective food purchase)

- Manage and sustain linkages with various external institutions
- To proactively develop convergence with government schemes
- A platform for SHG's to learn and share and to establish mechanisms to ensure the quality of SHG's
- As a medium for community leadership development and capacity building in general

Pre- conditions for forming federations

- Certain age and Quality of constituent units
- Clarity on the purpose and functions of the federation agreed upon and evolved by the members
- Feasibility and viability of the scale with respect to given purposes/ functions
- Quality control of constituent units (Quality needs to be clearly defined in the annexure)
- An assessment for potential to form primary level federations in a given village or a cluster of villages. (An understanding of the potential number of SHG's that can be formed within the village needs to be there)

Typology of federations

a. Federations based on functions

5. Federations would broadly be taking up Social, Financial and Business functions. The social functions include access to entitlements such as (PDS, social security pensions, other schemes of governments, other social issues as decided by individual federations). Financial functions include (access to credit, insurance and other financial services which could involve equity contribution from the SHG's, co-contributory pension services). Business function includes (Collective purchase of inputs, provisions of other backward linkages (credit, technology extension), provision of forward linkages (collective processing, marketing). There would be broadly 2 kinds of federations
- Federations exclusively taking up only one of the Social , Financial and Business functions
- Federations taking up a combination or all of the Social, Financial and Business functions

b. Federations based on levels

6. There would be a first level Primary federation where SHG's and SHG members are directly represented. In addition there would be layers of federation as per the needs and requirement given the pre conditions stated above are satisfied. It could be at sub-district and district levels.

Activities, Structure, Systems of Federations

Primary Level Federations

7. Activities of primary federations:

- Promoting new groups and ensuring inclusion of the poorest
- Strengthening and monitoring quality of existing groups

- Building leadership and resolving conflicts and
 - Monitoring and ensuring accountability of community service providers
 - Manage NRLM funds and related interventions
 - Revolving fund and Community Investment Fund
 - Food Security fund
 - Health Risk Fund
 - Facilitate linkages with banks and/or borrow from banks and on lend to member SHG's
 - Ensuring access to entitlements (PDS, NREGA, Social security pensions) through relevant linkages with public service providers at various levels
8. The financial services of the federations would be limited to only members and their family. Only in case of vulnerable like destitute, persons with chronic diseases/ HIV+, disabled, single women and families affected by communal riots and natural calamities, services would be provided to non-members also. The technical services (dairy, Jobs to Youth, marketing etc) may be extended to non-members also.

Structure

9. SHG as an institution would become the member of the federation. There would a minimum of 5 and a maximum of 20 (30)SHG's in a primary level federation. Wherever there is a potential for forming more than 20 (30) SHG's in a single village more than one federation can be formed. The rationale for limiting the maximum number to 20 (30) is to ensure ease of operations and functional democracy. Similarly if the potential number of SHG's that can be formed is less than 5 (based on 80% saturation of the poor principle) than cluster of villages for forming a federation can be looked at. In cases where the states would want a federation to be co- terminus with Gram Panchayats, the maximum number of units under each federation can be relaxed. In such cases suitable structure and systems to cater to the bigger size need to be provided for.
- Apart from no. of SHGs, one has to consider geographical convenience, culture and homogeneity of the SHGs while forming primary federations.
 - Each primary federation will have General body consisting of members nominated from respective member SHGs which shall elect an executive committee and office bearers of the federation. It should be ensured that the poorest and other vulnerable sections are adequately represented at all levels in the federations including office bearers.
 - Each primary federation will have General body consisting of members nominated from respective member SHGs which shall elect an executive committee and office bearers of the federation
 - There would be **Functional Committees** as decided by the general body
 - Social functions (Food security, social security, Health, Gender, Education and Social issues)

- Financial functions (Savings, Credit, insurance and co-contributory pensions)
 - Business functions (Collective purchases, collective marketing, rural hats etc)
 - Quality control functions (Rating/grading, capacity building, audit, asset verification)
- Appropriate legal status/form for the primary level federations need to be decided based on the prevalent legal framework in the state.

Staff

10. For a group of 8 to 10 SHG's there would be a community facilitator/Community Service Provider responsible for facilitation of the SHG process/ activities/micro planning and book keeping and he/she is accountable to the primary federation. For every primary federation there would be a federation associate who will manage the books of records and also assist the various functional committees in planning and implementation of various interventions. This federation associate is accountable to the primary federation.
11. The cost for all the staff (SHG level CF/CSP's, federation associate , other CSP's who may come up as per the need) working for the primary federation needs to be generated through the interest income and other sources of income for the federation over a 5 year time frame. NRLM will fund the salaries and their capacity building costs of these Community facilitators/ Community Service Providers for the first 5 years of the federation tenure.

Systems

12. Ensuring good governance practices such as conducting regular meetings of EC and general body, annual plans , audit reports and rotation of leadership
13. Micro planning, appraisal, sanctioning, repayment monitoring systems to be put in a place
14. Book keeping, accounts and auditing

15. Phases of promoting federations

Phase	Trigger	Time frame	Focus	Key activities
Pre formation Phase	A minimum of 5 active* SHG's in place and are at least 6 months old	0 to 3 months	Setting the purpose and building agreement	Seeding the concept through Interactions with community leaders, Exposure visits, Systematic training modules
Formation Phase	Agreement among the member groups	3 to 9 months	Establishment of governance and initiating revolving fund (collecting repayments from SHG's)	Constitution of the general body , Adoption of bylaws Election of Executive Committee Collection of share capital, membership, admission fee, savings etc Constitution of functional committees and training , Opening of Bank account , appoint of federation associate and training Member education on their rights and entitlements, bye-laws and registration of Federations
Functional Phase	Bank account open, Training of Functional Committees completed, micro plans for food prepared	9 months onwards	Stabilizing Revolving Fund/CIF Management, Initiating Food security intervention, Management of Community Service Providers (CSP's)	Systems in terms of appraisal, sanctioning , monitoring, accounting and financial management (includes working capital mgt, repayment), Supervision of CSP's in place accomplishment of Legal compliances
Growth Phase	Regular Repayment of the revolving fund and food security fund	15 months onwards	Bank Linkages and facilitating access to entitlements (NREGA,PDS, Pensions)	Borrowing from the bank and onlending to the SHG's and regular monitoring of the repayment, working capital mgt) , preparing an action plan with milestones on entitlements and training on this)
Sustainability Phase	Start of the exit of the project staff	48 months onwards	Cost coverage through operations	Perspective plan detailing the expenditures (salaries of community service providers, other operational costs) and source of funds (interest income, fees and margins in collective activities)

Case Study 1: Participatory identification of poor (PIP):

Tamilnadu VKP project supported by World Bank has developed a participatory methodology for Identification of Poor that helps to identify and list very poor, poor, differently abled, vulnerable, tribal, chronically ill patients, nomads and other marginalized communities in the project village. The PIP has the following characteristics.

- The local community is involved in the process of PIP and identifying the criteria for selection of poor
- Use of participatory techniques and methods.
- Facilitators and other community members are trained in PIP before the process
- Verifies the veracity of the information gathered
- Provides an opportunity for rectification of errors

The key activities include informing community about PIP exercise, selection and training of team for conducting PIP exercise, Undertaking transect walk, social mapping, wealth ranking for identification of vulnerable, differently able followed by quality check of the lists, rectification of errors and finally sharing the list and obtaining the approval of the gram sabha.

Case Study 2: Community Resource Persons (CRP) for social mobilization and support project staff in scaling up:

The World Bank supported SERP project in Andhra Pradesh has developed and practiced the Community Resource Person strategy, involving the experienced community members for social mobilization, capacity building and scaling up of various processes with in the project. There are two types of CRPs developed one is Internal CRPs and external CRPs. Internal CRPs are the community persons from with in the block and external are from outside the block/district or state. A systematic process of identification and orientation is given for the CRPs before their services are utilized. CRPs are paid a fee for the services and time provided for the project in addition to meeting the travel and food costs by the project. CRPs are expected to deliver defined set of outputs in a given time frame and CRPs are used primarily as an interim strategy to trigger the process and support the project staff and work on a campaign mode to address specific tasks especially on a scale in a given period of time. CRPs are community members selected based on the following characteristics.

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

In case of BRLP project external CRPs from AP were involved for social mobilization and later the Internal CRPs from older locations were involved. CRPs were able to form many groups at very shorter span of time due campaign approach and motivate other poor through sharing of own experiences. Down side of this approach is that CRPs have no clear strategy and focus to select poor, no clear method is used except physical observation of people and their living conditions.

Case Study 3: Activities and achievements of Swarnajyothi Mandal Samakhya (federation) at Dharmasagar, Warangal district, Andhra Pradesh

Swarnajyothi Mandal Samakhya formed in 2004 with 52 village organisations as members in Mandal Samakhya from 24 panchayats. 1342 SHG are in functioning in the mandal with 97% BPL families are organised into SHGs. Among all these SHGs 1168 have adopted weekly meetings and 446 bookkeepers are working in the Mandal.

Every village organisation appointed a community activist and paying the honorarium through their group incomes. All SHGs and VOs have undergone 3 days training organised by external and internal CRPs with the support of staff. Out of 52 VOs 45 have been earning an income through interest ranging between Rs. 2000/- to 6000/- per month.

A total of 288 functional committee members have been trained and they are working in their respective VOs through effective community monitoring system. 267 Community Resource Persons have been developed and they are providing services to within the state and other states also.

SERP provided a Revolving Fund of Rs 86.20 lakhs based on Micro credit Process, which is used for internal loaning and the federations has earned an interest income of 23.35 lakhs in addition to resource fees. Education loans were provided to 274 needy students @ 3% interest to the tune of Rs. 21.00 lakhs for higher education. About 90 percent families have been covered through social security insurance and 407 unemployed youth benefited through skill building training.

Three Marketing centres have been established in the mandal and procured 90,669 quintals of Maize and Paddy worth of Rs 616.93 lakhs from 4960 farmers in collaboration with APMARKFED & Civil supplies Department. Total procurement of tune of 616.93 lakhs.

Model Bye laws for State Rural Livelihoods Mission Societies

----(Name of state) State Rural Livelihoods Mission
[--SRLM]

**Memorandum of Association
&
Rules**

August 2010

Memorandum of Association for Registration of the Society

1. Name of the Society

The name of the Society shall be " (Name of State) State Rural Livelihoods Mission"
(here in after referred to as to the Society).

2. Location and name of the Society

The Registered Office of the Society shall be located at (Address to be given).

3. Vision

To be a specialized agency for the empowerment and poverty reduction by focusing on livelihoods of the poor and vulnerable

To act as an agency to bring convergence between all poverty reduction and empowerment programmes.

4. Scope

The state society will be initially responsible for managing the National Rural Livelihoods Mission (NRLM) or any other project / s which the State Government may entrust and expand its scope of work through out the state or area specified by the State Government.

5. Objectives of the Society

The Society shall function as the apex coordinating organization for the implementation of the National Rural Livelihoods Mission (NRLM). The Society shall have the following specific objectives:

- a. Alleviate poverty of poor men and women by improving their capacities and opportunities to participate in and control their own development.

- b. To make necessary interventions to empower active and affinity based groups of disadvantaged people.
- c. To make necessary interventions to create income security opportunity for the rural poor.
- d. Through village institutions collaborate and influence Panchayati Raj Institutions (PRIs) to become more effective, accountable and inclusive.
- e. Bring about coordination, convergence and synergy among the various components of different poverty alleviation programmes of the State and Central governments with a view to accelerating programmes towards elimination of poverty in the State.

6. **Functions**

- (a) Take all such actions and to enter into all such actions as may appear necessary or incidental for the implementation of the project and in particular for the achievement of the vision and objectives referred to in article ----- above.
- (b) Formulate guidelines for implementation of the various programs of the Society.
- (c) Act as Guardian of Rules and “non-negotiable principles” of the projects, and enforce the rules and guidelines for the implementation of the projects.
- (d) Accept or provide any grant of money, loan, securities or property of any kind and to undertake and accept the management of any endowment trust, fund or donation not inconsistent with the objectives of the Society.
- (e) Purchase, hire, take on lease, exchange or otherwise acquire property, movables or immovable and construct, alter and maintain any building or buildings as may be necessary for carrying out the objectives of the Society.
- (f) Open a bank account, along with the signatories to the account.
- (g) Receive funds from the State Government or other sources through budget releases and release money to the lower offices based on their requirements and utilization of funds previously released.
- (h) Incur expenditure after drawing up a budget and with due regard for economy and propriety.
- (i) Make rules and regulation for the conduct of the affairs of the Society and add or amend, vary or rescind them from as and when required.
- (j) Establish its own organizational structure, offices and employ, retain or dismiss personnel as required, decide salary and benefit structure for the Society.
- (k) Accept, make, enclose or otherwise execute cheques, drafts, receipts, bills of exchange or other instruments and securities as required for the conduct of the business of the Society.
- (l) Enter into contracts without a requirement for government approval, other than by government representatives on the Executive Committee and undertake any legal action that may be necessary to ensure the fulfillment of contracts made between the State Society and others.
- (m) Exercise overall responsibility for management of Project on behalf of the Government of ----- (State) within the framework of project / Mission guidelines.

7. **Management of the State Society**

The management of the affairs of the State Society shall be vested with the Executive Committee as enshrined in the Bye- Laws framed for the purpose.

8. Authority to Correspond

The Member Secretary of the Society shall be the authority to correspond on behalf of the Society.

9. Founding Members and formation of the State Society

The undersigned members, associating themselves for the purpose described in this Memorandum of Association and desirous of forming themselves into a society are the founder members of the Society. The founder members by designation and their successors shall be treated as founder members in their place.

We, undersigned, whose names, occupation and address as given below, do hereby subscribe our names to this Memorandum of Association and form ourselves into a society namely the State Rural Livelihoods Mission under the

----- Societies Registration Act, ----- (year)

10. A certified copy of the Rules of the Society is enclosed herewith, as required u/s ___ of the State Societies Registration Act, ___ (No. ___ of)

We, the undersigned, are desirous of forming a Society namely **(Name of State) State Rural Livelihoods Mission** in pursuance of the aforesaid Memorandum of Association, and have signed the Memorandum in the presence of the witnesses mentioned below:

<u>Name</u>	<u>Designation</u>	<u>Signature</u>
1.		
2.		
3.		
4.	_____	

We the undersigned witnesses, certify that we know the above-mentioned persons and that they have signed before us.

	Signature
1.
2.

B. Nominated Members:

- Members from RBI, NABARD, Commercial Banks, Civil Society Organisations. There would also be a provision for special invitees including community representatives to the meeting.

RULES OF THE SOCIETY

1. Name of the Society

The name of the Society shall be "*(Name of State) State Rural Livelihoods Mission*" (here in after referred to as to the Society).

2. Location and registered Office of the Society

The Society will have its head office at -----and may establish one or more branches anywhere in the State, if required. The Registered Office of the Society shall be located at _____(Address of Society).

3. Scope and Application

The area of operation of the Society in the State of _____ would be all districts,

4. Objectives

The Society shall function as the apex coordinating organization for the implementation of the project. The Society shall have the following specific objectives:

- a. Alleviate poverty of poor men and women by improving their capacities and opportunities to participate in and control their own development.
- b. To make necessary interventions to empower active groups of disadvantaged people.
- c. To make necessary interventions to create income security opportunity for the rural poor.
- d. Through village institutions collaborate and influence PRIs to become more effective, accountable and inclusive.
- e. Bring about coordination, convergence and synergy among the various components of different poverty alleviation programmes of the State and Central governments with a view to accelerating programmes towards elimination of poverty in the State.

5 Date of Commencement:

These rules shall come into the force from the date which the *(Name of State) State Rural Livelihoods Mission*" is registered under Societies Registration Act _____.

6. Definitions:

GOI: - shall mean the concerned Ministries and the concerned Department of the Government of India.

MoRD:- shall mean Ministry of rural development Government of India

President: - shall mean the President of the General Body of the Society.

Vice President: - shall mean the Vice-President of the General Body of the Society.

Chairperson: - shall mean the Chairperson of the Executive Committee of the Society.

Vice Chairperson: - shall mean the Vice-Chairperson of the Executive Committee of the Society.

Chief Executive Officer (CEO) : - shall mean the Chief Executive Officer of the SRLM as appointed by the State Government.

General Body: - shall mean the body of the Society constituted under Rule ----- of these Rules.

Executive Committee (EC): - shall mean the body of the Society, which is constituted under Rule -----, of these rules.

The Project means any project taken by the Society including National Rural Livelihoods Mission.

NGO: - shall mean a non-governmental organization.

Officers and Staff: - shall mean all whole time and part time employees of the Society or Project duly appointed by any authority or officer, duly empowered to do so, and would include consultants, fellow and research staff, if any.

State Project Management Unit (SPMU): - shall mean the State Project Unit who is responsible for Project Administration.

Collector: - shall mean the Collector/District Magistrate of a district appointed by the State Government.

CEO ZP: - shall mean the Chief Executive Officer of a Zila Panchayat.

PDDRDA- shall mean the Project Director of District Rural Development Authority

District Project Unit (DPU): - shall mean the District Project Unit

Zila Panchayat Sub Committee (ZPSC): - shall mean a Sub Committee of the Zila Panchayat, notified by Government

VDC/VO: - shall mean the village development committee/Village Organisation at the village level.

PFT: - shall mean the Project Facilitation Team at sub cluster level.

SHG: - shall mean the Self Help Group.

DCBO: - shall mean District Capacity Building Organization.

GP: - shall mean the Gram Panchayat.

Gram Sabha: - as defined by the Panchayat Act.

Officers of the Society: - shall mean all post holders of the Society.

Mission/Project: - shall mean the SRLM of the Government of State (Name of State) as implemented in the State and /or any other project given to the Society to implement.

7. General Body of the Society: It shall consists of the following members:

- a. President - Chief Minister / Rural Development Minister / Chief Secretary / Development Commissioner -----.
- b. Vice President - Minister in charge of Rural Development / Development Commissioner.

Members:

Ex Officio Members.

1. Chief Secretary.
2. Development Commissioner.
3. Ministers, State Government / HOD in charge of the following departments.
 - a. Agriculture.
 - b. Finance.
 - c. Women & Child Development.
 - d. Public Health and Family Welfare.
 - e. Rural Development.
 - f. Water Resources.
 - g. Scheduled Caste and Scheduled Tribe Welfare.

- h. Rural Industries.
- 4. Chief Executive Officer SRLM, - Member Secretary.

Nominated Members:

The Representatives of RBI, NABARD, Commercial Banks, Civil society Organizations, and the representatives of project non-officials.

There would also be a provision for special invitees including Community representatives to the meetings of General Body.

5. **Terms of Ex-Officio Member:**

- a. Ex-Officio members of the General Body including the President, Vice President and those cited at ----- above shall continue to be Members, so long as they continue to hold office and shall cease to be members as soon as they cease to hold such office. The successor in office of the person so ceasing to be a Member shall become member from the date of his assuming charge of the new office, subject to like conditions as to the term of membership.
- b. In the event of any office held by such member of the General Body being abolished or differently designated or in the event of any doubt as to whether a particular person holds a particular office or not, a duly authenticated communication from the State Government to the Project conveying the decision of the Government as to the successor in office or as to the incumbent holding the office shall be final and conclusive.

9. Term of Nominated members:

- a. The term of the nominated member would be at the pleasure of the President of the Society and shall ordinarily be for 2 years and would be nominated by the President of the Society.
- b. The nominated members would be drawn from the project districts in a way that over the life of the NRLM project all the districts can get represented.

10. Termination of Membership: Members of the General Body shall cease to be such members if they resign or become of unsound mind, or are insolvent or are convicted of a criminal offence involving moral turpitude.

11. Resignation from Membership: Resignation from the membership of the General Body of the Society shall be tendered to the Member Secretary / Convener of GB and shall not take effect until it is accepted by the President.

12. Pre mature vacancies in the Nominated Category: Any vacancy in the membership of the nominated category of the General Body occurring pre maturely due to resignation or otherwise shall be filled by nomination by the authority competent to make such nomination, and the persons so nominated shall hold office only for the un expired period of the term of the pre maturely terminated membership.

13. The Society, and through it the Project, shall function notwithstanding the fact that any person who is otherwise entitled to be a member by reason of her/his office, is not a member of the General Body for the time being, and also notwithstanding the fact of any other vacancy either due to non-appointment or otherwise. Further, no act of the Society or the Project shall be invalidated merely by reason of the happening of any of the above events or any defect, procedural or otherwise, in the appointment of any of the members of the General Body.

14. Functions of the General Body:

To achieve the objectives laid out in rule 4; the General body shall: -

- a. Provide overall policy guidance and direction for efficient functioning of the Society and will be instrumental in bringing about strategic and policy changes that may be necessary for the implementation of Programme / NRLM and other projects assigned to it by the State Government.
- b. Review project / NRLM performance and secure active involvement and participation of Institutions, Non-governmental organization, Voluntary agencies and Individuals committed to poverty alleviation and provide necessary financial assistance to them.
- c. Bring about effective decentralization in basic planning for poverty alleviation by involvement of the people through a process of training and awareness building and creation and /or utilization structures formal or otherwise.
- d. Secure constructive and participatory involvement of local people and grass root leadership for the achievement of the project's objects and for this purpose establish and/or utilize formal as well as informal structures.
- e. It shall consider and approve the balance sheet and annual audited accounts of the Society, presented by the Member Secretary.
- f. It shall consider the annual report and ratify district budgets.
- g. It shall consider evaluation and special reports commissioned by the project administration.
- h. It shall ensure that the Society considers any comments made by funding agencies on the progress and requirement in the implementation of the projects sponsored and funded by them.
- i. It shall ensure technical and non-technical resources by harnessing the existing Institutions and through establishing new ones, if required.
- j. Organize conferences, symposia, workshop etc. on matter related to the Society and to the project.
- k. Advise State Government in implementation of poverty alleviation programmes.

15. Powers of General Body:

The General body shall have powers to: -

- a. To undertake all activities necessary for the fulfillment of the objective of the Society.
- b. To expand/modify the strength of its membership.
- c. To add, modify or amend the Memorandum and Articles of Association and these byelaws; provided that all such additions, modifications or amendments shall be aimed at promoting the objectives of the Society.
- d. To create duly empowered administrative mechanisms through such participation as may be deemed necessary, of various departments and agencies of Central and State Government and other organizations for the achievement of the objectives of the Society and of the NRLM in the state project.
- e. To create academic, technical, administrative, managerial, training and other posts in the project and/or within the Society.
- f. To ratify rules and regulations for conduct of the affairs of the Society and to amend them from time to time.

- g. To accept grant of money, securities or property of any kind and under take and accept the management of any endowment, trust, fund or donation, not inconsistency with the objectives of Society or project.
- h. To acquire movable and immovable property by purchase, lease, hire, exchange or otherwise and to construct, alter, maintain any building or buildings as may be necessary for carrying out the objectives of the Society and of the project.
- i. To delegate to the Executive Committee or to any of the officers and authority of the Society such powers and impose such duties as it deems proper.
- j. To approve the annual report, balance sheet and annual audited accounts of the Society.
- k. To undertake all such activities, form such committees/task groups as may appear necessary or incidental for the achievement of the objective of the Society and of the Project.

16. Functions and Powers of the President and Vice-President of the Society:

The Functions and Powers of the President of the Society are: -

- a. To call meetings of the General Body.
- b. To preside over the General Body.
- c. To accept resignation of a member of either body when offered.
- d. To review all the aspects of the projects being implemented by the Society.
- e. The president of the Society will have full powers both administrative as well as financial in all the matters, which are required for successful and efficient implementation of the project. However, he can further delegate the powers to other members/authorities/officers of the Society as well as to the administrative unit.
- f. In the absence of the President, the Vice-President shall exercise all the powers vested in the President and shall also exercise independently powers duly delegated to him.

17. Proceeding of the Society:

- a. Meeting of the General Body of the Society shall be held at such time, date and place as may be determined by the President. Meeting shall be held at least once in a financial year.
- b. Except as otherwise provided in these Rules, all meetings of the General Body shall be called to notice under the signature of the Members-Secretary. However, for calling a meeting, a written notice must be dispatched to every member through messenger or by post at least ten days before the due date. Under special circumstances, the President of the Society can ask to call the meeting of the General Body by giving a shorter notice.
- c. Meeting of the General Body of the Society shall be presided over, by the President, and in his absence, by the Vice President.
- d. One third of the members of the General Body of the Society present in person shall form the quorum at every meeting, provided that no quorum shall be necessary in respect of an adjourned meeting.
- e. All disputed question at meetings of the Society shall be determined by vote and in case of equality of votes, the person chairing the meeting shall have the casting vote.

18. The Executive Committee of the Society would comprise of following officials and members as specified below: -

- a. Chairperson - Chief Secretary.
- b. Vice-Chairperson - Development Commissioner,
- c. Principal Secretary/Secretary, Agriculture.
- d. Principal Secretary/Secretary to Chief Minister.
- e. Principal Secretary/Secretary, Women & Child Development.
- f. Principal Secretary/Secretary Finance
- g. Principal Secretary/Secretary Tribal Department
- h. Commissioner, Institutional Finance.

- i. Secretary, Rural Development.
- j. Director SIRD
- k. Directors of Watershed Missions
- l. Convener State Level Bankers Committee
- m. CGM NABARD
- n. CEO , SRLM - Member Secretary.

There would be at least two representatives from implementing and capacity building NGOs nominated by the President/ Vice President of the General Body.

There would also be a provision for special invitees to the meeting of the Executive Committee.

19. Term of Members:

- a. The term of ex-officio members of the Executive Committee shall be in like manner as in 8(a) and (b) above.
- b. The term of nominated members shall be ordinarily, for a period of two years. Such members shall be eligible for re-nomination. A member so nominated shall become such member as from the date of issue of authenticated communication conveying that such person has been nominated as a member of the Executive Committee.

20. Termination of membership:

Members of the Executive Committee shall cease to be such members if they resign, or become of unsound mind, or are insolvent or are convicted of criminal offence involving moral turpitude.

21. Resignation from membership:

Resignation from the membership of the Executive Committee shall be tendered to the State Project Coordinator and shall not take effect until it is accepted by the Chairperson.

22. Premature Vacancies in the Nominated Category:

- a. Any vacancies in the membership of nominated category of the Executive Committee occurring prematurely, due to resignation or otherwise, shall be filled by nomination by the authority competent to make such nomination, and the person so nominated shall hold office only for the unexpired period of the term of the prematurely terminated membership.
- b. The Executive Committee shall function notwithstanding that any person who is entitled to be a member by reason of his office is not a member of the Executive Committee for the time being and notwithstanding any other vacancy in the committee whether on account of non-appointment by the authority entitled to make the appointment or otherwise, and no act or proceedings of the Executive Committee shall be invalidated merely by reason of the happening of any of the above events or defects in the appointment of any of its members.

23. Functions of the Executive Committee:

It shall be the responsibility of the Executive Committee to endeavor to achieve the objects of the Society and of the Project, and to discharge all its functions subjects to the Rules and Regulations of the Society. It shall ensure that the Society considers any comments made by funding agencies on the progress and requirement in the implementation of the projects sponsored and funded by them.

24. Powers of the Executive Committee:

- a. Shall provide policy guidance and direction for functioning of the Society.

- b. Review project performance and undertake activities necessary for fulfillment of objective of the Society.
- c. Have power, to enter into agreements with other public or private organizations or individuals for furtherance of its objects.
- d. Have power, to secure and accept endowments, grants-in-aid, donations or gifts to the Society on mutually agreed terms and conditions. Provided that conditions of such grants-in-aid, donations or gift shall not be inconsistency or in conflict with the objects of the Society or with the provisions of these Rules.
- e. Have power, to take over and acquire, by purchase, gift or otherwise, from Government, and other public bodies, from private individuals, movable and immovable properties or other funds together, with any attendant obligations and engagements, not inconsistent with the objects of the Society or with the provisions of these Rules.
- f. Have power, to undertake or give contract for construction of buildings required, if any, for use of Society or Project, and to acquire stores and services required for the discharge of the functions of the Society.
- g. Have, subject to the provisions of Rule 4, power to sell or lease any movable or immovable property of the Society provided, however, that no assets of the Society created out of the government grants shall, without prior approval of the Government, be disposed of, encumbered or utilized for purposes other than those for which the grant was sanctioned,
- h. Have powers, by resolution, to constitute standing/ad hoc committees or task forces/groups, etc., for various areas of DPIIP and decide in regard to their membership, powers, functions and liabilities.
- i. Have the powers, by resolution, to appoint Advisory boards or other special committees for such purposes and with such purposes and with such powers as the Executive Committee may think fit, and to dissolve any such committee or Board at any time, and
- j. Have the power, to delegate to the Chairman, Vice-Chairperson, State Project Coordinator or any of its members and/ or to a committee/ group or any officer of the project such duties as it deems proper and also prescribe limitations within which the powers and duties shall be exercised or discharges by the member/ committee / group /officer so delegated.

25. Proceedings of the Executive Committee:

- a Meeting of the Executive Committee shall be presided over by the Chairperson, and, in his absence, by the Vice-Chairperson.
- b. One-third of the members of the Executive Committee present in person shall constitute the quorum at any meeting of the Executive Committee, provided that no quorum shall be necessary in respect of an adjourned meeting.
- c. Not less than seven days notice of every meeting of the Executive Committee shall be given to each member of the Executive Committee provided that:
 - i. The chairperson may call any emergency meeting at the notice of even 24 hours, and
 - ii. Any inadvertent omission to give notice of the meeting or its non receipt by any member shall not invalidate the proceedings of that or any other meeting.
 - iii. Every notice calling a meeting of the Executive Committee shall state the date, time and place at which such meeting will be held and shall be, except as otherwise provided in these Rules, issued under the signature of the Member-Secretary.
- d. The Executive Committee shall meet as often as necessary but at least twice in a year.
- e. Each member of the Executive Committee including the Chairperson shall have one vote and if there shall be equality of votes on any question to be decided by the Executive Committee, the Chairperson shall, in addition, have a casting vote.

26. Chairperson:

The Chief Secretary to Government of Madhya Pradesh shall be the Chairperson of the Executive Committee.

The Chairperson: -

- a. Shall ensure that affairs of the Society are run efficiently and in accordance with the provisions of the District Poverty Initiatives Project and Memorandum of Association, Rules, Regulations and Byelaws of Society.
- b. Shall preside over the meeting of the Executive Committee. May himself call, or, by a requisition in writing signed by him, may require the Member Secretary to call a meeting of the Executive Committee at any time.
- c. May, in case the votes for and against a particular issue are equal exercise his casting vote.
- d. Shall be the sole and absolute authority to judge the validity of the votes cast by any members at all the meetings of the Executive Committee.
- e. Shall be entitled to invite any other person to attend the meeting of the Executive Committee, provided that such invited persons shall have no power of voting.
- f. May direct the Member Secretary to call special meeting of the Executive Committee at a short notice, in case of certain situations, and
- g. May delegate to the Vice Chairperson such of these functions and powers as he may deem fit.

27. Functions & Powers of the Chief Executive Officer (CEO):

- a. A Chief Executive Officer for SRLM shall be appointed by the State Government.
- b. The Chief Executive Officer shall be the Chief Executive of the Society and for the Project, and shall be responsible for proper administration of the day-to-day affairs and fund flows/financial operations of the Society and implementation of its various activities. For the effective discharge of functions, he/she shall have powers to: -
 - i. Arrange meeting of the General Body of the Society and its Executive Committee and keep a record of the proceedings of these meetings and be responsible for taking action accordingly;
 - ii. Discharge such other functions as may be assigned to him/her by the General Body/ Executive Committee and /or any other authority/officer of the Society, in furtherance of the objects of the Society.
 - iii. Constitute steering groups for each of the programme components and functional areas; Constitute a task force, comprising heads of the Steering Groups, which would function as a cohesive team for the achievement of the objects of the Society.
 - iv. Appoint consultants (in accordance with the rules) and resource persons;
Prescribe, delegate powers and duties of all officers and staff of the Society and of the project;
 - v. Exercise such supervision and disciplinary control as may be necessary; Coordinate and exercise general supervision over the activities of Society and the Project, including branches and units setup at the district and other lower levels;

28. District Level Management Structure:

- a. A district unit of the Project, the District Management Unit (DMU), shall be setup every district in which the Project will be implemented. The DMU shall be deemed to be a constituent unit of the Society, and shall have its office at the district headquarters. The DMU shall be headed by District Project Manager and shall have well-defined powers delegated to it.
- b. (i) There shall be a Zila Panchayat Sub Committee, which shall provide the necessary guidance to the Project, review performance and approve budgets to project villages.
(ii) The Zila Panchayat Sub Committee shall consist of following:

Chairperson - Zila Panchayat Adhyaksha.

Members: -

- i. Zila Panchayat members of the areas covered under DPIIP.
- ii. Chief Executive Officer of the Zila Panchayat/PDDRDA- nodal officer.
- iii. 2 NGO representatives implementing project in the district.
- iv. 2 representatives from the VDC/VO.
- v. 2 representatives from the SHGs.
- vi. 2 representatives of PFTs.

Member-Secretary- District Project Manger of the Project.

- c. The District shall also have a capacity building organization to meet the requirements of training and Human Resource Development.
- d. At a cluster of 10-15 panchayats, there shall be a project facilitation team which would work with poor people and help them organize themselves into Self Help Groups as well as build their capacities.
- e. Village Development Committee/Village Organisation would be formed at every project village and shall be the lowest unit of monitoring project activities.

29. Funds of the Society:

The funds of the Society shall consist of the following:

- a. (i) Grants-in-aid and/or loan assistance made by the GOI and the State Government for furtherance of the subjects of the Society.
(ii) Contribution from other sources.
(iii) Income from the assets of the Society.
(iv) Receipts of the Society from other sources and
(v) Grant, donation, loan or assistance of any kind from any external agencies with prior approval of the Central Government/State Government.
- (b) (i) All funds shall be paid into the Society account with the bank, and shall not be withdrawn except through a cheque.
(ii) Mode of payment or disbursement of funds from the Society's account may be through cheque, demand draft, money order, or otherwise, as decided by the financial rules.

30. Account and Audit:

- a. The Society shall maintain proper accounts and other relevant records, and shall prepare annual accounts comprising the Receipts and Payment accounts, statement of liabilities in such form as may be prescribed by the Registrar of Societies of the State Government in accordance with the rules in force under the State Societies Registration Act, subject to the conditions that in respect of grants from the Central Government, directions of the Central Government shall be adhered to.
- b. The accounts of the Society shall be audited annually by a Chartered Accountant, and in accordance with the provisions of the Society Registration Act.
- c. The audited accounts shall be communicated to the General Body of the Society, which will submit a copy of the Audit Report to the State Government.
- d. The accounts of the Society shall also be subject to the provisions of the Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

31. Annual Reports:

The Annual Report on the working of the Society and the work undertaken by it during the year together with the Balance Sheet, Audited Account and Auditor's Report shall be prepared and presented to the Executive Committee and to the annual general meeting of the Society each year. After approval by the Society these shall be submitted to the State Government.

32. Amendments:

- a. Amendments to these Rules shall be effected by the General Body of the Society, by a majority of not less than half of the total members present and voting. However, all amendments will be applicable upon their registration u/s __ of the Societies Registration Act.
- b. With the approval of the State Government, the Society may alter, extend or abridge the purpose for which it is established, or amalgamate itself or the Project either wholly or partly with any other Society in accordance with the provisions of the Societies Registration Act.
- c. As and when there is any change in the nomenclature of Minister, Departments, or Institution(s) and Designation(s) such change shall automatically stand incorporated in these Rules.
- d. If the Society needs to be dissolved, it shall be dissolved as per provisions laid down in Chapter ____ of Societies Registration Act.
- e. If, on the winding up or dissolution of the Society, there shall remain, after the satisfaction of all debts and liabilities, any property whatsoever, the same shall not be paid to, or distributed amongst the members of the Society or any one of them, but shall accrue to the State Government, which will decide about its utilization.

33. The Department of Panchayat and Rural Development, Government of _____(state) shall be the administrative department of the State Government for the Society and programmes implemented by it.

34. Rules and Regulations:

Rules and Regulations may provide for the following matters;

- a. Service matter pertaining to officers and staff, including creation of posts, setting of qualifications, selection procedure, service conditions, pay and emoluments, discipline and control rules. T.A. and D.A. rules, etc.
- b. Important financial aspects including formulation of budget, purchase procedures, delegation of financial powers, investment of funds, maintenance of accounts and audit, etc., and
- c. All such other matters as may be necessary for the furtherance of the objects and the proper administration of the affairs of the Society.

Provided:

- i. In the management structure, staff, which may devolve permanent liability on the State Government, shall not be appointed.
- ii. Till such time as the Society formulates its own set of rules and regulation, decisions by the President/Vice President/Executive Committee in all such matters will be carried out.
- iii. Consideration of financial propriety and prudence shall be kept in view.

35. Delegation of Administrative and Financial Power:

- a. The powers delegated will be exercised as per the conditions/rules laid down in the byelaws.
- b. The CEO will exercise all the powers of head of the department of the State Government.
- c. The powers delegated to a lower authority can be exercised by a higher authority.
- d. Further detailed regulations and procedures will be laid down by specific work groups/committees as may be constituted under the provisions.
- e. NRLM being a Centrally Funded Scheme, for the procedures regarding incurring of expenditures and project administration, the rules framed by MoRD, GOI will form the basis of all the activities.

36. Miscellaneous:

All the Provisions of State Societies Registration Act, shall apply to the Society.

Guiding principles for staff induction and capacity building

It is suggested that SRLM should have following processes/practices.

- Structured Induction Programme

All new staff joining the mission must undergo an extensive induction programme. The purpose of induction is to ensure the effective integration of staff into the programme. Largely an induction programme may highlight the following.

- Organisational vision of working with poor for poverty reduction
- Programme components and its relevance in poverty reduction
- Organisational structure, its function and core values of implanting programme
- Terms and conditions of employment/association with programme/mission
- Benefits structure in mission including individuals career growth
- Job descriptions and expectation of the project
- Any other as feel required in state specific conditions.

Bihar Model of Staff Induction Programmeme

- A Model of 2 + 15 + 9 + 60 days Induction programme.
- 2 days – Initial Induction
- 15 days – Village Immersion
- 9 days – Classroom Training with group work
- 60 Days – Field based learning experience with specified assignments

The induction programme may be a combination of classroom training, exposure visits, group work and village immersion events.

- Capacity Building Programme for staff

The national and state agency for promoting NRLM could design a systematic approach towards building capacity of staff and creating learning environment. For the purpose following may be considered.

- The agency promoting NRLM could have a strong system of “Staff Training Need Assessment”.
- It is suggested that SMMU promoting NRLM may prepare mandatory training areas for each category of staff and design annual training calendar for staff. Such training programme should be given priority and ensured that each staff undergoes the identified training for him/her.
- The training programme should be organised both in thematic areas and for generic management functions.
- Competent training institute/s may be hired by the agency for conducting regular training programme/Management Development Programme for programme/mission staffs.
- For long run training support, agency may also work with training/academic institute for faculty and course development programme.
- SMMU may have exclusive policy for promoting Intern from state, national and international level academic/management institute.
- SMMU may design exclusive communication strategy within project for documenting best practices and its effective circulation.

- SMMU may design systematically and keep updating the process of reviews and meetings within project for cross learning among mission staffs.

Annex IV

Suggested Profile for Various Positions under NRLM

S	I	Suggested Positions	indicative Possible Source	Suggested Education and Experience Requirement (for open market candidates)	Suggested Education and Experience Requirement (for deputation)	Indicative Key Job Responsibilities	Indicative Salary Range	Remarks
National Rural Livelihoods Mission								
1		National Mission Director	MoRD, GoI	Joint Secretary, MoRD, GoI will be the Mission Director	-	Overall supervision, monitoring and guidance to the Mission at National Level	-	-
2		National Mission/Programme Managers - (a) Social Mobilisation - 01 (b) Institution Building - 01 (c.) Capacity Building - 01 (d) Micro and Livelihood Finance - 01 (f) Gender Development - 01 (g) Micro Enterprise - 01 (h) Food Security -	From deputation (Central/State Government s/Nationalised Banks) or from open market on contract/consultancy basis	S/he should have completed Post Graduate Degree or PG Diploma in Management or in relevant domain from an institute of repute with minimum 10 years of experience of working in relevant field. S/he should have worked in large development project	Central/State Government /Nationalised Bank employees with experience of not less than 8 years in rural development and/or livelihoods preferably in the externally aided or such other projects.	A multidisciplinary team working full time as part of Mission Management Unit at National Level. The major responsibilities would be to (a) design implementation guidelines and functioning systems of respective thematic	Best possible salary structure should be placed for attracting as well as retaining staff. Besides this, the other benefit and perks should also be put in for better professional functioning of the team. The salary should be	-

<p>01 (i) Marketing - 01 (j) Risk and Vulnerability Reduction - 01 (k) Policy Analysis - 01 (l) Skill Development and Placement - 01 (m) Monitoring and Evaluation - 01(n) Communication - 01 (o) Procurement - 01 As per requirement additional staff may be hired.</p>		<p>preferably for poverty reduction and have exposure of working in multidisciplinary team. S/He should have preferably worked at national level or in different states. Work experience with Government/ Other development or programme would be an desirable.</p>		<p>areas (b) Coordinate respective thematic activities being undertaken by different State Agency (c) Conduct review and monitor progress of thematic operations with different State Agency as well as national level (d) Coordinate various TA partnership at national level and also with State Agency (e) Extend handhold support in positioning State Agency in different states and its quality implementation there (f) Any other as required</p>	<p>fixed in accordance to the present market rate of good professionals from reputed management/academic institutions and having quality work experience in development sector. Here it is suggested that it should be ranging between Rs 75,000 to Rs 1 lakh p.m + other benefits and perks as decided. The salary structure should have component of performance incentive/pay as a reward for the performance made by the staffs. The practice being followed in</p>
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						externally aided project in states like TN and Bihar may be referred herewith. For staff coming on deputation should also be provided attractive allowances /perks and entitled to avail facilities available for the national mission management team.	
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The education and experience criteria may further be refined considering the universe available.

State Agency for National Rural Livelihoods Mission

1	State Mission Director	State Government	Principal Secretary/ Secretary, Department of Rural Development , State Government	-	Overall supervision, monitoring and guidance to the Mission at State Level	-	-
2	CEO of State Agency	State Government	CEO, normally with tenure of three to five years. The CEO should be a sufficiently IAS senior officer, preferably having worked as PD DRDA/	-	Overall Execution of Mission at state level	-	-

			Collector				
3	<p>State Mission/Programme Manager (a) <i>social mobilization - 01 (a) institution building - 01 (b) capacity building and training - 01 (c) micro finance - 01 (d) Marketing and micro enterprises - 01 (e) Skill development and placement - 01 (f) Gender development - 01 (g) communication - 01 (h) monitoring and evaluation - 01 (i) Human Resource - 01 (j) Finance (k) Administration (l) Procurement (M) Livelihood</i></p>	<p>From deputation (State Government s/Nationalised Bank) or from open market on contract/consultancy basis</p>	<p>S/he should have completed Post Graduate Degree or PG Diploma in Management or in relevant domain from an institute of repute institute with minimum 7 years of experience of working in relevant field. S/he should have worked in development project preferably for poverty reduction or livelihoods promotion and have exposure of working in multidisciplinary team. Work experience with Government/ Other development or programme would be an desirable.</p>	<p>State Government/Nationalised Bank employees with experience of not less than 6 years in rural development and/or livelihoods preferably in the externally aided or such other projects.</p>	<p>An experienced team of competent technical experts assisting State Agency for mission implementation across the state. Each member of team would be expert of his/her concerned domain with major responsibilities of (a) designing policies and implementation guidelines of mission in the state. (b) monitoring thematic progress and providing handhold support to lower mission implementations structure (c) managing partnership and (d) ensuring quality implementation of thematic interventions. (e) Any other as required</p>	<p>do ---- Salary range from Rs 50,000 to Rs 75,000 p.m.</p>	<p>The state may think of introducing a cadre of Assistant Programme/Mission Managers, who would be experts with three to five years of relevant thematic experience who may assist the State Mission Managers once the reach of the programme expands.</p>

	<i>s (N) Food Security As per requirement additional staff may be hired.</i>						
4	State Regional Mission/Programme Manager	From deputation (State Government s/Nationalised Bank) or from open market on contract/consultancy basis	S/he should have completed Post Graduate Degree or PG Diploma in Management or in relevant domain from an institute of repute with minimum 7 years of experience of working in relevant field. S/he should have worked in development project preferably for poverty reduction or livelihoods promotion and have exposure of working in multidisciplinary	State Government/Nationalised Bank employees with experience of not less than 6 years in rural development and/or livelihoods preferably in the externally aided or such other projects.	An experienced development professional responsible for (a) standardising mission/programme implementation in respective region (b) Ensuring coordination among districts and facilitate interface between them for cross learning (C.) Regional planning of activities and monitoring accordingly (d) Gap identification of mission implementation at district level and provide	do ---- Salary range from Rs 50,000 to Rs 75,000 p.m.	Once the Programme expands, the State may also think of appointing Regional Programme/ Mission Managers along with a small team of support staff handling eight to ten districts.

			nary team. Work expeirnce with Government/ Other development or programme would be an desirable.		regular support (e) Any other as required		
5	Support staff as per requireme nt	From deputation (State Government s) or from open market on contract/con sultancy basis or through outsourcing	State may fix the criteria based on requirement and availability of candidates in their respective locations.	State Governmen t employee	Assiting State Agency in Finance, Procurement, Administratio n, IT operations and other regular office functions.	Salary should commensu rate with existing market rate with additional benefits/pe rks for them.	-

The education and expereince criteria may further be refined considering the universe available for different states.

District Unit for National Rural Livelihoods Mission

1	District Mission Director	State Government	The District Collector	-	Overall supervision, monitoring and guidance to the Mission at District Level		-
2	District Mission/Pr ogramme Manager (1 in each district)	From deputation (State Government s/Nationalis ed Bank) or from open market on contract/con sultancy basis	S/he should have completed Post Graduate Degree or PG Diploma in Management or in relvant domain from an institute of repute with minimum 7 years of experiece of	State Governmen t/Nationalis ed Bank employees with experience of not less than 6 years in rural developme nt and/or livelihoods preferably in the externally	An expeirnced professional responsible for (a) leading mission implementatio n across the district (b) liaisoning with Government for convegence (c.) Ensuring smooth system	do ---- Salary range from Rs 40,000 to Rs 60,000 p.m	-

			working in relevant field. S/he should have worked in development project preferably for poverty reduction or livelihoods promotion and have exposure of working in multidisciplinary team. Work experience with Government/ Other development or programme would be an desirable.	aided or such other projects.	(admin, finance, HR, programme etc) functioning in the district (d) Developing fruitful business relationship with financial institutions (e) monitoring progress of block units/PFT (f) Handholding support to block mission manager as required (g) Any other as required		
3	District Functional Specialists - <i>name the positions</i>	From deputation (State Government s/Nationalised Bank) or from open market on contract/consultancy basis	S/he should have completed Post Graduate Degree or PG Diploma in Management /Social Science or in relevant domain from with minimum 2-3 years of experience of working in relevant field. S/he should have worked in development project	State Government/Nationalised Bank employees with experience of not less than 2-3 years in rural development and/or livelihoods preferably in the externally aided or such other projects.	An experienced professional having responsibilities of (a) Implementing thematic intervention in the district (b) responsible for thematic convergence and liaison with related institutions/partners (c.) extending thematic handhold support to block units (d) conduct	do ---- Salary range from Rs 25,000 to Rs 35,000 p.m	-

			preferably for poverty reduction or livelihoods promotion.		review of thematic interventions at district level (e) any other as required	
4	Support staff as per requirement	From deputation (State Governments) or from open market on contract/consultancy basis or through outsourcing	State may fix the criteria based on requirement and availability of candidates in their respective locations.	State Government employee	Assisting District Unit in Finance, Procurement, Administration, IT operations and other regular office functions.	Salary should commensurate with existing market rate with additional benefits/perks for them.

The education and experience criteria may further be refined considering the universe available for different states.

Block Unit for National Rural Livelihoods Mission

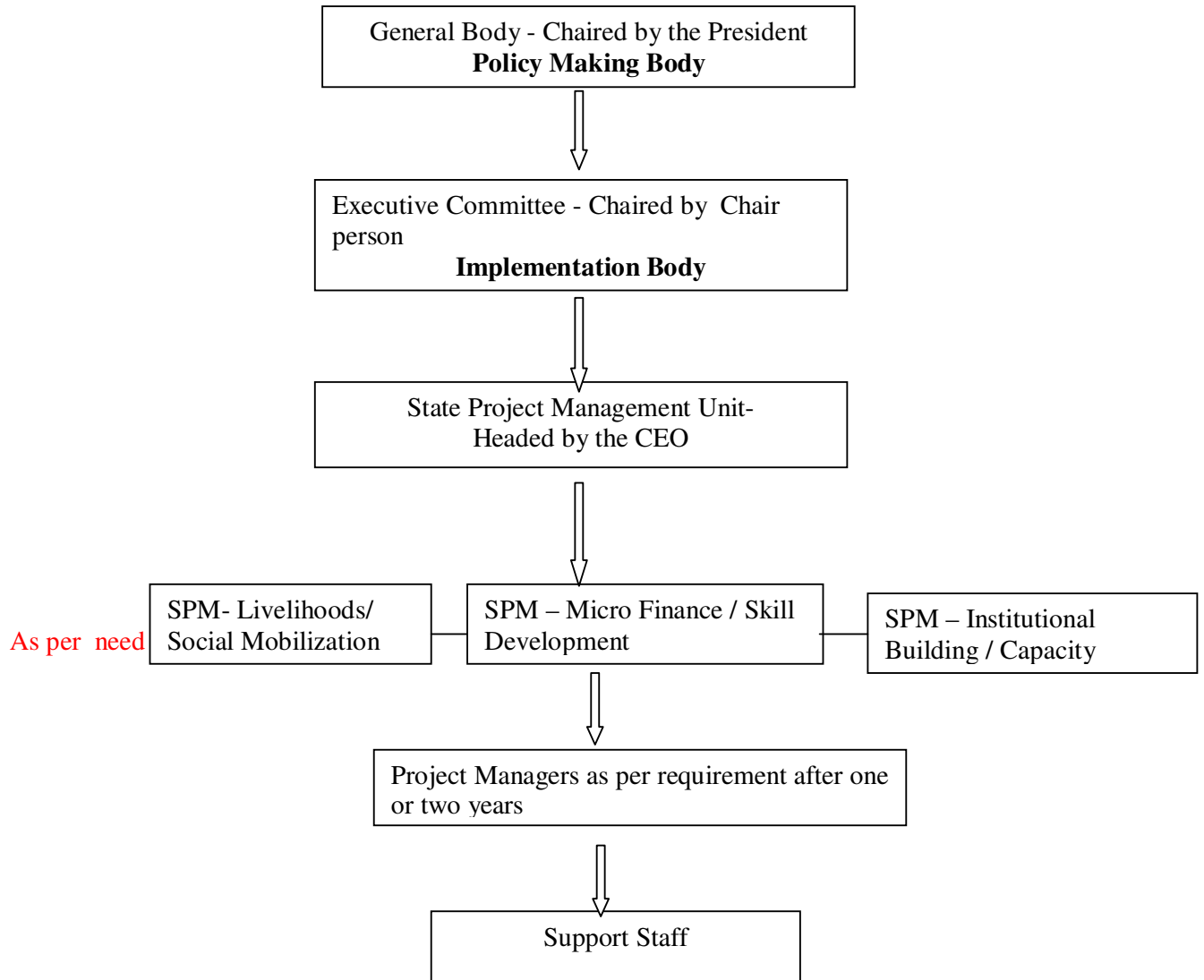
1	Block Mission/Programme Manager	From deputation (State Governments) or from open market on contract/consultancy basis or through outsourcing	S/he should have completed Post Graduate Degree or PG Diploma in Management /Social Science or in relevant domain from with minimum 2-3 years of experience of working in relevant field. S/he should have worked in development project preferably for poverty reduction or livelihoods promotion.	State Government/Nationalised Bank employees with experience of not less than 2-3 years in rural development and/or livelihoods preferably in the externally aided or such other projects.	S/he will be the team leader of BPIU managing a team of 15-20 staff with overall authority of implementing programme, ensuring administration therein and being responsible for all financial operations. The major responsibilities would be to (a) liaison with line Government departments, banking institutions, civil society	do ---- Salary range from Rs 20,000 to Rs 35,000 p.m
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					<p>organisations and other external agency (b) nurturing block level federations (c) managing CIF (d) community level training and cross learning activities within block (e) updating of MIS and reporting to all concerned (f) any other as required</p>		
2	Cluster Coordinator	From Open Market	Should be a post graduate or MSW or PGD in Rural development	N/a	<p>Managing cluster operation with responsibilities of (a) Institution Building (Village Organization formation and strengthening – training, system development, conflict resolution) (b) Financial Mainstreaming (Get the Micro-planning done and ensure CIF flow - Bank Linkages) (c) Cluster supervision (30-35 village) :</p>	do ---- Salary range from Rs 12,000 to Rs 18,000 p.m	-

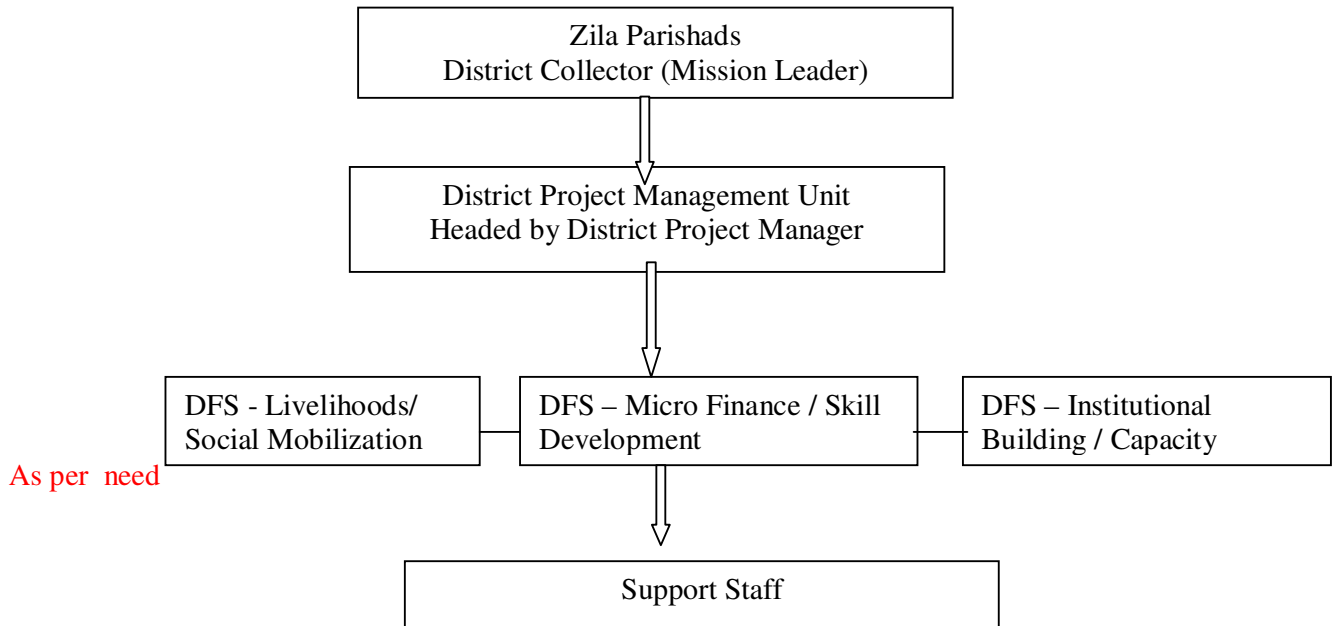
					Extending support to CF and Community Cadre level (d) Compilation of progress and Reporting		
3	Community Facilitator	From Open Market	Should be a graduate	N/a	Acting as face of the project at community level, s/he should be responsible for (a) Institution Building (SHG formation and strengthening – training, system development, conflict resolution) (b) Financial Mainstreaming (Bank account opening and Micro-plan) (C) Livelihoods Intervention (Implementation support to Community) (d) Social Development Intervention (demand identification and plan for Food Security etc.) (e) Community Cadre management (identification, capacity	do ---- Salary range from Rs 8,000 to Rs 12,000 p.m	-

					building and making them functional) Reporting (g) any other as required		
4	Support staff as per requirement	From deputation (State Governments) or from open market on contract/consultancy basis or through outsourcing	State may fix the criteria based on requirement and availability of candidates in their respective locations.	State Government employee	Assisting District Unit in Finance, Procurement, Administration, IT operations and other regular office functions.	Salary should commensurate with existing market rate with additional benefits/perks for them.	-

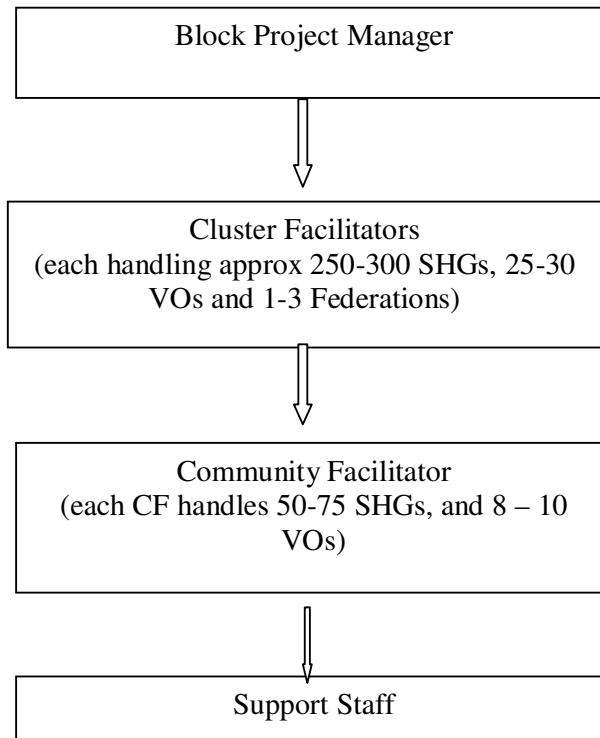
**Suggested Organogram for State Agency
State Level Organogram**



District Level Organogram



Block Level Organogram



Note : The number of community institutions to be managed by Facilitators are indicative and would vary with population density, nature of terrain and communication infrastructure

Guiding Principles for Human Resources Policy

Cardinal Principles of Human Resource Policy

1st principle would be accountability, accountability of decision-making. Management and leadership of the organisation will be accountable to the governing body and to the staff members of the organisation; and this will be followed down the line at every level where team leaders would remain accountable to their team members as well as to the persons above in the hierarchy.

2nd principle would be participatory decision making. Management style of the leadership will be participatory and facilitating. It will give every staff member right to participate in decision-making, as well as responsibility to contribute to it. We will develop teams instead of hierarchy in every unit of the organisation, from the field to the head office, and in each functional division of the organisation.

3rd principle would be transparency. We will ensure decisions are made in an open forum, are made known to everyone in the organisation, and rationale behind decision making is documented in a language that is clear and comprehensible to all staff members. Every staff member will enjoy the right to information. The organization's governing body and management will not take *ad hoc* decisions. All rules and regulations governing salaries and allowances, promotions, suspension and termination will be available in writing and given to each staff member. All issues related to financial misappropriation will be dealt with through a system of vigilance.

4th principle would be equal opportunity, implying the following -- **(i)** ensuring that all recruitments are done in a manner that all potential candidates could apply, whether they are inside or outside the organization without any prejudice to race, gender, caste, ethnicity, class, and other social and economic divisions in the society; members of the target community would be given preference all other things being equal **(ii)** ensuring that all promotions are similarly decided upon with the sole criteria being performance in the past, and expected performance in the future (potential) in a role/job in question; **(iii)** all staff members will have the right to seek justice in matters related to employment. NRLM will set up a system of grievance redressal that goes all the way up to the Governing Body, further supplemented by having an independent authority such as an Ombudsman.

5th principle would be excellence implying striving to achieve best possible results. Every staff member will be expected to work to the best of his/her ability to achieve desired results and the management and leadership would create such conditions as necessary for staff or team members to perform to the best of their potential.

These policies form the guiding principles for developing detailed HRD strategies and rolling out the Human Resource Manual.

Guiding Policy for Organisation Structure

Firstly, field units would be given primacy, since this is an programme committed to removing hard-core poverty in the country. The organization would strive:

- (i) to place best possible staff in the field for directly working with the poor women and men;
- (ii) to give them best possible facilities including travel so as to respond to the needs of the poor; and
- (iii) to ensure that the higher levels of the organisation spend substantial time and energy at the field, and truly become a support structure rather than a supervisory structure.

Secondly, roles and responsibilities would follow the principles of delegation and devolution. Implying that the decisions are made at the lowest possible level and at a level where the action is, rather than sent up. It would ensure a bottom up process of decision making rather than top down. It would mean that the head office is a lean and mean set up.

Financial decision making should also follow the principle of delegation. This has been found to be the biggest bottleneck in making progress in most organizations. Strong systems and processes of audit and monitoring would be set in place to prevent misuse and malpractices.

Thirdly, ensuring accelerated decision making on matters related to program of poverty reduction (livelihood and microfinance) would imply that program managers and leaders are placed as close to the field as possible rather than be concentrated at the head office. Further, the capacity building and training teams that help the field teams should be placed at districts and in regions rather than at far away head office.

Fourth area is integration. The roles that integrate various programs, geographies and functions are most critical in an organisation. A matrix role structure would be followed where geographical integrating roles also subsume the program integration and function integration, such as those at regional units above districts and below national head quarters. This is because SIPP II is likely to cover a much larger area of the country than its predecessor. Head office will only have functional integrating roles that are to do with finance, monitoring and evaluation, and governance.

Fifth area is staffing. The field teams will consist of young people who can bring new ideas, enthusiasm, hope to the poor communities on the one hand, capacity, dynamism, excellence, result orientation, and team culture to the job, on the other. Thus the policy would be to have a judicious mix of experienced staff (from NGOs, other Projects) with fresh graduates/ post graduates with relevant education (management, rural development, social works etc) especially at the Field Level. Experienced persons, coming from other organizations will be assessed on their ability to adjust to new situation, their attitude to function in a non-hierarchical fashion (raising uncomfortable questions to the supervisor), and their openness to new ideas (as this sector is known for indoctrination of ideologies, and jargon spouting). In this respect, thus, retraining, re-tooling in new skills, and induction into teamwork will become important.

Sixth area is description in detail of roles and jobs at hand. Each position is accountable for results and each layer is accountable for their roles and responsibilities or outcomes. Job description will thus focus on outcomes and results expected and will not merely give a list of tasks to be performed, while that may be necessary to guide the person in his/her day to day work. Reporting relationship and inter-dependence for making decisions and performing the role will need to be specified too (roles-responsibility-accountability matrix to be prepared). These too, coupled together, will lead to determination of key result areas for individuals as well as teams/groups which would feed into performance appraisal.

Seventh area is bringing homogeneity in staffing categories and removing adhocism in recruitment practices. It would be desirable to have staff of similar qualifications and similar attitude, and to this extent, it is desirable to remove all distinctions such as consultant, junior consultant, and daily wage workers, and to hire only people with three/four year contracts, renewable on performance appraisal done annually.

Guiding Policy for Recruitment and Selection

NRLM would clearly define qualifying characteristics in the human resources it desires to have. NRLM will specify not just educational qualification and length of experience, but diagnose what kind of capability is required to perform a job by dissecting into four aspects – knowledge, skills, attitude and values (KSAV framework). It would also define what “relevant experience” is, as required by NRLM in future. Before embarking on any recruitment, the qualifying and desired criteria would be defined for each position. To ensure there is right fit between the requirement and the person, s/he could be sent to the field to assess his/her aptitude and attitude for the job¹².

Any staff being deputed from other Government departments/ agencies should also be rigorously screened for their suitability to NRLM. They too should follow the recruitment and selection procedure laid down.

Secondly, salaries offered will be in tune with what is being offered in the “market” for the human resources that it aims to get should be the best available talent. It cannot be a simplistic comparison with “similar” organizations as these organizations are often not similar and have different mandates and a different past. Most importantly, NRLM wants to have a different future than these have. Benchmarking salary and benefits surveys would be carried out and the salary structure reviewed periodically to ensure that NRLM remains an attractive place to work in for the best talent of Bangladesh.

Thirdly, while NRLM will be responsible for selection, as is the best practice, it would undertake it through an independent well-reputed professional agency, not an independent panel. Since the qualifying criteria would also look into behavioural/ attitudinal aspects of a candidate, a qualified HR Agency would be suited to select the best candidate. Yet, final accountability will be that of NRLM.

The selection of such an agency should be done through an open and transparent process as laid down in procurement norms and should be closely monitored by the Governing Body. Such an agency may be ‘retained’ for a longer period (say 3 years – subject to their performance) so that they are available for filling any arising vacancies. The opportunity cost of hiring “bad” people (and not the cost of recruitment of “good people”) should guide the selection process.

Fourthly, the recruitment and selection process should encompass a broad base of universe of candidates from fresh university graduates to professionals from the private sector, not just the people from within the government and NGOs. The motto will be “to get the best person at the most competitive salary.” NRLM should also look to recruit fresh candidates (with relevant education background) through campus recruitment from reputed colleges/ universities.

Fifthly, following the principle of equal opportunity and desirability of getting the best people for the job, as stated above, recruitment process will be undertaken afresh for SIPP II.

Sixthly, for meeting demands for hiring new people at a later date, it should be forecast and be made part of the annual HR plan, which will be presented to the Governing Body and Management, to be thoroughly discussed and approved. This policy would be applicable to all and once approved, all staff would reapply.

Guiding Policy for Performance Management

¹² This relates to questions like can s/he work in that environment, does s/he have sympathy with the poor, and would s/he have commitment rather than have tendency to stick to a “9 to 5” schedule.

Goals behind setting up a performance management system will be two-fold: to motivate staff to perform; and to arrest attrition and retain high quality staff.

The system would be completely transparent and all staff should be oriented on the system to be followed before starting any appraisal. Areas of assessment would be jointly developed in consultation of the staff concerned. The manner it is done will give full opportunity to the person being appraised but also bring the views and assessments of the peers as well as the community and the people s/he guides or supports as juniors.

It would provide an opportunity for review and discussion of the performance – focused on Key Result Areas (KRAs) and achievements.

The appraisal of both individual staff as well as teams would be undertaken. Appraisal would consist of objective verification of work done (quantum of work done) as well the quality of work done. Tools to do this would include verification through MIS data, supplemented by field assessment, along with desk/report reviews.

Tools and methods of assessment would generally be the same for all staff and could be revised over a period of time based on experience.

The grades obtained by the subordinate staff would contribute to the grades obtained by supervisor. In other words, the field staff's performance is the responsibility of the team leader and his supervisors at the district level and so on up to the top.

Members of the community, who are the core stakeholders of NRLM, shall be involved in assessment of field teams. This requires time and effort but the project need to pilot it to devise its own method of doing it.

The results of the appraisal would also be used to identify the strengths and the developmental needs of the employees in respect of their present and future assignments. It would provide feedback to the employees in context of their performance on the job and aspects important for their overall effectiveness in the organization.

Assessment of staff may also be undertaken on behavioural attributes like Initiative, Team Work, Interpersonal Relationship, Leadership skills, etc. This however, should be done after proper orientation and sensitization of staff.

There will be a clear correlation between performance assessment and reward/punishment system including promotion and opportunity for capacity building.

Capacity building opportunities will be made available to all needy staff. Counselling and other forms of support will be given to employees unable to get high grades in the assessment system to help them discover their potential, and to help them work on their weaknesses.

Guiding Policy for Grievance Redressal System

NRLM will not tolerate any discrimination of staff on grounds of gender, disability or selection. The policy recognizes that that every grievance needs to be heard and resolved and delayed response to grievance redressal would be treated as denial of it. A transparent and fair (unbiased) mechanism is proposed therefore to address grievances at all levels on time. Grievance redressal committees (as opposed to individuals) may be formed at various levels to redress the grievances.

Guiding Policy for Vigilance & Financial Monitoring

NRLM will develop clear financial rules and guidelines across all levels of the organisation. A Financial manual detailing the rules, guidelines and procedures, authority, standards etc will be prepared. NRLM will aim to ensure these are fully understood by all staff and implemented across the organisation. Norms of financial propriety will be prepared and every officer and staff who incurs or authorizes the incurring of expenditure of Project funds shall ensure that it does not contravene these principles.

NRLM would follow a ZERO tolerance policy for financial misappropriation/ corruption.

EXAMPLES OF DELEGATION OF ADMINISTRATIVE AND FINANCIAL POWERS

MP DPIIP

- 1 The President of the society will have full powers required for execution of the Project. However in his absence Vice President of the society will have full powers.
- 1.1 The exercise of the delegated powers in **Table-I** shall be subject to the condition that a specific budget provision exists for meeting the expenditure in the financial year in which it is proposed to be incurred.
- 1.2 The Project Coordinator will exercise all the powers as given in **Table-I**. If it is silent about any power, Project Coordinator will enjoy powers of the head of the Department of the state Government.
- 1.3 The powers delegated to a lower authority can be exercised by a higher authority.
- 1.4 Further detailed regulations and procedures will be laid down by the concerned authorities/specific committees as may be constituted under the project.
- 1.5 Authority to which powers are delegated in **Table I** can be further delegated to lower Project Authorities.
- 1.6 The delegation of powers to lower authorities is detailed in **Table II** and **Table- III**.

DELEGATION OF POWERS AT STATE SOCIETY AND & PROJECT COORDINATOR

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
1.	Appointment of staff on deputation.	Project Coordinator	Full Powers
2.	Fixation and revision of qualifications and pay scale	Project Coordinator	Full Powers
3.	To sanction special pay	Executive Committee	Full Powers
4.	To sanction and withhold annual increment	Project Coordinator	Full Powers
5.	To draw salary, wages, advances and other allowances to staff	Project Coordinator	Full Powers
6.	Recoveries from pay	Project Coordinator	Full Powers
7.	To approve tour programme and to accord approval and sanction for Tour advances/LTC	Project Coordinator	Full Powers
8.	To sanction claims of employees with regard to travel and medical.	Project Coordinator	Full Powers
9.	To sanction leave	Project Coordinator	Full Powers
10.	To propose DE, suspension, minor punishment and cash penalties for staff appointed on deputation.	Project Coordinator	Full Powers
11.	To appoint staff on contract as approved by cabinet.	Project Coordinator	Full Powers

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
12.	To accord administrative approval and financial sanction to hiring of office support and vehicle hiring	Project Coordinator	Full Powers
13.	To accord administrative approval and financial sanction for purchase of goods, equipment including computers hardware and software, furniture and supplies (as defined by World Bank procurement guidelines and as given in the project appraisal document). This does not include vehicles.	1. President	Full Powers
		2. Vice President	Up to Rs. 50 Lakh
		3. Project Coordinator	Up to Rs. 20 Lakh
14.	To accord administrative approval and financial sanction for purchasing books, journals and news letters	1. Vice President	Full Powers
		2. Project Coordinator.	Up to INR 200,000.0
15.	To accord administrative approval and financial sanction for petty construction in nature of repairs, and maintenance/ repairs of goods, equipment, furniture and supplies, annual maintenance contract etc., (as defined by World Bank procurement guidelines)	1. Vice President	Full Powers
		2. Project Coordinator	Up to INR 500,000.0
16.	To accord administrative approval and financial sanction for purchase of consumable stores and fuel, oil and lubricants and repairs/maintenance of vehicle.	Project Coordinator	Full Powers
17.	To accord administrative approval and financial sanction for field visits and attending trainings / seminars / workshops within the state and outside state	Project Coordinator	Full Powers
18.	To accord administrative approval and financial sanction for attending trainings/ seminars/ workshops and study/exposure tours abroad	President	Full Powers
19.	To grade eligibility of experts/resource persons/members of Executive Committee for purposes of MPDPIP T.A. Rules.	Project Coordinator	Full Powers
20.	To accord administrative approval and financial sanction for hosting lunch/dinner or invitee VIPs, experts and delegates attending meetings.	1. Vice President	Full Powers
		2. Project Coordinator	Up to INR 500,000.0
21.	To accord administrative approval and	1. President	Full Powers

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
	financial sanction to undertake expenditures in the Project component 1 & 4- (Social Empowerment and Institution Building, Project Implementation Support. (As defined in the Project Appraisal Document).	2. Vice President	Up to INR 5 MILLION
		3. Project Coordinator	Up to INR 2 MILLION
22.	To accord administrative approval and financial sanction to Project Component 2 & 3- Livelihoods investment support and Employment Promotion Support) (As Defined in the Project Appraisal Document for the Project)	1. President	Full Powers
		2. Vice President	Up to INR 5 MILLION
		3. Project Coordinator	Up to INR 2.5 million
23.	Act as Controlling Officer Power of Head of office	Project Coordinator	
24.	Sanction renting of ordinary office accommodation	Project Coordinator	Full Powers (Subject to a certificate of reasonability of rent certified by the collector).
25.	To permit travel by air on medical advice in exceptional cases.	Project Coordinator	Full Power (i) Subject to the recommendation of the committee setup by the Public Health and Family Welfare Department Memo No. 1-15/94/15/Med-4 dt. 21-11-94. (ii) Permission to travel by Air for Medical treatment would also be granted to those who are entitled to travel by Air.

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
26.	Power to grant permission for presentation of TA bill after one year from the date on which it became due.	Project Coordinator	Full Powers These powers are to be exercised in exceptional cases where delay is caused by circumstances beyond the control of the claimant.
27.	Write off of Unserviceable articles of dead stock.	Project Coordinator.	Up to INR 500,000 Provided the item has outlived its life usage, and or is damaged beyond repair. Its non-service should be certified by a committee comprising at least one technical member.
28.	Write off of petty losses or irrecoverable value of stores due to theft where the police recommend classification as undetected.	Project Coordinator	Up to INR 500,000 As per the norms prescribed in M.P. Govt. Financial Rule

NOTE : *Wherever the limit other than full powers has been mentioned in the above tables it should be interpreted as per case.*

DELEGATION OF POWERS TO PROJECT STAFF

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
1.	Fixation of pay on deputation	1. Finance Controller	Full Powers for state unit officers, DPM & FM
		2. DPM	Full Powers for District level & PFT level staff
2.	To Sanction annual increment	1. Finance Controller	Full Power for state unit officers
		2. DPM	Full Powers for District Level & PFT level staff
3.	To draw salary, wages, advances and other allowances to staff	1. Finance Controller	Full Powers for the State Level Officers
		2. DPM	Full Powers for District Level Staff
		3. PFT Coordinator	Full Powers for PFT Level Staff
4.	Recoveries from Pay	1. Finance Controller	Full Powers
		2. DPM	District level
5.	To approve tour programme and to accord approval and sanction for Tour Advances	1. AC	Full Power for State Unit Officers
		2. DPM	Full Powers for District Level Staff & PFT Coord.
6.	To sanction claims of employees with regard to travel and medical	1. FC	At State level
		2. DPM	For District Level Staff
7.	To Sanction leave	1. AC.	State Unit Officers, DPM and FM.
		2. DPM	Full Powers including PFT Staff
8.	To propose DE, suspension, minor punishment and cash penalties for staff appointed on deputation	1. AC.	At State level, DPM and FM
		2. DPM	At District level
9.	To accord administrative approval and financial sanction for purchase of goods, equipment, computer hardware and software, furniture and supplies.	1. AC 2. FC	Up to INR 50 Thousand Up to INR 20 Thousand
		2. DPM	Up to INR 25 Thousand Limited to Budget
10.	To accord administrative approval and financial sanction for purchase of books, Journals and newsletters.	1. AC/FC	Up to INR 20 Thousand
		2. DPM	Up to INR 5 Thousand

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
11.	To accord administrative approval and financial sanction for petty construction in nature of repairs, and maintenance/repairs of goods, equipment, furniture and supplies	1. AC/FC 2. DPM	Up to INR 50 Thousand Up to INR 20 Thousand Up to INR 20 Thousand
12.	To accord administrative approval and financial sanction for purchase of consumable stores and fuel, oil and lubricants and repairs/maintenance of vehicle.	1. AC/FC 2. DPM	Up to INR 20 Thousand Up to INR 10 Thousand
13.	To accord administrative approval and financial sanction for field visits and attending trainings/seminars/workshops within the state.	DPM	Full Powers within District
14.	To accord administrative approval and financial sanction of hosting lunch/dinner or invitee VIPs, experts and delegates attending meetings.	1. F C 2. DPM	Up to INR 20 Thousand Up to INR 15 Thousand
15.	Act as Controlling Officer Power of Head of office	PROJECT COORDINATOR DPM PFTC	STATE LEVEL DISTRICT LEVE CLUSTER LEVEL
16.	Sanction renting of ordinary office accommodation	DPM	Full Powers (Subject to a certificate of reasonability of rent certified by the collector/PC).
17.	Furniture and Fixtures hiring including tent and electronic equipment etc. on hire	1. FC 2. DPM	Up to INR 50 Thousand Up to INR 1 Lakhs
18.	Sanction advance of travelling allowances, etc. to officers and staff	1. Coordinator Adm. 2. DPM	Full Powers For travelling within a state
19.	Sanction reimbursement of cancellation charges for rail / air tickets.	1. Coordinator Adm. 2. DPM	Full Powers When cancellation is made in the interest of Project or when cancellation is made on account of circumstances beyond the control of the Project Employee.

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
20.	To accord administrative approval and financial sanction to hiring of office support and vehicle hiring	1. FC 2. DPM	Up to INR 25 Thousand Up to INR 50 Thousand
21.	To accord administrative approval and financial sanction for purchase of photographic equipments and projector including multimedia players, projectors, panels etc/Cinematic and display equipments/Audio-Visual equipments.	1 Coordinator. Adm 2. DPM	Up to INR 50 Thousand Up to INR 20 Thousand
22.	To accord administrative approval and financial sanction to undertake still photography/video shooting/slide/transparency preparation and production and purchase of film, video cassettes, CDs, DVDs etc and other media means for training, community organization and dissemination of information knowledge and technology through government institutions and non-government organization.	1 Coordinator. Adm 2. DPM	Up to INR 25 Thousand Up to INR 50 Thousand
23.	To accord administrative approval and financial sanction to undertake preparation and production of training, modules, literature, pamphlets in various medium etc.	1. Coordinator. Adm. 2. DPM	Up to INR 50 Thousand Up to INR 30 Thousand
24.	To accord administrative approval and financial sanction for training courses, seminars, workshops, conferences, cultural shows and exhibition organized by Mission with/without the aid of training/academic institutions in the country.	1. Coordinator. Adm. 2. DPM	Up to INR 50 Thousand Up to INR 30 Thousand
25.	To accord administrative approval and financial sanction for attending trainings/ seminars/ workshops and study/exposure	1. Coordinator. Adm. 2. DPM	Up to INR 50 Thousand Up to INR 30 Thousand

S.NO	NATURE OF POWER	AUTHORITY TO WHOM THE POWER DELEGATED	EXTENT OF DELEGATION
26.	Sanction TA Bill & Tour Project of Officers and Staff at the DPSU	DPM	Full Powers
27.	Sanction of TA for travelling out of State for employees.	DPM	Full Powers
28	Write off of Unserviceable articles of dead stock.	DPM	Up to INR 50,000 Provided the item has outlived its life usage, and or is damaged beyond repair. Its non-service should be certified by a committee comprising at least one technical member.
29.	Write off of petty losses or irrecoverable value of stores due to theft where the police recommend classification as undetected.	DPM	Up to INR 25,000 As per the norms prescribed in M.P. Govt. Financial Rule

Note : *Wherever the limit other than full powers has been mentioned in the above tables it should be interpreted as per case and would be limited by the budgetary provision.*

DELEGATION OF POWER FOR PFT OFFICES

S. No.	NATURE OF POWER	AUTHORITY TO WHOM THE POWERS DELEGATED	EXTENT OF DELEGATION
1.	To accord administrative approval and financial sanction for purchase of goods, equipment, computer hardware and software, furniture and supplies.	PFT Coord.	Up to INR 25 Thousand
2.	To accord administrative approval and financial sanction for purchase of office stationery including computer consumable.	PFT Coord.	Up to INR 5 Thousand
3.	To accord administrative approval and financial sanction for purchase books, journals and news letters.	PFT Coord.	Up to INR 1 Thousand
4.	To accord administrative approval and financial sanction for purchase of consumable stores and fuel, oil and lubricants.	PFT Coord.	Up to INR 2 Thousand
5.	To accord approval for hire & Repair's - Vehicles (hire) - Office equipments/Machines/Apparatus (Repairs) - Furniture (Repairs) - Computers and peripherals (Services, AMC, Cartridge etc.)	PFT Coord.	As per Agreement
6.	To accord administrative approval and financial sanction for hosting lunch/dinner or invite VIPs, experts and delegates attending meetings.	PFT Coord.	Up to INR 2 Thousand (Subject to condition that not to exceed Rs. 15000.00 Yearly)
7.	Sanction advance of travelling allowances, etc. to officers and staff	PFT Coord.	For Travelling within a state
8.	Telephone bill of PFT office	PFT Coord.	Up to INR 1500/month
9.	Take furniture for office on hire.	PFT Coord.	Up to INR 2 Thousand
10.	To sanction the expenditure on 1. Fix TA 2. Telephone Reimbursement 3. Training Expenses	PFT Coord.	As per condition prescribed in financial manual of

S. No.	NATURE OF POWER	AUTHORITY TO WHOM THE POWERS DELEGATED	EXTENT OF DELEGATION
			project.
11.	To Sanction leave	PFT Coord.	Sanction of C.L. of their staff
12.	To accord administrative approval and financial sanction for purchase of books, Journals and newsletters.	PFT Coord.	Up to INR. 1 Thousand
13.	To accord administrative approval and financial sanction for petty construction in nature of repairs, and maintenance/repairs of goods, equipment, furniture and supplies –Yearly	PFT Coord.	Up to INR 3 Thousand
14.	Act as Controlling Officer Power of Head of office	PFT Coord.	
15.	To Approve SHG-LP	VDC	Full Powers
16.	To Revise / Amend SHG-LP	VDC	Full Powers

Note : *Wherever the limit other than full powers has been mentioned in the above tables it should be interpret per case.*

ANNEX VII (B)

ANNEX V : EXAMPLES OF DELEGATION OF ADMINISTRATIVE AND FINANCIAL POWERS					
<u>BRLPS</u>					
Bihar Rural Livelihoods Promotion Society					
Devolution of Financial and Administrative Authority to DPCU					
(w.e.f.-----)					
Sl	Particulars	Authority at BPIU level			
		For TO	For Thematic Managers, Training Managers and Finance Managers	For Accountant / OA	For DPM
A	Local Travel of Staff				
A.1	Recommendation of TA/DA claim	TM	-	-	SPM
A.2	Approval of TA and DA claim	DPM (upto a limit of Rs. 4000/ month)	DPM (upto a limit of Rs. 4000/ month)	DPM (upto a limit of Rs. 1500/ month)	CEO
A.3	Sanction for reimbursement of TA/DA claim	DPM	DPM	DPM	DPM
	Remarks : In case of TA / DA claim exceeding than limit., the approval will be given by CEO on the basis of recommendation made by DPM (in case of TO, Managers, Accountant and OA) or SPM (in case of DPM).				
B	Out station Travel of Staff				
B.1	Approval of Travel	DPM	DPM	DPM	CEO
B.2	Recommendation of TA/DA claim	TM	-	-	SPM
B.3	Approval of TA and DA claim	DPM (upto a limit of Rs. 6000/ month)	DPM (upto a limit of Rs. 6000/ month)	BPM (upto a limit of Rs. 4000/ month)	CEO
B.4	Disbursement of TA and DA claim	DPM	DPM	DPM	DPM
	Remarks : All travel outside state must require prior approval of CEO. In case of TA / DA claim exceeding than limit., the approval will be given by CEO on the basis of recommendation made by DPM (in case of TO, Managers, Accountant and OA) or SPM (in case of DPM).				

C	Cheque issuing authority and limit				
C.1	For salary disbursement upto full amount	DPM along with one of the signatories of the DPCU account will operate			
C.2	Cheque worth upto Rs - 2,00000 (Two lac) for administrative, financial and programme purposes	DPM along with one of the signatories of the DPCU account will operate			
C.3	Cheque worth Up to Rs. 5,00000 (Five lacs) for CIF purpose in the light of existing guideline	DPM along with one of the signatories of the DPCU - CIF account will operate			
	Cheque exceeding the above limit, would be signed after prior written approval from OSD on the recommendation of SPM. Further, the cheques will be issued as per approved budget for the particular expenditure head by the competent authority.				
D	Salary of the Staff				
D.1	Recommendation of Absentee	TM	DPM	DPM	Self
D.2	Approval of Absentee	Consolidated absentee of DPCU will be approved by DPM.			
D.3	Disbursement of Salary to staff	As per approved absentee, DPM will disburse the salary of all DPCU staff.			
E	Office Expenditure				
E.1	Stationary and consumable purchase				
E.1.1	Upto a limit of Rs- 10,000/- (Ten thousand) per month	DPM is authorised to make expenditure			
E.1.2	More than Rs. 10,000 (Ten thousand) per month	DPM with approval from AO			
E.2	Maintenance of Office equipment and furniture				
E.2.1	Upto a limit of Rs. 7,500/- (Seven thousand five hundred) per month	DPM is authorised to make expenditure			
E.2.2	More than Rs. 7,500/- (Seven thousand five hundred) per month	DPM with approval from AO			
E.3	Miscellaneous office expenditure				
E.3.1	Upto a limit of Rs. 10,000/- (Ten thousand) per month	DPM is authorised to make expenditure			
E.3.2	More than 10,000/- (Ten thousand) with approval of AO	DPM with approval from AO			
	For meeting local travel expenses, incurred on daily basis by support staff, will be approved by DPM upto a limit of Rs. 100 at a time.				
F	Advance for outstation tour				
F.1	Approval for tour advance : 100% admissible entitlement or amount upto a limit of one month gross monthly salary of the respective staff, whichever is lower	DPM	DPM	DPM	CEO
F.2	Payment of advance for tour	DPM	DPM	DPM	DPM

G	Advance for training purposes				
	DPM may give advance Upto 25% of the approved budget for a particular event (including training, exposure visit, meeting, workshop etc.				
H	Advance for Motorcycle / use of motorcycle for official purposes				
H.1	Recommendation of the application for availing loan	TM	DPM	DPM	-
H.2	Approval for availing loan facility	Committee of FO, AO and SPM - HRD			
H.3	Recommendation of the application for using own Motorcycle for official purposes	TM	DPM	DPM	-
H.4	Approval for using own motorcycle for official purpose	Committee of FO, AO and SPM - HRD			
I	Leave of Staff*				
1.1	Recommendation of CL	TM	-	-	SPM
1.2	Approval of CL	DPM	DPM	DPM	CEO
1.3	Recommendation of Application for EL (upto a limit of 5 regular days)	TM	-	-	SPM
1.4	Approval of Application for EL (upto a limit of 5 regular days)	DPM	DPM	DPM	CEO
1.5	Recommendation of Application for EL (for more than 5 regular days)	TM	DPM	DPM	SPM
1.6	Approval of Application for EL (for more than 5 regular days)	Committee of SPM - HRD, Finance Officer and Administrative Officer.			CEO
	Remarks : The DPCU office will submit a fortnightly status of staff leave records on monthly basis to SPMU (HRD / Admin. Unit) in the prescribed format. The suggested provisions will be effective from 1st Jan'2010. Before this all DPCU / BPIU office must get the leave balance status from SPMU and ensure necessary preparation for keeping records of Leave.				
J	Hiring of office premises				
J.1	Signing of agreement for hiring of office premises	For DPCU office, AO is authorised to sign on behalf of the Society upto a limit of Rs. 5000/month rent. Beyond this, CEO will approve the agreement.			
J.2	Payment of monthly office Rent	For DPCU office, DPM is authorised to make payment			
K	Telephone / Internet Connection				
K.1	Getting telephone and internet connection in the office	On the written request of DPM, AO will give approval			
K.2	Monthly expenditure on phone upto Rs- 3000	DPM will approve and make payment			
K.3	Monthly expenditure on phone exceeding 3000/-	DPM with approval from AO			
K.4	Monthly expenditure on internet up to 1500/- (One thousand five hundred)	DPM will approve and make payment			

K.5	Monthly expenditure on internet exceeding 3000/-	DPM with approval from AO
L	Vehicle Hiring	
L.1	Hiring of vehicle on monthly basis for official purpose	Four wheeler vehicle may be hired in DPCU by DPM on monthly basis at the rate not exceeding Rs - 27000/ month including hiring charges, fuel and other costs upto the limit of 3000 KM. In case of emergency or other pressing requirement, additional vehicle/s may be hired @ 1250/day/vehicle including hiring charges, fuel and other cost with prior approval of SPM.
	The hired vehicle will be used by all staff of DPCU as per official requirement. Any out of district movement of hired vehicle must be approved by SPM. Personal use of hired vehicle by any of the project staff is strictly prohibited.	
M	Advance against salary	
	A DPCU staff may get advance against salary upto his/her one month consolidating remuneration after approval of DPM in case of emergency or extreme genuine requirement. This amount will be recovered in five equal installments. For DPM approval will be given by CEO.	
Remarks : A detailed guideline for hiring four wheeler vehicle is attached herewith.		
Note : DPM herewith refers District Project Manager or Distrcit Project Manager (In-charge) and SPM herewith refers SPM (in-charge) of the particular district		

Bihar Rural Livelihoods Promotion Society					
Devolution of Financial and Administrative Authority to BPIU					
(w.e.f.-----)					
Sl	Particulars	Authority at BPIU level			
		For CC	For AC	For Accountant / OA	For BPM
A Local Travel of Staff					
A. 1	Recommendation of TA/DA claim	AC	-	-	-
A. 2	Approval of TA and DA claim	BPM (upto a limit of Rs. 1500/ month)	BPM (upto a limit of Rs. 2000/ month)	BPM (upto a limit of Rs. 1500/ month)	DPM (Upto a limit of Rs. 4000/ month)
A. 3	Sanction for reimbursement of TA/DA claim	BPM	BPM	BPM	BPM
Remarks : In case of TA / DA claim exceeding than limit., the approval will be given by the concerned DPM (for CC, AC, Accountant and OA) and concerned SPM / PM (for BPM). Such approval must include the recommendation from the respective authorities.					
B Out station Travel of Staff					
B. 1	Approval of Travel	BPM	BPM	BPM	DPM
B. 2	Recommendation of TA/DA claim	-	-	-	-
B. 3	Approval of TA and DA claim	BPM (upto a limit of Rs. 4000/month)	BPM (upto a limit of Rs. 4000/ month)	BPM (upto a limit of Rs. 4000/month)	DPM (upto a limit of Rs. 6000/ month)
B. 4	Disbursement of TA and DA claim	BPM	BPM	BPM	BPM
Remarks : All travel outside state must require prior approval of CEO. In case of TA / DA claim exceeding than limit., the approval will be given by the concerned DPM (for CC, AC and AoA/OA) and concerned SPM / PM (for BPM). Such approval must include the recommendation from the respective authorities.					
C Cheque issuing authority and limit					
C. 1	Cheque worth upto Rs - 20,000 (Twenty thousand)	BPM along with one of the signatories of the BPIU account			

C. 2	For salary disbursement upto full amount	BPM along with one of the signatories of the BPIU account will operate			
C. 3	Cheque worth more than Rs - 20,000 (Twenty thousand) and upto Rs - 2,00,000 (Two lac) for CID purpose.	BPM and DPM/ PM/SPM			
C. 4	Cheque worth Up to Rs. 5,00,000 (Five lacs) for CIF purpose	BPM and DPM/ PM/ SPM			
Remarks : 1. the cheque will be issued as per approved budget for the particular expenditure head by the competent authority. 2. Cheque more than the prescribed limit will be signed after prior approval of OSD on recommendation of DPM.					
D Salary of the Staff					
D. 1	Recommendation of Absentee	AC	BPM	BPM	Self
D. 2	Approval of Absentee	Consolidated absentee of BPIU will be approved by DPM.			
D. 3	Disbursement of Salary to staff	As per approved absentee, BPM will disburse the salary of all BPIU staff.			
E Office Expenditure					
E. 1 Stationary and consumable purchase					
E. 1. 1	Upto a limit of Rs- 5000/- (Five thousand) per month	BPM is authorised to make expenditure			
E. 1. 2	From Rs.5000 to Rs. 10,000/- (Ten thousand) per month	BPM with approval from DPM is authorised to make expenditure			
E. 1. 3	More than Rs. 10,000 (Ten thousand) per month	BPM with approval from OSD/AO on recommendation of DPM			
E. 2 Maintenance of Office equipment and furniture					
E. 2. 1	Upto a limit of Rs. 5000/- (Five thousand) month	BPM is authorised to make expenditure			
E. 2. 2	From Rs. 5000/- (Five thousand) to Rs. 10,000/- (Ten thousand) per month	BPM with approval from DPM is authorised to make expenditure			

E. 2. 3.	More than Rs. 10,000/- (Ten thousand) per month	BPM with approval from OSD/AO on recommendation of DPM			
E. 3	Miscellaneous office expenditure				
E. 3. 1	Upto a limit of Rs. 3000/- (Three thousand) per month	BPM is authorised to make expenditure			
E. 3. 2	From 3000/- (Three thousand) to 5000/- (Five thousand) per month	BPM with approval from DPM is authorised to make expenditure			
E. 3. 3	More than 5000/- (Five thousand) with approval of AO	BPM with approval from OSD/AO on recommendation of DPM			
For meeting local travel expenses, incurred on daily basis by support staff, will be approved by DPM upto a limit of Rs. 100 at a time.					
F	Advance for outstation tour				
F. 1	Approval for tour advance : 100% admissible entitlement or amount upto a limit of one month gross monthly salary of the respective staff, whichever is lower	BPM	BPM	BPM	DPM
F. 2	Payment of advance for tour	BPM	BPM	BPM	BPM
G	Advance for training purposes				
BPM may give advance Upto 25% of the approved budget for a particular event (including training, exposure visit, meeting, workshop etc.).					
H	Advance for Motorcycle / use of motorcycle for official purposes				
H. 1	Recommendation of the application for availing loan	BPM	BPM	BPM	DPM
H. 2	Approval for availing loan facility	Committee of FO, AO and SPM - HRD			
H. 3	Releasing the loan amount	AO			
H. 4	Recommendation of the application for using own	BPM	BPM	BPM	DPM

	Motorcycle for official purposes				
H.5	Approval for using own motorcycle for official purpose	Committee of FO, AO and SPM - HRD			
I	Advance of Cycle purchase				
I.1	Recommendation of the application for availing loan	AC	-	-	-
I.2	Approval for availing loan facility	Committee of BPM and DPM	Committee of BPM and DPM	-	-
I.3	Approval for releasing the loan amount	BPM	BPM	-	-
I.4	Recommendation of the application for using own cycle for official purpose	AC	-	-	-
I.5	Approval for using own cycle for official purpose	Committee of BPM and DPM	Committee of BPM and DPM	-	-
J	Leave of Staff*				
J.1	Recommendation of CL	AC	-	-	-
J.2	Approval of CL	BPM	BPM	BPM	DPM
J.3	Recommendation of Application for EL (upto a limit of 5 regular days)	AC	-	-	-
J.4	Approval of EL (upto a limit of 5 regular days subject to the availability)	BPM	BPM	BPM	DPM
J.5	Recommendation of Application for EL (for more than 5 regular days)	BPM	BPM	BPM	DPM
J.6	Approval of EL (upto 15 regular days subject to the availability)	Committee of DPM, Finance Manager or one manager from any of thematic areas.			

J.7	Approval of EL for more than 15 days	On recommendation of DPM, decision will be taken by the CEO.		
Remarks : The BPIU office will submit a fortnightly status of staff leave records to their respective DPCUs and a compiled leave status of all staff on monthly basis would be submitted to SPMU (HRD / Admin. Unit) by the concerned DPCUs on prescribed format. The suggested provisions will be effective from 1st Jan'2010. Before this all DPCU / BPIU office must get the leave balance status from SPMU and ensure necessary preparation for keeping records of Leave.				
K Hiring of office premises				
K. 1	Signing of agreement for hiring of office premises	For BPIU office, AO is authorised to sign on behalf of the Society		
K. 2	Payment of monthly office Rent	For BPIU office, BPM is authorised to make payment		
L Telephone / Internet Connection				
L. 1	Getting telephone and internet connection in the office	On the written request of BPM, DPM will give approval		
L. 2	Monthly expenditure on phone upto Rs-1500	BPM will approve and make payment		
L. 3	Monthly expenditure on phone more than Rs. 1500 upto 3000/-	DPM will approve on the basis of justification submitted by BPM and accordingly payment will be made		
L. 4	Monthly expenditure on phone exceeding 3000/-	BPM with approval from OSD/AO on recommendation of DPM		
L. 5	Monthly expenditure on internet up to 1500/- (One thousand five hundred)	BPM will approve and make payment		
L. 6	Monthly expenditure on internet more than Rs. 1500 upto 3000/-	DPM will approve on the basis of justification submitted by BPM and accordingly payment will be made		
L. 7	Monthly expenditure on internet exceeding 3000/-	BPM with approval from OSD/AO on recommendation of DPM		
M Vehicle Hiring				

M. 1	Hiring of vehicle on monthly basis for official purpose	Four wheeler vehicle may be hired in BPIU by BPM on monthly basis at the rate not exceeding Rs - 18000/ month including hiring charges, fuel and other costs upto the limit of 1000 KM. In case of emergency or other pressing requirement, additional vehicle/s may be hired @ 1250/day/vehicle including hiring charges, fuel and other cost with prior approval of DPM.
	The hired vehicle will be used by all staff of BPIU as per official requirement. Any out of district movement of hired vehicle must be approved by DPM. Personal use of hired vehicle by any of the project staff is strictly prohibited.	
N	Advance against salary	
	A BPIU staff may get advance against salary upto his/her one month consolidating remuneration after approval of BPM in case of emergency or extreme genuine requirement. This amount will be recovered in five equal installments. For BPM approval will be given by DPM.	
Remarks : A detailed guideline for hiring four wheeler vehicle is attached herewith.		
Note : BPM herewith refers Block Project Manager or Block Project Manager (In-charge) and DPM refers DPM or DPM (In-charge)		