



***Social Inclusion:  
Implementation, Outcomes and Key Learnings***

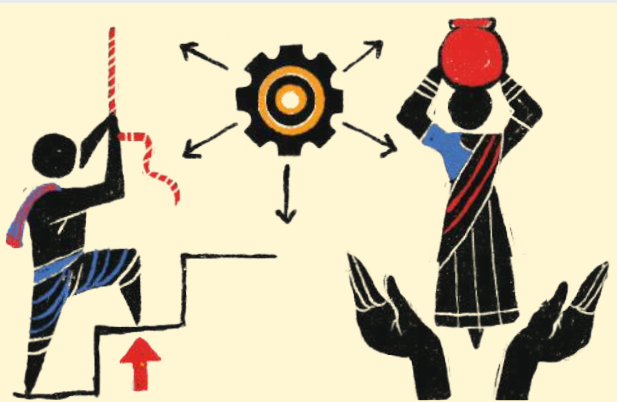
## Context

The Government of India (GoI) approved the National Rural Livelihoods Mission (NRLM) in June 2011 to implement a renewed demand-driven strategy of rural poverty alleviation and sustainable livelihoods, based on universal social mobilization,

building community -managed institutions of the poor, and universal financial inclusion.

The central objective of the NRLM is to “establish efficient and effective institutional platforms of the rural poor that enable

them to increase household (HH) incomes through livelihood enhancements and improved access to financial and public services”. The overall approach is driven by the following core beliefs and assumptions about the rural poor:



1. The poor have a strong desire, and innate capabilities, to graduate out of poverty;
2. Local human and social capital - such as community resource persons (CRPs) and community leaders - are crucial in addressing poverty concerns;
3. Institutions of the poor are platforms for collective action and self-help, which increase their voice, space, and bargaining power;
4. External, dedicated and sensitive support structures play a crucial role in inducing and sustaining social mobilization, institution building and empowerment processes.

The mission has implemented a range of social inclusion strategies in the country, including Participatory Identification of the Poor (PIP), state specific poverty assessments, promotion of inclusive community institutions and community cadre, priority targeting and mobilization of

Schedule Caste/Schedule Tribe (SC/ST) households, and vulnerability reduction measures such as the vulnerability reduction fund (VRF), health and food risk funds etc.

The mission prioritized the inclusion of the Schedule Caste (SC), Schedule Tribe


(ST), Particularly Vulnerable Tribal Groups (PVTGs), single women and women headed families, landless and casual labor, elderly persons, person with disabilities (PwDs), minority groups, people living in remote geographies and in uncertain political environment.

### Evolution of NRLM

As the program evolved, its focus expanded to include trafficked women, transgender persons, Particularly Vulnerable Tribal Groups (PVTGs), Witch-hunt etc.




Following a cabinet decision in 2015, the mission decided to automatically include:




1. households included as per “inclusion” criteria of the Socio Economic Caste Census (SECC) 2011; **1.65 million**

3. households identified on the Participatory Identification of the Poor (PIP) list, as the target households for NRLM.

2. households with at least one “deprivation” criteria **(86.9 million)**



4. DAY-NRLM is also mandated to ensure 15% representation of women from minority groups.



## Intervention: Inclusion strategies

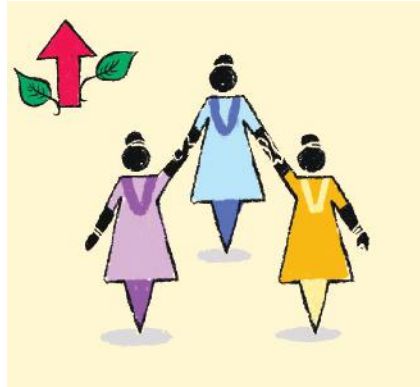
### **Prioritizing Poorest Geographies**

The DAY-NRLM is mandated to reach out, mobilize and support over 90 million rural poor households across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats, in 6 lakh villages. The National Rural Livelihoods Project (NRLP) supported through World Bank funding, as a sub-project under the Mission, aimed to create a proof of concept for the DAY-NRLM. The NRLP was implemented in about 571 blocks across 161 districts in 13 low income states that account for over 85 percent of the rural poor in the country. The state rural livelihood missions (SRLMs) had applied pro-poor, inclusion criteria to select their first phase blocks based on higher concentration of poor and SC/ST households. A significant share of these prioritized blocks are expected to have a strong overlap with the Gol's Transformation of Aspirational Districts Programme.

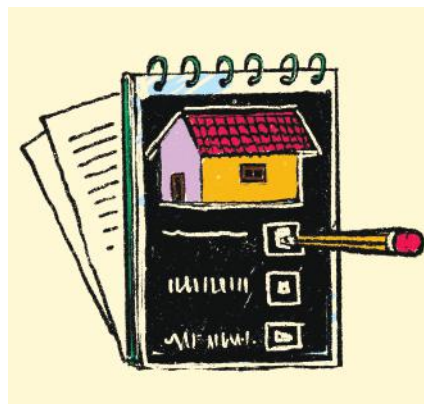


### **Participatory Identification of the Poor**

To ensure that no poor family is left out, NRLM implemented multiple strategies for identification, inclusion and mobilization of target households. All rural poor households with at least one deprivation, as listed by the Socio-Economic and Caste Census (SECC) conducted by MoRD, are the target households under DAY-NRLM. In addition, during village entry, social mobilizers would carry out participatory



rural assessment (PRA) exercises that included social maps, wealth and wellbeing ranking/grouping, vulnerability rankings, transect walks to poorest village hamlets etc. Through this process of participatory identification of the poor (PIP), a village list of different categories of poor and vulnerable households was prepared. The PIP would list the DAY-NRLM target households as poor or poorest of the poor (POP), as well as by social category. The list so prepared was endorsed by the Gram Panchayat and the household included in the list would also become the target households under DAY-NRLM. A specific advisory on the standard operating procedure on PIP was issued to the SRLMs, and State Missions were provided training in the PIP process.



### **Universal Social Mobilization**

Mobilizing the poor to form their 'own institutions' is a hallmark of the NRLM. After identifying the PoP households, they

are mobilized and organized into Self Help Groups (SHGs) based on affinity and proximity. At least one member from each household, usually a woman belonging to the poorest village areas, is initiated into the SHG network within a time frame of two years.

This process is spearheaded by external and internal community resource persons (CRPs) and social mobilizers. The SHGs are federated into Village Organizations (VOs) and the VO mobilizes further households. DAY-NRLM has also supported and co-opted pre-existing SHGs and SHG federations that accounted for 70 percent or more BPL households. The mission aims to ensure that 50 percent of the beneficiaries are SC/STs, 15 percent are minorities and 3 percent are persons with disability, while keeping in view the ultimate target of 100 percent coverage of identified rural poor families. Nearly 277,000 community professionals and CRPs (SHG members themselves) have been trained and are responsible for project implementation on the ground.

### **Promoting Socially Inclusive Institutions**

NRLM places emphasis on building inclusive, participatory and accountable federations – a process intensive task that requires sensitivity and the active involvement of the community. Women from SC/ST and minority households are included in leadership roles within the SHGs, VOs, Cluster Level Federations (CLFs), Producer Groups (PGs) and Producer Organizations (POs). The Social Action Committee (SAC) of VOs and CLFs undertakes collective social action and promotes inclusion by preparing lists and coordinating visits to HHS left outside the purview of SHGs in order to enroll and offer them handholding support; as well as



to represent them at socio-political forums and inform them about various government entitlements and programs. NRLM support structures facilitate and nurture these institutions such that they become truly independent, self-managed and self-sustained over a period of time.

All State Rural Livelihood Missions (SRLMs) have deployed State Program Managers (SPM/PM) to anchor and support the key thematic programs of social inclusion, social development and convergence with other government line departments and programs. At the district level, these programs are managed by dedicated staff, while at the community level there are more than 16,000 CRPs viz., Yojana Sakhis, Setu Didis, Gender Point Persons, Poshan Sakhis who focus variously on nutrition, health and sanitation agendas with community.



### ***Inclusive Livelihood Models for the Poor***

NRLM recognizes that the poor have multiple, seasonal, farm and non-farm livelihoods, and focuses on stabilizing and promoting their existing livelihoods portfolio, as well as diversifying them into more remunerative areas. The mission also fosters a vision of bringing all beneficiary farmland within the ambit of sustainable agriculture.

Certain key livelihood interventions (with a clear bias toward socially excluded communities and POP households) have focused on community-managed sustainable agriculture (CMSA), goateries, fisheries and Non-Timber Forest Products (NTFP) based interventions. Several SRLMs have tailored focused interventions to suit ultra-poor HHs.

### ***Vulnerability Reduction Fund (VRF)***

A VRF has been provided to address the special needs of vulnerable SHG members



or destitute non-members in the village. VO's are empowered under the aegis of a Vulnerability Reduction Plan (VRP; a participatory bottom-up plan) to recognize and address food insecurity, health risk, sudden sickness/hospitalization, natural calamity, etc., faced by individual HHs or the community. These plans can also be aggregated at the Gram Panchayat/Cluster/Block level and converged with other departments.

It is well established in development literature that borrowing for emergency food and health expenditures in distress often leads to the dispossession of productive assets and loss of livelihoods among the poor. NRLM has supported the primary SHG federations to allocate dedicated resources to finance food and health expenditures, in addition to resources for livelihoods assets.

SHGs are empowered to coordinate and respond to exigencies by preparing and operationalizing micro-plans. Models such as financing food purchases from PDS and bulk purchases from the open market – which are distributed as in-kind loans – are tailored to address food security. SHG members are encouraged to contribute to separate 'Health Risk Funds' to meet health emergencies.

### ***Access to services, safety nets and entitlements***

Large government resources/entitlements such as the Public Distribution System (PDS), pensions, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), social insurance, health services, etc., are able to strengthen the household economy with additional incomes, savings on expenditure and increased consumption. The DAY-NRLM has actively leveraged the SHGs for reliable and efficient delivery of these services and entitlements.

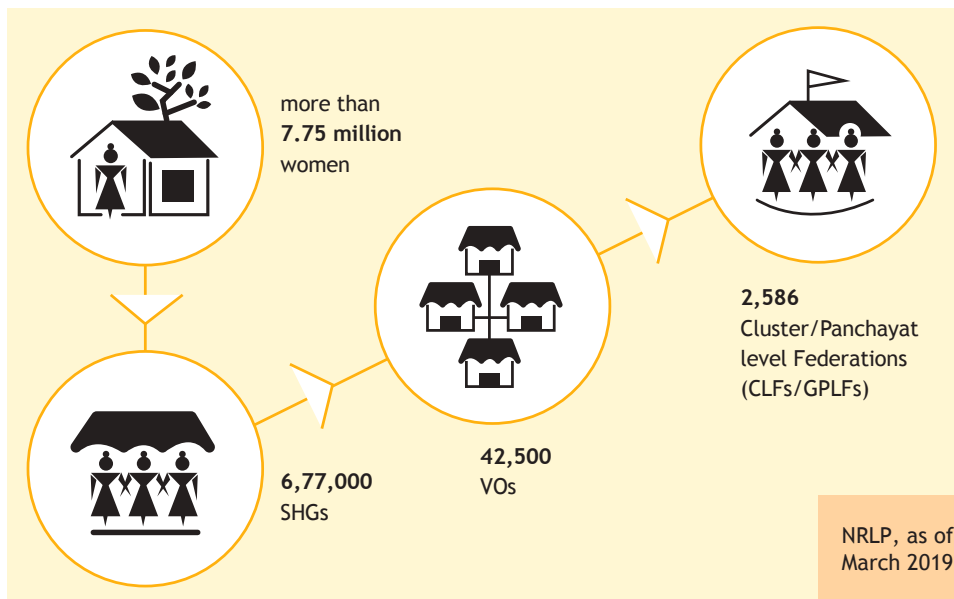


Community institutions created under the ambit of the mission are mobilized to expand the coverage of micro-insurance services – particularly life, health and

asset risks of the poor and vulnerable households. They have converged with insurance schemes launched by the Govt, such as the Prime Minister Sureksha

Bima Yojana, Prime Minister Jeevan Jyoti Bima Yojana, Rashtriya Swasthya Yojana and agriculture and livestock insurance schemes.

## Implementation/Achievements: Inclusion Outcomes



The program has effectively targeted some of the poorest households with more than 56 percent of the households mobilized into SHGs belong to SC/ST and minority households.

Under the aegis of the DAY-NRLM more than 67.9 million women have been mobilized into 6.14 million SHGs. In addition, 3,56,313 village organizations and 31,781 Cluster/Panchayat Level Federations have been promoted.

## Area Specific Interventions for Vulnerable Groups

Several special projects and pilots for SRLMs were engineered as proofs of concept in order to bring vulnerable and marginalized communities into the fold and universalize key lessons and insights. Some of the major pilot projects were designed to promote the social inclusion of victims of human trafficking, persons with disabilities (PwDs), the Lepcha in Darjeeling, West Bengal and PVTG communities in Attappadi, Kerala. Some experiences are enumerated below.

### Attappadi Comprehensive Tribal and PVTG development special project

Against the backdrop of the high rate of infant mortality among tribal



communities in Kerala, the Ministry of Rural Development (MoRD) approved the Attappadi Comprehensive Tribal and PVTG development special project in 2014-2015. An overall allocation of INR 52.12 crore was made for seven years, wherein the first of two phases (April 2014 - March 2018) was allocated INR 30.19 crores. The project mobilized nearly 7,500 families among the Irula, Muduga and Kurumba tribal communities in Kerala and helped facilitate the formation of the four-tier PIPs to create

self-sustaining community institutions. This special project was designed as a prototype for the DAY-NRLM, to be implemented across the country.

### Inclusion of Persons with Disabilities (PwDs)

To ensure greater inclusion of persons with disabilities into the program, SRLMs have adopted a participatory vulnerability



assessment as an entry point activity to identify households with disabled members. The promotion of SHGs with exclusively differently-abled persons and their caregivers was prioritized. Organizing PwDs into groups has led to an increased awareness of - and access to- their rights and entitlements.

DAY-NRLM prioritized financial support in the form of a Revolving Fund (RF) and Community Investment Fund (CIF) to these SHGs. The mission provided 50 percent more funds to these SHGs, as CIF. Tamil Nadu has led the way in vulnerability reduction and rehabilitation interventions for PwDs.

### **Lepcha Inclusion Project (Kingchoom Darnit Rural Livelihood Mission)**

Lepchas, an indigenous tribal community residing in the mountainous terrain



of Kalimpong and Darjeeling district, West Bengal, are among the most marginalized communities in terms of access to government and social systems, basic infrastructure etc. This ensued a cascading effect on generations of Lepchas, culminating in low education, malnutrition, ill health, decline in livelihood base and loss of culture and language

among the community. The aim of the Lepcha Inclusion Project was to build a vibrant, sustainable institutional structure with Lepcha women at the center of SHG based federations, in line with traditional structures of the community.

*About 790 Deptong (SHGs) comprising 7,527 Lepcha women, have been federated into 295 Kyongs (VOs), 30 Thooms (CLFs) and 1 Poom (Central-Level Federation) named Mayel Lyang Deptong Mahila SHG Cooperative Society Ltd (CLF), which is registered under the Cooperative Societies Act.*

## **Social Development**

The convergence strategy adopted under the DAY-NRLM has successfully provided SHG members access to rights, entitlements and services of government schemes and programs. Thematic verticals like food, nutrition, health, Water Sanitation and Hygiene (WASH), education, local governance, social security, etc. were addressed under this strategy. Some examples are enumerated below.

### **Food, Nutrition, Health and WASH (FNHW)**

To reduce expenditure on medical care, increase economic productivity and improve the quality of life of rural women and their families, DAY-NRLM promoted necessary and appropriate Food, Nutrition, Health and WASH (water, sanitation and hygiene; altogether FNHW) interventions upfront. These interventions converged with the activities of the National Health Mission (NHM), Integrated Child Development Services (ICDS)



and Swachh Bharat Mission (SBM), and primarily focused on generating demand for their services. Significant strides have been made by women's SHGs in Bihar, Gujarat, Jharkhand, Madhya Pradesh, Rajasthan, Maharashtra, Tamil Nadu and Uttar Pradesh to promote the usage of toilets. The mission promoted social and behavioural change practices centered on maternal and infant health and hygiene.

In 2017-18, an advisory on Dashasutri was issued by MoRD to all States, which mandated that SHGs and VO were to address and discuss issues relating to

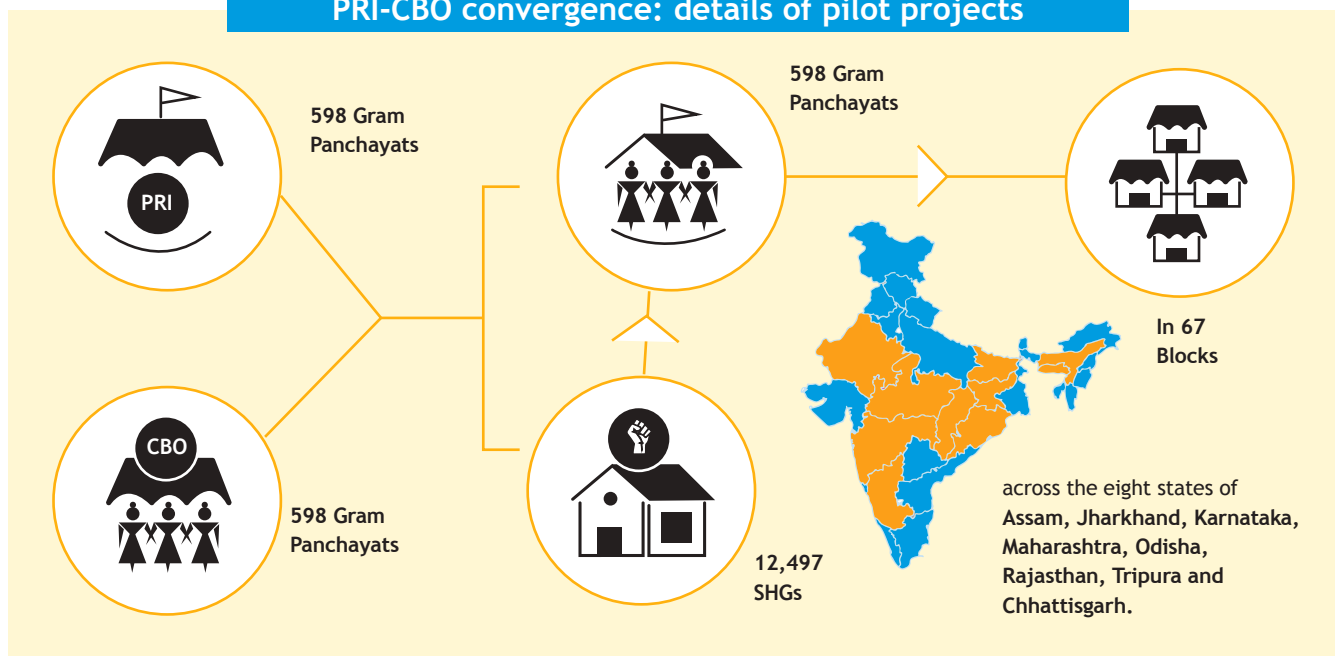
health and nutrition at every meeting. A Master Circular on FNHW was issued to all States outlining the interventions and suggested modes of implementation. The intervention covered more than 600 blocks in 13 NRLP states.

Tamil Nadu and Kerala escalated the original interventions to address the health and nutrition needs of the elderly and the disabled persons, as well as focus on non-communicable diseases. They developed a pool of 23 National Resource Persons (NRPs) and 50 State Resource Persons (SRPs) to provide technical support to SRLMs, and developed capacity building modules for staff and community.

### **SWABHIMAAN**

The SWABHIMAAN project was originally implemented in five tribal blocks across Chhattisgarh, Odisha and Bihar, in collaboration with UNICEF. Following a successful implementation of institutional systems to address maternal under-nutrition, after a period of three years the

## PRI-CBO convergence: details of pilot projects



project completed a baseline study and commenced field level implementation in all DAY-NRLM villages.

### **Panchayati Raj Institutions (PRIs) - Community Based Organizations (CBOs) Convergence Pilot Projects**

DAY-NRLM promoted partnership and convergence between PRIs and CBOs so

that each of the institutions may leverage the strengths of the other. The MoRD has supported the SRLMs to champion pilot projects on PRI-CBO convergence with the following objectives:

- Empower the poor to know, demand and access rights and entitlements,
- Include poor and vulnerable sections in local development process, and
- Make Gram Panchayats responsive and accountable by making them inclusive and increase participation in the Gram Sabha and working of the Panchayat.

Several capacity building measures have been initiated to mainstream convergence in general and Panchayat-Community based Organisations (CBOs) convergence in particular. The State Rural Livelihoods Mission of Kerala (Kudumbashree) has been designated the National Resource

Organization (NRO) to support other SRLMs on PRI-CBO convergence. PRI - CBO convergence pilot projects cover 12,497 SHGs in 598 Gram Panchayats in 67 blocks across the eight states of Assam, Jharkhand, Karnataka, Maharashtra, Odisha, Rajasthan, Tripura and Chhattisgarh.



## Key Lessons and the Way Forward

### **Monitoring and Evaluation**

While the Participatory Identification of the Poor (PRA/PIP) exercise found widespread acceptance among all

stakeholders and successfully facilitated community engagement on issues of poverty and vulnerability, its execution and quality monitoring at scale has remained a challenge.

### **Social inclusion and saturation has unfolded in a phased manner**

The social inclusion process under NRLM happened in three discernible phases.

The first phase was through the social mobilization drive of external CRPs, the second through VO leaders and community cadre (active women, social mobilizers, internal CRP) and the third phase through community leaders.

**PoP households need more focused interventions, supported by dedicated teams**

PoP households, comprising the bottom 10 percent, lack the basic assets and skills to participate in DAY-NRLM institutions, and suffer multiple deprivations and discrimination based on caste, gender and remoteness. It is a cause for concern if PoPs are not being served in an impactful way by the universal institutions of the poor. The mission needs to develop tailored, household-focused and differential strategies to lift this constituency out of poverty. Successful interventions in this regard have been led by the states of Andhra Pradesh, Bihar, Jharkhand, Telangana, Tamil Nadu and Kerala. More robust learning, evidence and dissemination of information on economic mobility of the PoP households are required to develop state-specific, targeted interventions.

**Sustainability**

To ensure that these interventions continue to benefit the marginalized



populations that they are meant to target, a concerted effort towards promoting community ownership is built into program design. By creating champions among program beneficiaries it is envisioned that successful interventions will be sustainable and replicable, while retaining the end goal of inclusivity at their core.

**Systematic tracking of inclusion**

The DAY-NRLM MIS has consistently tracked the proportion of SC and ST households among total SHGs, SHG membership, leadership, borrowers of CIF, and as beneficiaries of other livelihood support interventions. This cross-cutting and sustained tracking of inclusion is rare among government programs and has contributed significantly in the achievement of impressive social inclusion outcomes.

The scale and reach of DAY-NRLM's unique interventions designed to mobilize

and include the most vulnerable sections of rural communities with women at the forefront, provides critical lessons for similar rural community development programs. As the program continues to mobilize excluded households, there is a need to expand the scale of existing social inclusion initiatives and facilitate access to other government rights and entitlements.

*Building on these lessons and good practices, the next generation of rural livelihoods programs including the NRETP will work to graduate the livelihoods of the poor through inclusive groups including Producer Collectives. Finally, efforts need to be made to ingrain and sustain the progress made towards challenging restrictive cultural and gender norms.*

**ABOUT THE DISCUSSION NOTE SERIES**

This note is part of the South Asia Agriculture and Rural Growth Discussion Note Series, that seeks to disseminate operational learnings and implementation experiences from World Bank financed rural, agriculture and food systems programs in South Asia.

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***Institution Building & Capacity Building in NRLM***

## Context

The main design principle behind Self Help Groups (SHGs)- organizations of rural poor women at the village level – was to empower women by mobilizing them into small groups, facilitating interactions and financial literacy, and federating them into higher-order organization to unleash the potential of “self help”. The overarching idea was to enhance the livelihood and wellbeing of the members and their households so that they may effectively tackle the multi-dimensional issues related to poverty as well as engage with a large network of stakeholders, including the government and markets, at a household and community level.

The movement was initiated in the late 1980s by the Mysore Resettlement and Development Agency (MYRADA) in Karnataka and by Professional Assistance for Development Action (PRADAN) in Tamil Nadu and Rajasthan. The early 1990s witnessed vigorous efforts by rural development professionals as well as the National Bank for Agriculture and Rural Development (NABARD) to mainstream the

## NRLP-NRLM, THE WORLD BANK & AMP; GOI PARTNERSHIP



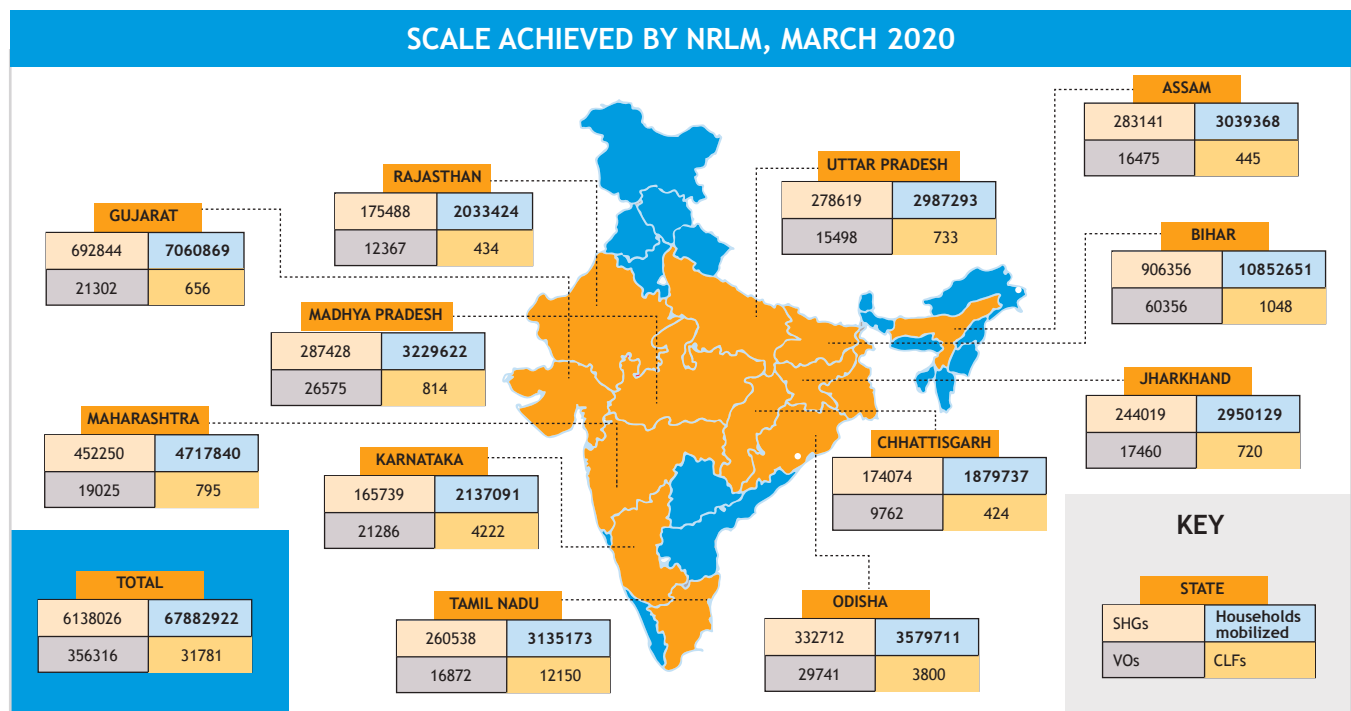
The NRLP had a two-fold objective.

1. To support the launch and expansion of the Government of India’s Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAY-NRLM) and a strategic shift within the Ministry of Rural Development (MoRD) from a focus on allocation, disbursement, and monitoring of central government financial resources, to the provision of skilled technical assistance to states implementing the DAY-NRLM.
2. The NRLP aimed to provide additional pro-poor investments in 13 states with the highest poverty rates and highest number of absolute poor in India. At the time of preparation, these 13 states<sup>1</sup> accounted for almost 85% of the poor in India. The NRLP aimed to reach approximately 4.8 million rural women across 100 districts of the 13 states.



agenda of SHGs as a mainstay strategy in rural development. Therefore, when the Integrated Rural Development Program (IRDP) and other sister programmes were converged and re-hauled as the Swarnajayanti Gram Swarozgar Yojana (SGSY) in 1999 and the SHG design

was adopted as the cornerstone of the scheme. By end of 1998-99, after extensive experimentation, spearheaded by professional non-profit organizations across the country, various good practices across the domain of capacity building, institution building, financial inclusion,



1. These were Assam, Bihar, Chhattisgarh, Jharkhand, Gujarat, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, West Bengal, Karnataka and Tamil Nadu

livelihoods and core systems had also become apparent.

In 2000, the World Bank supported the Andhra Pradesh District Poverty Initiative Project (APDPIP or VELEGU) project, which leveraged their existing work on SHGs, integrated new lessons and scaled-up the SHG program across the state. The success of the APDPIP project led to the SHG centric design of the JEEVIKA project in Bihar and the TRIPTI project in Odisha. In 2009-10, a report by the Dr. Radhakrishnan Committee set up by MoRD to look into the shortcomings of SGSY and suggested modifications, was made public by the government. The committee had critically analysed the scheme, highlighted major impediments to the low performance of SHGs and recommended measures to address them.

Strengthened by the positive experience from AP, Bihar and Odisha, coupled with an enhanced understanding from the Dr. Radhakrishnan Committee report, the Ministry of Rural Development restructured SGSY as the National Rural Livelihoods Mission (NRLM) in 2010 with a vision to mainstream SHGs as the primary intervention strategy for rural development. The Mission was later renamed the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) Subsequently, in order to leverage the World Bank experience of supporting livelihoods projects in states like AP, Bihar, Odisha and Tamil Nadu, the GoI approved a World Bank supported National Rural Livelihoods Project (NRLP) to be implemented in 13 major States in the country and aimed at creating proof

of concepts for the larger NRLM. The World Bank designed the National Rural Livelihoods Project (NRLP) in the year 2011 with a vision to mainstream SHGs as the primary intervention strategy for rural development. The major pillars for SHG functions were defined as institution building, financial inclusion, livelihood strengthening, women's empowerment, vulnerability reduction with partnerships and convergence as a cross-cutting theme. As an effort towards sustainability, lessons from AP, Bihar and Odisha were integrated, and a three-tier community organizational architecture of Self-Help Group-Village Organisation-Cluster Level Federation (SHG-VO-CLF) was designed to provide ongoing support to women members and to sustain their organizations.

## Intervention: Strategies for Institution Building and Capacity Building

### *Intensive and Extensive Implementation*

DAY-NRLM adopted a combination of intensive and extensive strategies for the implementation of program interventions. In intensive blocks (NRLP), the focus was on supporting member households using an entire set of interventions with a greater intensity of hand holding and financial support, including community investment funds to build strong community institutions that would serve as demonstration and immersion blocks. In the extensive blocks, the strategy was limited to providing handholding support to existing SHGs, building their capacity and linking them with mainstream formal financial institutions. Block phasing was introduced, so that in due course all blocks in the state received the same level of support as the intensive blocks and achieved the same level quality.

### *Focused efforts to ensure inclusion of the poor and vulnerable*

With the core focus of the NRLM being inclusivity, concerted efforts were made to mobilize the most vulnerable women from

socially and economically marginalized households to ensure that no one was left behind. Each state adopted differentiated strategies suited to the local context for identification of households. Some states, such as Bihar, used a geographical approach where they identified regions with a higher concentration of individuals and households with economic and social deprivations; while other states such as Odisha and Madhya Pradesh (MP) used the novel method of wellbeing ranking. Other states used the process of Households identified through the PIP process is called the NRLM Target Group, DELINKED from the BPL.

Under the original framework of NRLM, only rural households included in the official BPL list could be targeted. This list was prepared in 2002, has not been updated and has many defects. Since the entire NRLM depends on the formation of affinity based groups of poor women with common bonding and synergistic functioning, which cannot be created by simply drawing room an externally prepared

and incomplete BPL list, the Cabinet has approved in 2013 that target groups under NRLM will be determined by a well defined, transparent and equitable process of PIP, at community level. The PIP process has a set of exclusion criteria, automatic inclusion criteria and a set of deprivation indicators for enabling poverty ranking in a participatory manner. This delinks NRLM target group from the BPL list or Socio-Economic Caste Census (SECC) data for identification.

Many states went further in their efforts to induct women with disabilities, tribal groups, single women, etc. Some states designed strategies to work with the transgender community and the elderly. The State Rural Livelihoods Missions (SRLMs) took special care to include women from vulnerable communities (such as SC, ST, OBC) in leadership positions. States such as Odisha mandated that the first claimant on the RF be members from economically marginalized or vulnerable households. In fact while disbursing the CIF, VOs prioritized SHGs with a

larger share of members from SC, ST and economically poorer communities. This strategy put inclusivity at the heart of the project, and the most vulnerable households at the core of the development process.

### ***Community to community action to leverage local social capital and scale up***

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Traditionally, within the development sector, the transformational role of mobilizing the community was entrusted to professionals. However, the state of Andhra Pradesh pioneered the strategic development of a pool of community cadres who have been able to transform their own lives and the lives of others. These community members were chosen and trained to communicate their success stories and to inspire and mobilize others. Within DAY-NRLM, this strategy of community to community learning and action was scaled-up. Women who had experienced change in their lives through the SHG movement were identified and trained as Community Resource Persons (CRPs), who then acted as agents of change. While certain states such as AP, Bihar, MP and TN took on the responsibility of supporting other states by sending across CRPs, other states, such as Odisha, leveraged their cadres from existing state-supported World Bank projects like “TRIPTI”<sup>2</sup> to scale-up the DAY-NRLM initiative. These strategies ensured increased participation, faster internalization and ownership of actions.

States that received external CRP support in turn developed a pool of Resource Blocks and over a period of 3 years these leaders were ready to extend their services to other regions within the state. This strategy hastened the pace of the project and reposed the transformational responsibilities of cross learning and cross support to community members, with limited support from professional staff. This was a first step towards enhancing the agency of

individual members, developing ownership among community members towards their socio—political and economic development and well being. Through this process, the NRLM harnessed the largest community to community action in the world, in terms of scale.

### ***Investing in building the capacity of the community and their institutions***

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As part of dedicated, sensitive support to enable community organizations to build their capacities, SRLMs placed professionals at the sub-block level (area and community coordinators) to facilitate the strengthening of SHGs and VOs through community level interactions, capacity building events, trainings and other hand-holding support. These efforts were supplemented by internal and external CRPs. Each state developed their own set of Information, Education and Communication (IEC) material, while the national unit provided guidance and technical inputs on a regular basis.

### ***Capitalizing SHGs/Vos with Revolving Funds/Community Investment funds to trigger internal loaning and demonstrate potential for bank linkage***

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An important strategy to strengthen community institutions has been to capitalize SHGs and VOs with RFs and CIFs. Besides shoring up the financial strength of SHGs, this approach has also attracted inclusive finance from other sources, leading to productive asset creation – a first step towards shared prosperity. The strategy has worked to meet the credit demands of SHG members to a large extent while also capping interest rates at 18% to make livelihood credit more affordable. Since a large corpus of funds is now being managed by the community organization, CLFs and the VOs are trained in financial and portfolio

management, leading to a greater financial discipline as well as a higher probability of financial viability and sustainability of these organizations.

A system of regular grading of SHGs and VOs was put into place and financial support - the SHG Revolving Fund (RF) and VO Community Investment Fund (CF) - was based on this grading. Since financial inclusion was a central pillar of NRLM, good quality SHGs with a track record of regular repayment were linked with banks and other financial institutions for a higher dosage of credit. Some states developed a system of Community Managed Recovery Mechanisms to reduce SHG level default, if any.

### ***Federating SHGs at different levels to build synergies and sustainability***

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Experiences from earlier projects indicated that in order to sustain SHGs and to address the larger issues of poverty and development, there is a need to promote federations of SHGs at various levels. A three-tier structure of community organizations was therefore designed to ensure the long term sustainability of the initiative. Each entity – SHG, VO and CLF –has a distinct purpose and functions, a clear set of roles and responsibilities, and works collectively to achieve broader development goals.

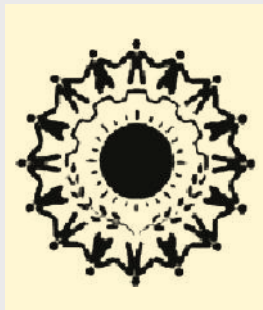
*States were given the flexibility to aggregate SHGs as per the local context. While SHGs at the hamlet level, VO at the village level and CLF at the sub block level is the most common architecture, Tamil Nadu and Odisha have their own format with the aggregation unit at a gram panchayat level (Panchayat Level Federation in TN and Gram Panchayat Level Federation in Odisha) engaged in financial transactions.*

2. <http://documents.worldbank.org/curated/en/457931487143179754/A-targeted-rural-livelihoods-program-in-Orissa>

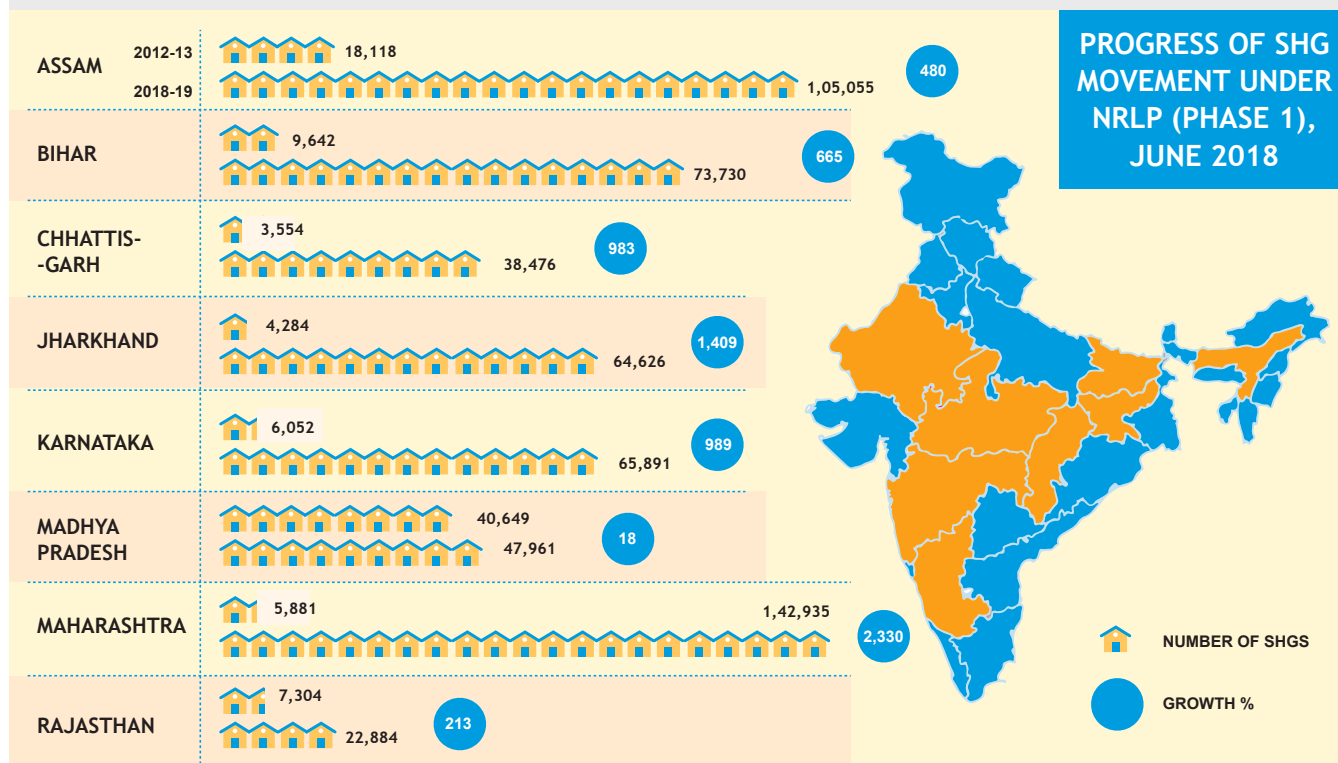
INSTITUTION	PURPOSE	FUNCTIONS AND ACTIVITIES
<b>Self Help Group</b>	<ul style="list-style-type: none"> <li>To form a collective of poor and marginalized women.</li> <li>Promote self help and cooperation among women</li> <li>Provide access to savings and loans at the door step</li> <li>Get the members out of trap of money lender high cost debt</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular meetings, facilitate interactions and promote the habit of regular savings.</li> <li>Maintain books of accounts and support internal loaning among members.</li> <li>Provide loans to members to meet various credit needs.</li> <li>Avail loans from Banks and CIF from VO and ensure timely repayment.</li> </ul>
<b>Village Organisation</b>	<ul style="list-style-type: none"> <li>Create a platform for all SHGs in a village to support each other and have voice.</li> <li>Promote mutual learning and leadership across SHGs.</li> <li>Share the community staff services for SHG book keeping and quality.</li> <li>Monitor and strengthen the SHGs within the village.</li> </ul>	<ul style="list-style-type: none"> <li>Review the community staff and ensure book keeping of SHGs and VO transactions.</li> <li>Review, monitor and grade the quality of groups.</li> <li>Resolve conflicts and strengthen SHGs.</li> <li>Manage Community Investment Fund-CIF and recover loans.</li> <li>Coordinate with Village Panchayat for convergence.</li> </ul>
<b>Cluster level Federations</b>	<ul style="list-style-type: none"> <li>Build and promote space for community leadership development</li> <li>Build an organization which will strengthen and sustain SHGs and VOs beyond project period</li> <li>Facilitate collective action to sustain linkages with Banks, Government and other agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Training of community leaders and review staff at VOs /CLF</li> <li>Manage CIF and other funds leveraged to build financial sustainability</li> <li>Develop systems to monitor the quality of groups and VOs, by providing MIS and auditing, computerization</li> <li>Develop new loan and insurance products and services</li> <li>Facilitate livelihood promotion activities</li> <li>Manage convergence for skills, entitlements and civic needs</li> <li>Support social activities such as education, health and sanitation</li> </ul>

## Implementation Strategies for successful scale up

### UNIVERSALIZATION OF THE APPROACH



Before DAY-NRLM was initiated, the SHG movement was region specific and driven by NGOs or state governments. SHGs were mainly concentrated in the southern states of AP, Karnataka, TN, and Kerala, mostly in the form of neighbourhood groups. The Mission Shakti scheme in Odisha, the strong SGSY implementation in West Bengal and the MAVIM work in Maharashtra led to the considerable expansion of SHGs in these states. Large tracts of North and North East India were virgin territories until 2014-15, when SHG formation became a universal and integral strategy for rural development. Even in remote states with insignificant outreach, such as the North Eastern states, Himachal Pradesh and Jammu and Kashmir, the SHG movement has laid deep roots. The following table shows SHG growth in NRLP states.



***Sensitive support structure and dedicated implementation architecture (up to the block level)***

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Lessons from SGSY and other government programs indicated that building institutions of community requires dedicated professional support and handholding. In the absence of dedicated support, the quality and sustainability of SHGs suffered. To bridge this gap, World Bank projects like DPIP in AP, Rajasthan and MP; JEEViKA in Bihar and TRIPTI in Odisha hired professional staff at the block and sub-block level. This ensured quality handholding of the SHGs and brought in implementation effectiveness, which in turn performed significantly better than other non-supported SHGs. For the first time in the history of a government scheme in rural development, a dedicated implementation architecture was designed spanning from the block level up-to the national level. A cadre of professionals from the grassroots upwards, working on the IB-CB agenda at all levels, strengthened the entire endeavour.

***Standardised protocols***

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The DAY-NRLM national team, in consultation with the state units developed a standardized protocol to ensure uniformity and quality of implementation for all elements of capacity building, institution development, and mobilization of community members (i.e. training of SHG members, federating SHGs into VOs, VO capacity building, federating VOs into CLFs, CLF members capacity building, etc.). Both community trainers and project staff underwent rigorous training about these protocols. State missions were allowed a measure of flexibility to innovate as per the local context, while keeping the core non-negotiable elements intact. The external and internal CRP teams followed the protocol diligently, thereby leading to fast paced growth and uniformity in the quality of community organizations. The standardized protocol has been supported by training toolkits and IEC material (flex, flip charts, short videos) and participatory training pedagogy, including role-plays,

games and case studies. Each SRLM developed their own set of IEC material as per the local context and in the local language, which helped members to engage with and internalize concepts of community action and organization. Such standardization helped DAY-NRLM scale up without compromising on quality.

***Saturation approach***

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The strategy of SHG formation followed an “intensive” geographic saturation approach so that 5-15 SHGs (depending on village size) were formed in each village. The target was to mobilize and co-opt 1200 SHGs in a block. This resulted in enhanced operational efficiency and reduced transaction costs (besides those associated with the sustainability of VO).

*Pre-existing SHGs formed by NGOs and other government departments were also brought on board.*

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## Broad-based SHG agenda – Panchsutra to Dasasutra

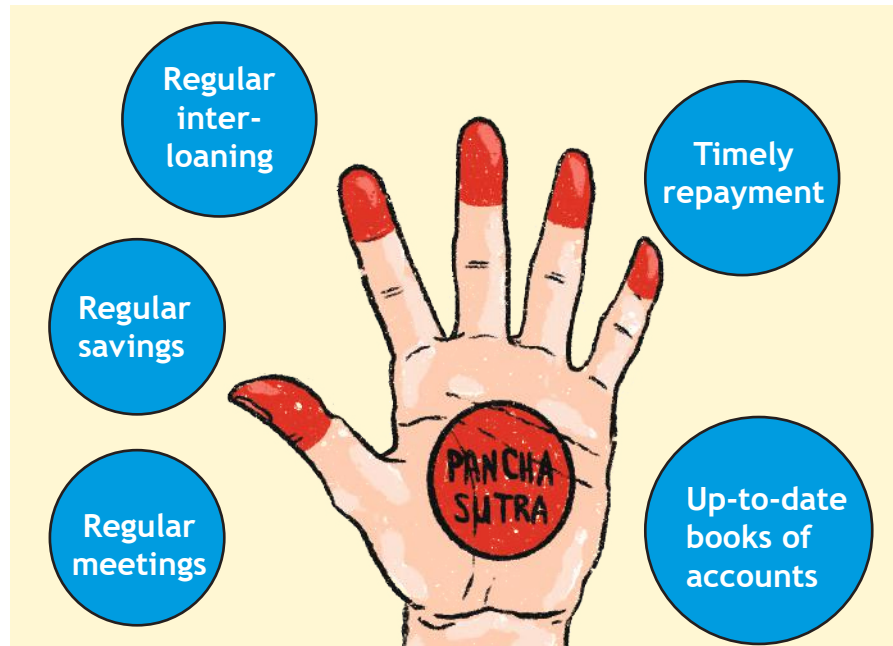
At first, the core functions of SHGs was limited to financial intermediation in the form of Panchsutra (defined as regular meeting, regular savings, credit, timely repayment and book keeping). The Maharashtra SRLM expanded this idea to the concept of Dasasutra – leading to the addition of five other areas of focus viz. education, health including nutrition and WASH, PRI convergence, access to entitlements and livelihoods. This holistic approach embedded a larger agenda within the SHG discourse and quickly gained currency and is being adopted nationwide. In response to this broad-based agenda, NRLM conceptualized the Vulnerability Reduction Fund at a VO level to strengthen the support function of an SHG/ VO. Several state missions designed their strategy around food security, nutrition security, health risk and other idiosyncratic & covariant risks to utilise the VRF.

### **Quality monitoring systems**

The MoRD and the various state missions have developed a MIS to capture organization level financial transactions (at the SHG, VO and CLF level), while frequent periodic grading can ascertain the quality of community organizations. State missions are equipped to easily adjudge overall institutional and financial health of any community organization. This creates both a mechanism for transparency and accountability, and enables SRLMs to take actionable decisions on providing RFs and CIFs, deciding on the type of capacity building inputs, as well as community based recovery initiatives, etc.

### **Pool of community cadres to take forward the initiative in anchor states**

The DAY-NRLM strategy has trained and capacitated members to work as



community cadre, who are employed and paid by the community organizations promoted by the mission to provide ongoing managerial support. They are accountable to the community organizations and their performance is reviewed by the community leaders at each level. Cadres such as SHG and VO book keepers, master book-keepers, community auditors, master book keepers and community facilitators at CLF level have been equipped to support the SHG, VO, CLF and Producer Group, etc.,. In most cases these community organizations are able to bear the costs directly. The seeds of transformation have been sown to empower local communities to take charge of their own organizations and sustain their operations in the long term.

### **Leveraging the community institutional platform for convergence**

Due to the enormous scale of mobilization and the positive financial health of the community organizations, the level

of convergence has scaled up many fold. Convergence initiatives were envisaged to build on existing programs and facilitate access to departmental schemes. State governments have been eager to leverage this network to scale up and monitor the implementation quality of various government schemes. A few examples are the MGNREGS implementation through CLF in Rajasthan, the Swachh Bharat Abhiyan in almost all states where the SHGs and VOs have pushed the sanitation agenda, the Aam Admi Bima Yojana implemented through these networks, the nutrition and health agenda being pushed in several states etc. Strong community organizations have helped increase awareness of and access to government schemes.



## Key Lessons and the Way Forward

The IB-CB experience under NRLM has proven that a series of well-thought intervention if delivered through dedicated implementation architecture and through building capacity of the community to sustain the interventions, can yield transformative results at the grassroots. Experience suggests that triggering of women's agency at the community level through provision of strategic inputs coupled with a conducive micro-environment not only enhances a woman's well-being within her household but also has the potential to transform the community at large.

In this next phase, the National Rural Economic Transformation Project (NRETP) will primarily focus on value chain livelihood interventions with collectives and sustain the cluster level federations promoted in the last phase as independent organizations. Here the general principles of grooming a community organizations will still be applicable and the project will focus on



strengthening higher level federations to ensure sustainability of the institutions beyond DAY-NRLM. Important lessons from the DAY-NRLM on IB/CB such as the use of robust protocols for mobilizing community organizations, would do well to be adopted into NRETP. This will standardize the process across regions and ensure uniformity in the quality of PG-POs, building model CLFs and other livelihoods collectives.

For replication or scale up of initiatives like the NRLM, there needs to be a sense

of ownership from the implementing government and a strong conviction for the prescribed model and delivery architecture. The long-term sustainability of such participatory rural livelihoods programs is strongly correlated with the transfer of ownership to the rural community. Successful pilots and demonstrations have shown the need to engage the community in the implementation process to ensure that interventions are both adequate and relevant.

### ABOUT THE DISCUSSION NOTE SERIES

This note is part of the South Asia Agriculture and Rural Growth Discussion Note Series, that seeks to disseminate operational learnings and implementation experiences from World Bank financed rural, agriculture and food systems programs in South Asia.

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*SHG-Bank Linkage: A Success Story*

## Context

Access to adequate and timely credit at affordable rates is critical for the rural poor to alleviate high cost debt and invest in livelihood opportunities. Despite the Government of India's (GOI's) best efforts, financial inclusion of the rural poor has been beset with multiple challenges. Lack of adequate banking infrastructure and human resources in rural areas, unplanned expansion leading to unviable bank branches and low levels of financial literacy amongst the rural populace have been some of the key challenges.

The most vulnerable communities, who often had no formal credit history or ability to provide collateral, have often been the worst affected. Inability to access loans from banks meant that the poorest had to resort to moneylenders for loans at usurious rates of interest that invariably led them into a toxic debt trap.











In this context, the SHG-Bank Linkage programme that synthesizes 'formal financial systems'(in terms of a formal



institution providing credit) with the 'informal sector'(comprising of rural poor with no formal credit history - exclusively women in case of DAY-NRLM), has emerged as a preferred vehicle for providing financial services to the hitherto unbanked poor.

*The SHG-Bank Linkage Programme (SBLP) was initiated as an action research by the National Bank for Agriculture and Rural Development (NABARD) in 1989 and was subsequently crystallized into a pilot project in 1992.*

The pilot project was conceived of as a partnership between SHGs, Banks and NGOs in which the Reserve Bank of India (RBI) allowed banks to lend directly to SHGs and NABARD committed to providing re-finance and promotional support. The studies subsequently conducted by NABARD to assess the impact of the linkage project indicated significant reduction in the transaction costs for both banks and borrowers, besides a gradual increase in the income level of the SHG members. These findings led to the formalization of the SBLP in 1995.

PHASE 1 (1990-2005)	PHASE 2 (2006-2012)	PHASE 3 (2012-TILL DATE)
 <p>NABARD acted as the catalyst for the SHG-Bank Linkage programme</p>	 <p>Strategic shift away from targeting individuals to group oriented lending approach (e.g. Integrated Rural Development Program to Swarnajayanti Gram Swarozgar Yojana)</p>	 <p>Launch of DAY-NRLM</p>
<p>RBI circular allowing banks to lend to SHGs</p> 	 <p>Quantum jump in direct lending - SHG centric model firmly established in southern states</p>	 <p>Dedicated architecture with professional manpower support established from the block level up to the national level</p>
 <p>However, lending was primarily subsidy driven</p>	 <p>However, growth was adversely affected due to the high rates of NPA under SGSY and the Andhra Pradesh ordinance</p>	<p>Removal of capital subsidy and introduction of interest subsidy </p> <p>Substantial growth in disbursement of credit. Poorer States such as Bihar, Chhattisgarh, Madhya Pradesh etc. have shown impressive growth </p>

# Intervention

Since the design of DAY-NRLM made major departures from the existing poverty reduction programs, the Government of India sought to establish a “proof of concept” in high poverty areas before scaling it to all States and Union Territories. In this context, the GOI sought credit from the International Development Association (IDA) to implement the National Rural Livelihood Project (NRLP), under DAY-NRLM.

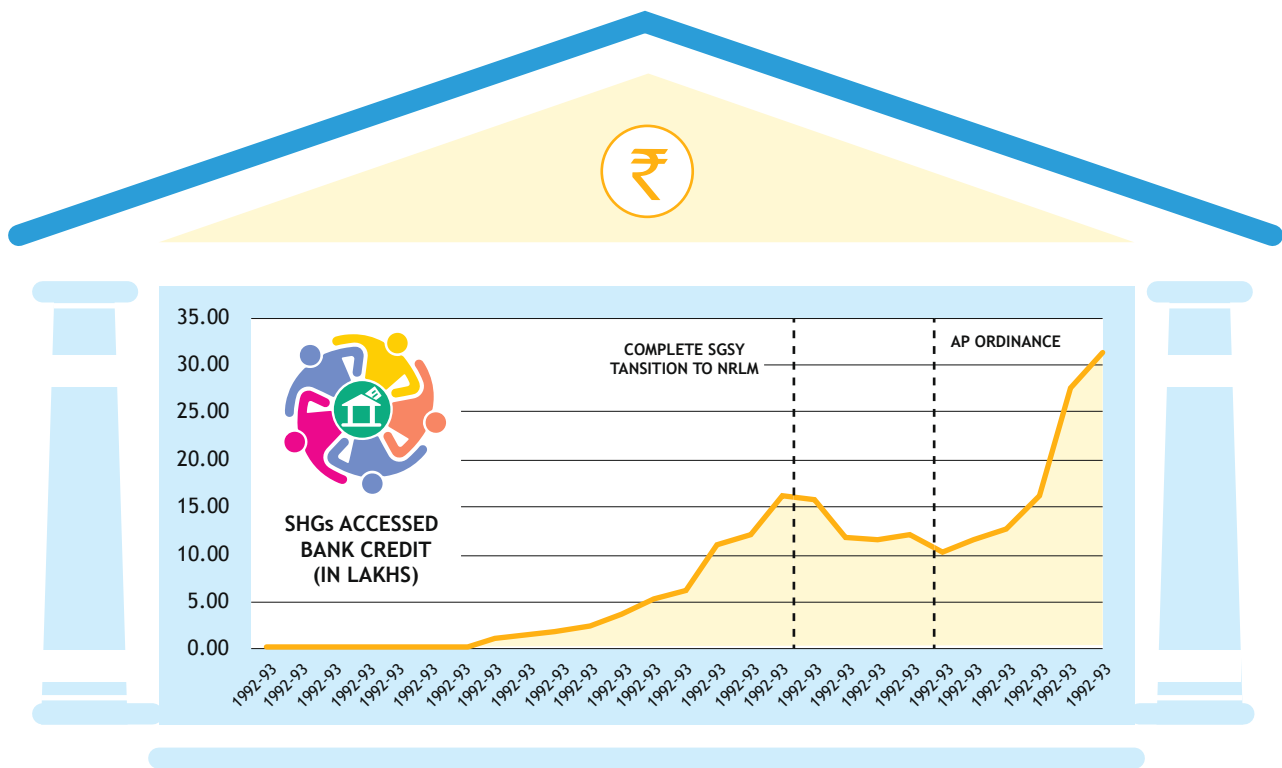
Between July 2011 and June 2018, the NRLP helped set up implementation

systems, demonstrated social mobilization/ capacity building and provided initial capitalization and facilitated credit linkage of community institutions across the country with the formal banking sector, largely the Public Sector Banks. By the end of the project, NRLP had mobilized more than 7.5 million rural poor women into 650,000 Self Help Groups, 41000 Village Organizations and nearly 2500 Cluster Level federations.

DAY-NRLM has been able to mobilize over 60 million women into over 6 million

SHGs. The SHGs have successfully leveraged approximately INR 2,870 billion (USD 41 billion) as loans from banks since 2013-14.

NRLM has been able to achieve these results by leveraging the experiences of states such as Andhra Pradesh (AP), Telangana, Tamil Nadu (TN) and Bihar in promoting SHG-Bank Linkage and instituting critical demand and supply side interventions. Some of these strategies are mentioned below.



SOURCE: TILL 2012-13 - RESERVE BANK OF INDIA. (ON848) &(ON1579)

FROM 2013-14 ONWARDS - DAY-NRLM BANK LINKAGE PORTAL (<https://daynrlmbl.aajeevika.gov.in>)

## Generating resources in perpetuity

DAY-NRLM has made a departure from the erstwhile Swarnajayanti Gram Swarozgar Yojana (SGSY) by abolishing the concept of capital subsidy to both groups and individuals. Instead, DAY-NRLM provides capitalization support to institutions of the poor (SHGs and CLFs) as grants, which are then passed on to the SHG member

as loans to be repaid with interest by the members. This on-lending – repayment – on-lending cycle ultimately leads to an increase in the corpus of these institutions, creating “resources in perpetuity” for the village community. This strengthens their institutional and financial management capacity, creating a culture of timely repayments and help build a track record to attract mainstream bank finance.

These grants include a Revolving Fund (RF) of up to INR 15,000 per SHG as corpus that serves the members’ credit needs as well as acts as catalytic capital to leverage repeat bank finance. The project also provides a Community Investment Fund (CIF) of up to INR 25,000 per SHG at the Cluster Level Federation (CLF) to meet the credit needs of the members through SHGs and Village Organizations (VOs),

and to serve as working capital for collective activities at various levels.

Cumulatively, the community institutions under DAY-NRLM have been provided about INR 102 billion as capitalization support (approx. USD 1.5 billion).


The Reserve Bank of India issues annual “master circulars” that lays down the ground rules for the Banks to extend credit to the women SHGs under DAY-NRLM. The extant Master Circular, requires the banks to extend credit of at least Rs.1,00,000 (~1400USD) or 6-8 times their corpus amount to SHGs as their first bank-linkage. This amount is increased for subsequent linkages.

**Simplification of procedures and application formats**

The sheer number of banks involved in lending to SHGs meant that there were enormous variations in application procedures and forms for opening a savings account or a loan account. DAY-NRLM consistently engaged with the

**CAPITALIZATION STRATEGY**

<b>1st Meeting:</b> Internal Lending
<b>Month 2:</b> S/B Account Opening
<b>Month 3:</b> Revolving Fund (RF)
<b>Month 6:</b> Community Investment Fund (CIF)
<b>Month 6-12:</b> Bank Credit (1st Dose)
<b>Month 24:</b> Bank Credit (2nd Dose)
<b>Month 36-40:</b> Bank Credit (3rd Dose)



Reserve Bank of India (RBI), Indian Banks Association (IBA), NABARD and scheduled commercial banks to resolve these discrepancies. This led to the RBI issuing a detailed master circular with specific directions on procedures, loan eligibility and terms for credit to SHGs by banks, and the IBA standardizing the saving bank account and loan application forms across banks.

**Supporting banks in conducting their business**

Leveraging the experience of states like Andhra Pradesh and Bihar, DAY-



NRLM has placed a trained Community Resource Person (CRP), called Bank Mitra, within bank branches to facilitate non-cash transactions such as filling application forms, following up on repayments etc. This strategy helps in reducing the workload on the bank branch officials and inspires confidence in SHG members who are unfamiliar with the formal banking system. As of March 2020, about 21,000 Bank Sakhis support SHGs to engage with their lending partners while also ensuring that the bank portfolio remains healthy.

**SUCCESS STORIES**



‘A journey of thousand miles begins with a single step’, says Ragini, a resident of Tajpur block of Samastipur District in Bihar about her journey as an SHG member. It was Ragini’s unwavering determination that saw her become a graduate as well as earn a diploma in a computer course.

Her impressive qualifications led to her being selected as a bank mitra in a UCO Bank branch in 2014. With her support, the Bank Branch managed to disburse bank credit to the tune of INR 22.4 million (USD 320,000) to 210 SHGs in FY 18-19.

As part of her responsibilities, she educates SHG members on various financial products and follows up with the groups to ensure timely repayment. The fact that the NRLM-Bank Linkage portal indicates zero NPAs for her bank branch is a testament to her commitment and competence.

In addition, she has worked towards financial inclusion of the rural poor by opening members' savings account and facilitating insurance.



“Since the time I have been working as bank mitra at UCO bank, I have helped more than 1000 women open personal accounts and facilitated enrolment of more than 500 women in the Atal Pension Yojana (APY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)” says Ragini.



She has also helped Uttar Bihar Gramin Bank (UBGB) in setting up a Customer Service Point (CSP). Today, her dual role of being a bank mitra and managing a CSP has enabled her to earn INR 10,000/- month.

### ***Instituting Community Based Recovery Management (CBRM) System***

Initially, the Mission faced immense challenges in convincing banks to lend to the SHGs, particularly in the poorer Northern States. One of the main reasons behind the Banks' reluctance to sanction fresh loans to SHGs was due to the high rates of NPAs in the SHG-loan portfolio.

In order to address this issue, DAY-NRLM institutionalized Community Based Repayment Mechanisms (CBRMs) at branches involved in financing SHGs to

monitor and ensure timely repayment of loans by SHGs. As on June 2019, CBRMs are functional as of March 2020, 28,000 rural branches. This strategy has been largely successful in cleaning up the existing loan portfolio in addition to facilitating regular repayments of new loans.

### ***Promoting financial literacy***

The success of any financial inclusion program relies heavily on the beneficiaries understanding the nuances of the products and services offered to them. Since DAY-NRLM works with rural poor women who

are largely illiterate or semi-literate, it is critical that capacity building steps are taken to prepare them for financial inclusion. In this context, DAY NRLM has initiated a comprehensive financial literacy program in partnerships with Rural Self Employment Training Institutes (RSETI) and banks.

As of March 2020, more than 18,000 Financial Literacy Community Resource Persons (FL-CRPs) have been trained to conduct village level financial literacy camps. Over 960,000 SHGs and nearly 7 million SHG members have received financial literacy training.

In the remote village of Gadchiroli, a naxal-affected district in Maharashtra, Ms. Lineshwari Devendra Mandhwa, is yet another community hero working under the aegis of DAY-NRLM. **26 year-old Lineshwari** has been working as a FL-CRP for one year with the aim of creating demand and facilitating access of financial services in rural areas.



She has provided financial literacy training to **96 SHGs in 11 villages**

In her training sessions, she educates these groups on transactions through individual savings accounts, term and CC bank loans, insurance, pensions and digital finance.



Thanks to her efforts **30 SHGs** gained access to bank credit



**109 households** are being covered under accidental insurance



**70 households** registered in the PMSYM pension scheme.

### ***Instituting transparency and accountability***

The multiplicity of banks and bank branches involved in financing SHGs invariably meant that there was a lack of coordination in reporting the progress by individual districts/blocks etc. In order to mitigate this problem, the DAY-NRLM, on the recommendations of the Usha Thorat committee, has developed the NRLM-Bank Linkage portal, which captures the information directly from the banks' Core Banking System (CBS).

Since all the Public Sector Banks (PSB), Regional Rural Banks (RRBs) and leading

private sector banks share data on the bank linkage portal, a wealth of data (down to the bank branch level) is being captured on critical indicators such as loans disbursed, loan amount overdue, loans outstanding, portfolio at risk and NPAs. Access to this data has ensured transparency and facilitated decision-making.

Details of 26.1 million SHG members' individual-bank accounts and 20.3 million Aadhar-seeded accounts have been captured by the DAY-NRLM database. While SRLMs have been tracking households and member-level SHG transactions for many years using a paper-

based MIS format, some states like Andhra Pradesh, Rajasthan and Jharkhand have established their own digital, tablet-based MIS systems to improve accountability and encourage better monitoring. Leveraging the experiences of these SRLMs, DAY-NRLM has designed and deployed a National transaction-based MIS.

As of March 2020, 26 states implemented the SHG-transaction module in 2084 intensive blocks. Nearly 6.79 lakh SHGs across these blocks have been brought on board the transaction system.

## Implementation/Achievements

Advocacy with the RBI, DFS and IBA and interventions at the field level have resulted in exemplary growth in the SHG-Bank linkage credit portfolio. The key outcomes are summarized below.

### Placing poor, rural women at the centre of a financial inclusion strategy

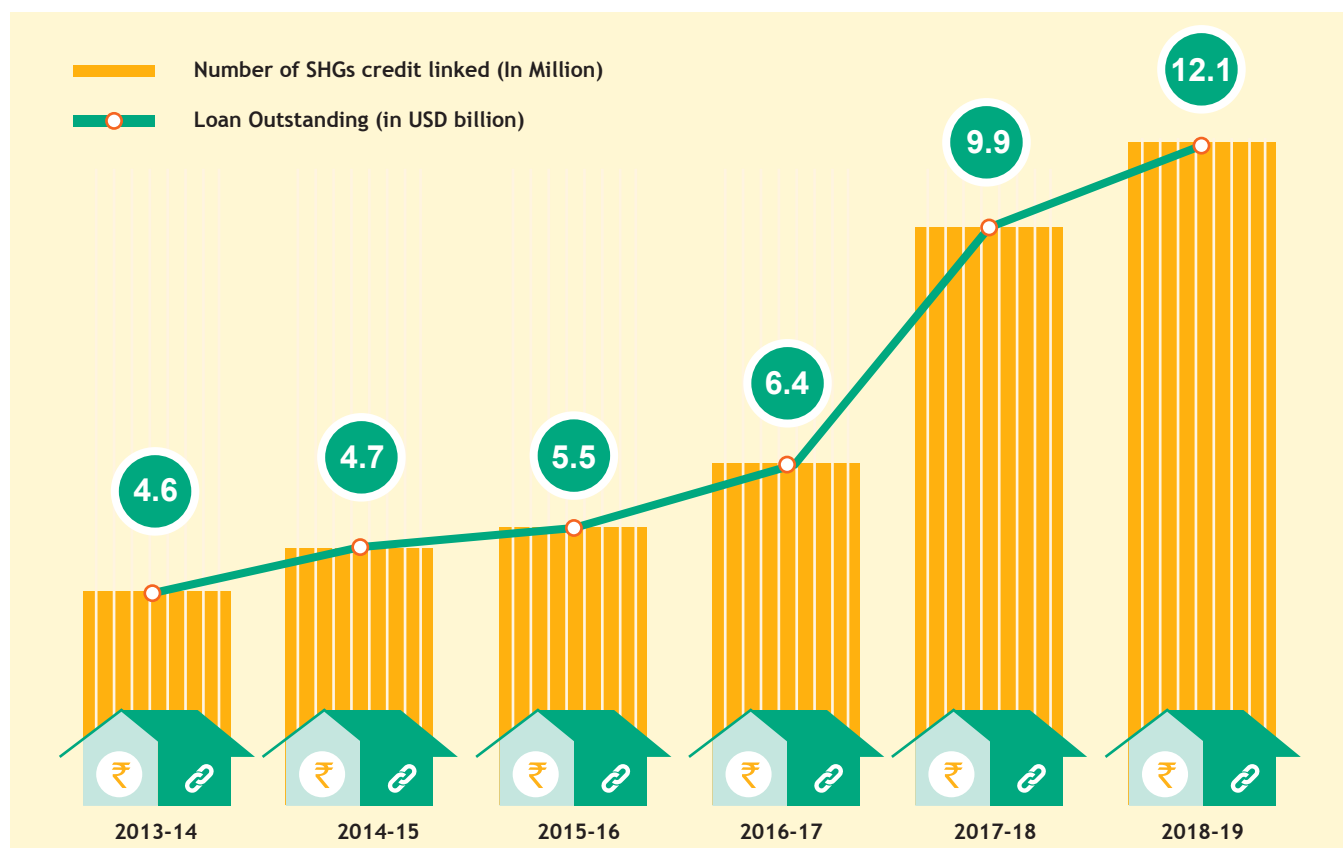
The implementation of DAY-NRLM has led to a reinvigoration of the SHG-Bank

linkage portfolio. The number of SHGs with outstanding bank loans stands at nearly 5 million today, implying that the SHG-Bank Linkage program has brought formal banking services to over 50 million women.

### Massive growth in the SHG-loan portfolio

The efforts of DAY-NRLM have led to an exponential growth in the disbursement

of bank credit. The amount of loans disbursed by banks has almost doubled in the last five years. Importantly, this growth has been driven by states that hitherto lagged behind in financial inclusion. The eleven poorest states<sup>1</sup>, which had a share of just 10.3% of total loan disbursed in FY 2013-14, account for about 24% in FY 2018-19 (Mar'19).



### Enabling access to life and health insurance

Health shocks and/or death of an earning member are among the major reasons that push households into a poverty trap. These tragic episodes lead poor households to exhaust their savings and compel them to borrow loans at usurious rates of interest. The DAY-NRLM has adopted

a two pronged strategy to address such incidents:

- (i) developed a special loan product within the amount allocated for community investment support viz. a Vulnerability Reduction Fund; and
- (ii) facilitated access of SHG member households to insurance and pension schemes to SHG member households.

*As of June 2019, more than 12.6 million SHG members have been covered under life and accident insurance schemes floated by Gol and concerted efforts to enroll many more SHG members under life, accident and health insurance are ongoing.*

1. Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh, West Bengal.

## Key Lessons and the Way Forward

The DAY NRLM experience of promoting financial inclusion using a platform provided by community institutions holds valuable lessons for decision makers and practitioners. Learning from the experiences of other state programs, the approach of promoting collective access to finance provides perspective on overcoming the challenges of a weak banking infrastructure.

The key focus areas of financial inclusion under the project are to

- a) build financial literacy and financial management capacity;**
- b) institutionalize a culture of regular savings, internal lending and regular repayment within the SHGs;**
- c) enable access to financial services from public and private sector banks; and**
- d) build a cadre of community resource persons to help promote financial inclusion of rural poor women.**

The project provided investment grants that serve as seed capital for SHGs and help in establishing a culture of regular inter-lending, repayment and book keeping, thereby reducing reliance on extortionist money lending traditions. The due diligence and system-strengthening measures instituted by the program has helped SHG members in accessing institutional finance from banks based on credit and repayment history built under the project.

The success and replicability of the SHG-Bank Linkage Programme is contingent on certain prerequisites including sufficient penetration of banking infrastructure, an enabling policy environment that recognizes SHG women (rural poor women) as bankable clients and a differentiated lending

rates by banks as an incentive to move away from agents in the informal economy. The quality of these community-based institutions (including SHGs) has a direct bearing on the institutionalization of systems, norms and procedures, which is critical to the success of any bank-linkage program.

Under the DAY-NRLM, efforts were made to bridge the gap between the rural poor and the formal financial system by engaging with the community to address cultural issues as well as instill confidence in SHG members. A key strategy was investing heavily in engaging CRPs as frontline workers for implementing the programme. These “community heroes” received extensive training and were able to understand and address constraints and requirements of fellow women better than any staff/line department functionary possible could.

Similarly, deploying SHG members as frontline workers to facilitate implementation of other financial inclusion interventions such as Bank Mitra (non-cash transactions at the bank branch), BC Sakhi (last mile delivery of financial services), Bima Sakhi (Insurance) and FL-CRPs (training of SHG members on financial literacy) have helped in connecting with SHG members as well as the rapid scale-up of the initiative.

With an increased focus on improving household incomes through economic initiatives in farm and non-farm sectors and enabling larger value loans (beyond SHG bank linkage) for Nano and Micro enterprises (NME) and producer collectives under the next phase of rural livelihoods projects, there is a need to move from



financial inclusion to financial deepening. The need for such customized financing products has also emerged in the process of developing both national projects like the National Rural Economic Transformation Project (NRETP) and state specific projects such as Bihar Transformative Development Project (BTDP), Jharkhand Opportunities for Harnessing Rural Growth Project (JOHAR) and Tamil Nadu Rural Transformation Project (TNRTP).

NRETP envisages that nearly 64,000 women-led/women owned enterprises will have access to funds from financial institutions. The project aims at enabling access to 500,000 SHG member households in accessing digital financial services and allied services by 2023-24.

Over the above-mentioned targets, NRLM has set itself an ambitious target of leveraging bank credit to the tune INR 3 lakh crore (USD 42 billion), deploying SHG members as Banking Correspondents for doorstep delivery of financial services in about 2 lakh Gram Panchayats (about 80% of total Gram Panchayats in the country) and covering 40 million SHG members under life and accidental insurance schemes.

### ABOUT THE DISCUSSION NOTE SERIES

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***Self-Help Group Members as Banking Agents for Deepening Financial Inclusion***

## Context

Due to the limited penetration of bank branches across rural India, access to formal financial services has been a pipe dream for millions of rural poor for decades. However, with the advent of branch-less banking channels and advancements in technology, this situation has improved considerably over the past decade. In 2014, the Government of India (GoI) launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) - a financial inclusion program, which intended for every household to have a bank account. This led to the opening of over 356 million bank accounts between 2014-19, of which 59% (211 mn) belonged to rural customers and 53% (190 mn) to women. Despite this significant improvement, access to suitable formal financial services still remained elusive for many among the rural poor for various reasons. Women and other marginalized rural communities especially face hurdles while performing the most basic banking transactions such as depositing and withdrawing savings, accessing remittances, pensions and other government direct benefit transfers. The remote nature of some villages and lack of well-trained banking agents deployed there, further compound the problem. Finally, social and cultural

barriers, such as interacting with male staff to avail banking services, constrain rural women even further.

Facilitating access to adequate, affordable and timely institutional credit and other financial services for the rural poor is central to the DAY-NRLM strategy.

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*Under the World Bank supported Digital Financial Inclusion (DFI) initiative focused on Lower Income States (LIS), several State Rural Livelihood Missions<sup>1</sup> (SRLMs) have developed strategies to enhance access to formal (digital) financial services for program beneficiaries.*

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The ultimate objective is to establish the rural poor as preferred clients of the formal banking system and enable ease of access to bank credit.

Needs assessment exercises and field interactions conducted by SRLMs revealed that almost all SHG members had bank accounts but their usage was typically limited

to withdrawal transactions. Awareness of financial products, services and government schemes was quite low. Low literacy levels, low mobility and cultural barriers further inhibited women's participation in the formal financial system. In 2013-14, NABARD and GIZ jointly implemented a proof of concept entitled SHG Members as BC Agents<sup>2</sup> under the Rural Financial Institutions Programme (RFIP)<sup>3</sup> and successfully demonstrated that SHG members as banking agents or Customer Service Points (CSPs) could deliver last mile banking services to the rural community in a cost-effective and sustainable manner.

It was in this context, that the Bank Sakhi (female banker friend) Model - a gender-focused variant of the traditional BC model, was adapted by NRLM and piloted in 7 states<sup>4</sup> - via special funds made available under the dedicated funding line created under the NRLP<sup>5</sup> in 2015-16.

This pilot initiative was scaled up by several SRLMs, which charted different pathways to improve formal financial access for rural women-led households, and promoted linkages with public & private and non-bank financial institutions.

## Intervention: The Bank Sakhi/Business Correspondent (BC) Model under NRLM

The Business Correspondent model or the agent-led banking model has been a key driver of financial inclusion in India. The RBI propounded the BC model in 2006<sup>6</sup>,

when banks were permitted to appoint third party agents to offer banking and financial services on their behalf. Several formats of this model have been adopted across

the country, using new technologies such as Micro-ATM devices (integrated with a printer and biometric readers) and mobile phones to conduct secure transactions.

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1. SRLMs are autonomous bodies under the State governments, setup to oversee the implementation of all NRLM-related activities in the state

2. [https://www.giz.de/en/downloads\\_els/repguide.pdf](https://www.giz.de/en/downloads_els/repguide.pdf)

3. [https://www.nabard.org/demo/auth/writereaddata/File/Rural%20Financial%20Institutions%20Programme%20\(RFIP\).pdf](https://www.nabard.org/demo/auth/writereaddata/File/Rural%20Financial%20Institutions%20Programme%20(RFIP).pdf)






4. Bihar, Jharkhand, Odisha, Chhattisgarh, Madhya Pradesh, Rajasthan and Maharashtra

5. NRLP – The National Rural Livelihoods Project provides investment support and technical assistance in partnership with the Ministry of Rural Development (MoRD) for the implementation of the NRLM, <http://projects.worldbank.org/P104164/national-rural-livelihoods-project?lang=en>

6. Based on recommendations of the Khan Committee report and Committee on Financial Inclusion Chaired by C. Rangarajan which recommended the expansion of the BC model.

Under this model, SRLMs identify, train and deploy SHG members as BC agents – locally known as Bank Sakhis. Capacity-building, training and back-end support is provided by the SRLMs in partnership with local banks and their corporate BC agent network managers (BCNM) partners as well as other financial institutions.

The state missions also provide financial support through partial grants/incentives and low cost credit through community institutions to meet the initial investment requirements of these Bank Sakhis, including procurement of hardware devices and working capital to conduct initial transactions. As a standard practice, Bank Sakhis are paid on a per-transaction basis by banks for rendering services to customers on their behalf (at no extra cost to the customer). However, most of these SRLMs also provide honorariums to the Bank Sakhis for the initial few months

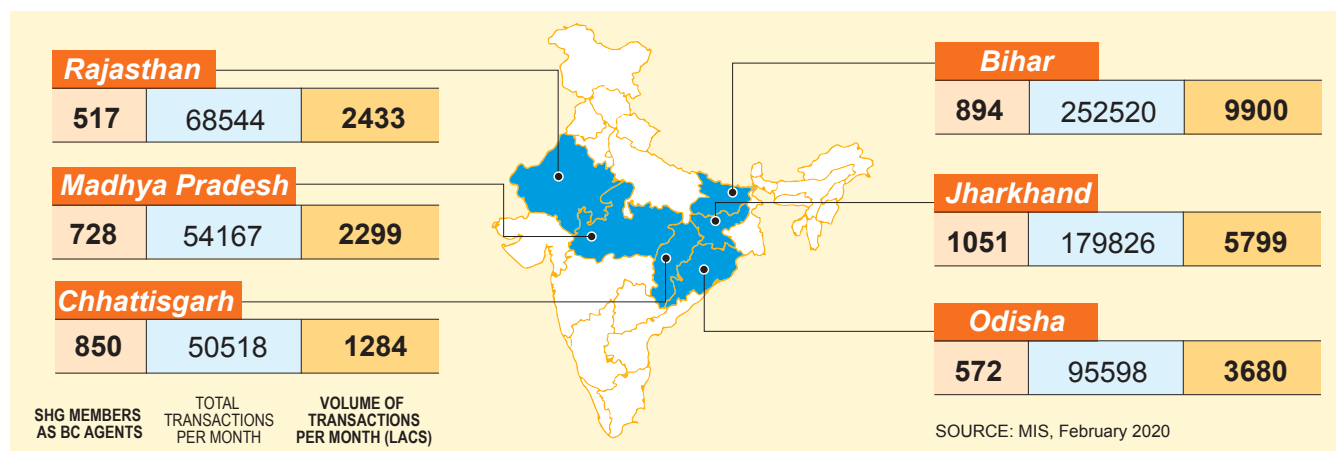
Capacity Building		Financial Support	
	Initial training to Bank Sakhis		Establishment support to Bank Sakhis in the form of grants and loans
Continuous hand-holding and monitoring of Bank Sakhis			
	Building capacity of community based organizations to handle Bank Sakhis		Income deficit support to Bank Sakhis for the first six months

until operations and revenue streams stabilize.

Since 2016-17, SRLMs in several low-income states including Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Chhattisgarh have made steady progress in identifying, training and deploying

eligible SHG members as BC agents in association with partner banks as depicted in figure below. In February 2020, 6,094 Bank Sakhis across 12 states collectively completed 748,454 transactions<sup>7</sup> worth over INR 26,635 lac (approximately USD 40 Million).

## STATUS OF SHG MEMBERS AS BC AGENTS



## Implementation of the Bank Sakhi Model: Experiences of State Missions

### a. Jharkhand and Madhya Pradesh: Innovative pathways for digitizing fund flows and Dual Authentication

Since the rollout of the Bank Sakhi model in 2015-16, Jharkhand and Madhya Pradesh

SRLMs have trained and deployed 1051 and 728 Bank Sakhis, respectively. In both states, the initial roll out was in partnership with Regional Rural Banks (RRBs). Since then, multiple partnerships were developed with public and private sector financial

institutions with their BC network managers (Corporate BCs) deploying (prepaid payment instruments based) digital wallets and micro-ATMs such as at Oxigen (Jharkhand), Spice Digital and Subk with RBL Bank and Yes Bank (Bihar), tablets at

7. Includes both DAY-NRLM and NRETP progress.

IDFC Bank (private sector) as well as the generic kiosk model (involving laptops and desktops).

In Jharkhand and Madhya Pradesh a dual-authentication technology was adopted to further the digitization of Community Based Organization (CBO) transactions. This small tweak in technology at the Bank-BC level successfully encouraged SHG members and their federations (cluster level federations, village organizations and producer groups) to transact via their bank accounts for loan disbursement and repayment transactions between members and their collectives.

One of the gaps in the BC agent model that persisted even after the launch of the DAY-NRLM Bank Sakhi model was that only individual accounts could be serviced at the agent level. For group accounts - as in the case of SHGs, where a minimum of two office bearers/signatories were needed to authenticate transactions (cash withdrawals or fund transfers) - physical visits to the bank branches were still necessary. This inconvenienced a large section of the Bank Sakhis customer base – SHGs and their members - who expected to get both their individual and group accounts served at a single Customer Service Point (CSP). It also limited the business activity

and transaction volumes that BC agents could achieve by servicing larger group transactions at the CSP and continued to crowd bank branches with group level small value transactions.

*To overcome this constraint Madhya Pradesh and Jharkhand SRLMs launched the “dual authentication application” facility in partnership with the Narmada Jhabua Gramin Bank in MP and Jharkhand Gramin Bank in Jharkhand.*

Via the application, debit transactions (cash withdrawal and fund transfers) from SHGs accounts, which are jointly operated by a minimum of two signatories took place in real-time during the SHG meetings. Routed through the biometric reader devices with Bank Sakhi, these transactions were also captured in real time in the core banking system (CBS) of the partner Bank. The banks also benefitted as cash based transactions that were performed outside the formal banking system (in group meetings), were now routed through bank

accounts, thereby ensuring that funds remain within the bank for a longer period, post disbursement. Further, SHG members were able to build a credit/transaction history within the formal financial system, providing them an opportunity to approach formal financial institutions directly to graduate to individual loans.

This application is now also being extended to other (male) BC agents at these banks and enthused by this experience, the MoRD - in coordination with the Department of Financial Services, Ministry of Finance - has requested all banks to enable the facility. As of March 2019, 10 public sector banks (and their RRBs) had enabled dual authentication in the ON-US (intra-bank only) mode.

It is encouraging to note that sensing a business opportunity, a new generation of private sector banks, such IDFC First Bank, have come forward to pilot the facility at several SRLMs, as well as extend it to Producer Groups (PGs). Bank accounts for PGs are opened at the CSP (so group members are not required to visit a bank branch) and thereafter debits from the PG account are processed within the village via tablet based BC application with Bank Sakhis.



## DUAL AUTHENTICATION AND MICRO ATMS

As per the standard practice, all SHGs were mandated to open group accounts and a minimum of two group leaders (who were account signatories) were required to authorize operations such as withdrawals and fund transfers.

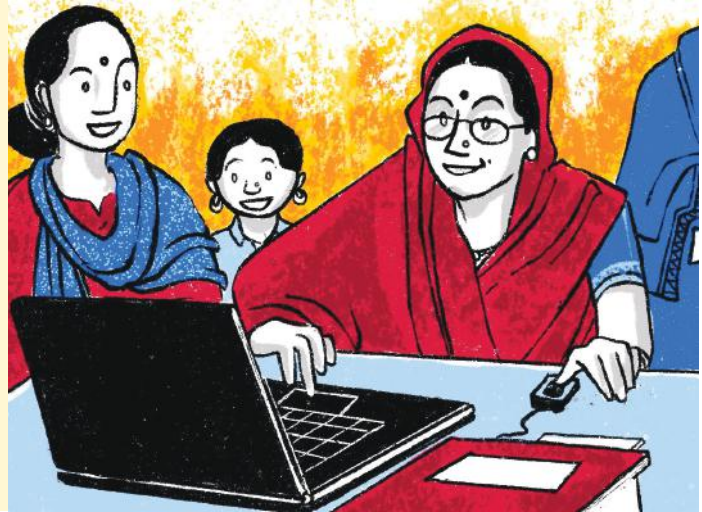
While early iterations of the micro-ATM system did not

support multi-signatory authorizations, the dual-authentication application evolved in consultation with partner banks, helped address this anomaly.

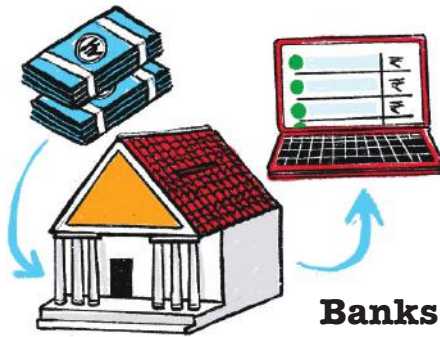
The BC/CSP in the village could now access the details of group accounts opened within the core-banking system (CBS) as well as

the biometric identities of signatories, online and in real-time through the Micro-ATM.

Individual savings accounts of members were linked with the group's bank account in the CBS and transactions conducted by SHGs – such as withdrawals from or transfers to the member's individual account – could be processed via the Micro-ATM and biometrically authenticated by any two signatories present.



## Multiple Benefits of Dual-Authentication Technology



Cash transactions performed outside the banking system are now routed through bank accounts ensuring that funds remain with the bank for longer, post disbursement.

A credit/transaction history of all SHG members can gradually be built up.

There is an increase in the number and value of transactions.

The model supports the migration of low value transactions from bank branches to Bank Sakhi/CSP.

This process saves time and money spent on travelling to bank branches for SHG transactions.

SHG members receive prompt services and accurate digitized records of all financial transactions within the group.

Building individual credit histories with banks allows members to potentially graduate to direct individual loans in the future.

There is more transparency and increased trust as the operations take place in the presence of all SHG members and transaction receipt from the bank are instantly printed via the Micro-ATM.



**SHG Members**



Since the group savings are deposited directly into the SHG group account without the hassles and delays in visiting bank branches, these savings attract an increased interest.

**The funds can thereby also be churned faster between group members.** Besides simple transactional services, SHG members can now potentially avail

multiple financial products and services. There is an increase in the number of active individual accounts of SHG members.

Transactions can be conducted on holidays, festival days and emergencies, when Bank Sakhis are available, while most Banks are closed.

## Bank Sakhis

Bank Sakhis can perform all transactions to and from SHG accounts, incrementally increasing the number of transactions and therefore the transactional revenue earnings.



## SHG Transactions that can be Performed Through a Micro-ATM



SHGs can collect individual member savings through the Micro-ATM into its own savings account via a digitized fund transfer or directly by way of cash deposit into the group's savings account.

SHGs can transfer funds from its savings account to individual members' savings account using the dual authentication facility.

SHGs can transfer funds from its savings account to CCL (cash credit loan) account using the dual authentication facility.

SHGs can transfer funds from its own CCL account to the group or its individual member's account directly using the dual authentication facility.

### ***b. Rajasthan, Rajeevika: Mobile wallet for SHG loan repayments***

Rajeevika, the Rajasthan SRLM, has initiated a pilot to use a mobile-based electronic wallet to provide "anytime-anywhere banking". Their collaboration with Vodafone's M-Pesa (mobile wallet) allows instant payments to individuals, money transfers to any bank account, and utility payments including mobile and DTH recharges. This facility can be accessed through a basic feature phone without an Internet connection, using USSD<sup>7</sup>. SHG members in rural Rajasthan are therefore able to instantly pay loan installments to banks via their M-Pesa service, using a mobile phone.

Besides the time and costs saved by avoiding long and expensive trips to

bank branches, an easy cash-in facility is available at M-Pesa wallet dealers within the village. Presently, 800 SHG groups and 9000 SHG members use their M-Pesa wallet to deposit their loan repayments into the SHG account.

### ***c. Bihar, JEEViKA: SHG members as banking agents***

The Bihar Rural Livelihoods Project - JEEViKA - has adopted a holistic approach to the BC model where the aim is not just to increase access to financial services but also to establish strong systems and processes, which ensure that Bank Sakhis become profitable and self-sustaining. The program tracks several operational parameters - such as numbers of agents, transactions per agent, commissions earned etc. - and adapts lessons from key success

metrics at the bank level (such as number and volume of transactions) to ensure sustainable and consistent income accrual at the agent level.

As on February 2020, Bank Sakhis in Bihar achieved a cumulative of 4.74 million transactions worth INR 17.14 billion, covering a range of services such as savings, deposits, withdrawals and remittances. The average earning The average earning in February 2020 of all Bank Sakhis in Bihar was INR 3971 and approximately 26% Bank Sakhis earned more than INR 5000 per month.

JEEViKA Bank Sakhis are breaking the myth that women agents are less enterprising or less capable than male agents. In fact, recent data from one of the partner banks shows that JEEViKA Bank

<sup>7</sup> Unstructured Supplementary Service Data (USSD) is a communications protocol used by GSM cellular telephones to communicate with the mobile network operator's computers.

Sakhis are out-performing male banking agents as well as non-JEEViKA female banking agents.

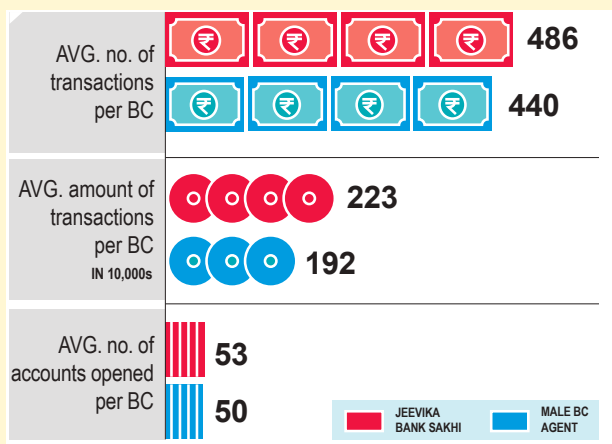
Through the continuous support from BRLPS, they have experienced an incremental growth in both number and volume of commissions earned. The

JEEViKA team regularly monitors their performance and provides support to non-performing Bank Sakhis.

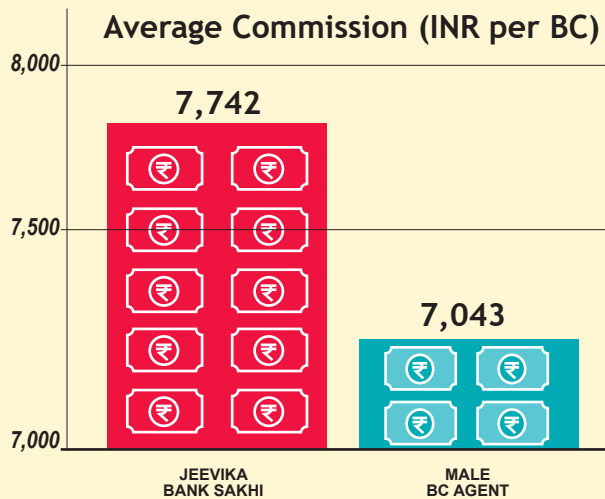
This has helped in maintaining the number of dormant/inactivate Bank Sakhis at less than 5%, which is much lower than the general attrition in the sector.

A majority of Bank Sakhis are able to achieve monthly commissions amounting to at least INR 5000 within 6 to 9 months of their operations, making this a viable and sustainable career and livelihood option.

## JEEVIKA BANK SAKHI: BREAKING STEREOTYPES



SOURCE: MIS OF A JEEVIKA PARTNER BANK  
BASED ON DATA COLLECTED UPTO FEBRUARY 2020



## Key Lessons and the Way Forward

NRLM has successfully developed the capacity of community members by graduating SHG members into individual banking agents to further financial inclusion. The conducive policy environment initiated by the PM-JDY coupled with continuous support from SRLMs, have allowed BC agents to improve awareness in the community about financial services, provide alternate banking channels as well as last mile connectivity.

The BC model initiatives by various SRLMs have not only improved usage of bank accounts by women and the rural community at large, but are also likely to help improve loan repayment rates due to improved access to banks. The emerging lessons from the various cash-lite

models piloted by SRLMs have important implications for rural financial inclusion globally.

Employing SHG members as banking agents has benefitted the rural community and provided gainful employment to many women. The initiatives have helped women become more respected members of their families and the community at large, earning the epithet 'Banker Didi'. Given the continuous support provided by the SRLMs, it is expected that these SHG members are likely to continue as BC agents once revenue streams stabilize.

In the first phase of this project, SRLMs have successfully provided SHGs and their members with a Cash In Cash Out (CICO)

channel, where group/members can deposit or withdraw cash as required, through Bank Sakhis, at their doorstep. For success in the next phase, financial service providers and SRLMs collectively need to work on addressing some of the supply and demand side constraints while scaling up to cover 100,000 Gram Panchayats. Some proposed recommendations are below.

### i. Supply-side initiatives

Given the success of the BC model in improving financial inclusion, a wider spectrum of services such as loans, insurance, pensions, savings products such as RD, FD and mutual funds should be provided on the BC technology platform by all banks to deepen financial inclusion.

There is a need to engage with banks to develop a differentiated strategy to migrate “micro-transactions” (such as recurring deposits) and micro-loan accounts of SHGs to low cost channels such as the BC platform or Internet/Mobile banking platforms, as well as to explore targeted, customized product offerings and incentives to encourage such channels. Such changes at the bank level will help operationalize the millions of inactive/zero-balance bank accounts of rural women as well as improve bank business operations.

The current “dual-authentication application” of the BC platform works on the ON-US mode, which supports only intra-bank transactions. Very often the SHG group account is maintained at a different bank from the individual members, thereby restricting the quantum of digital SHG transactions that can be conducted. There is a need for NPCI to develop standard protocols for an OFF-US dual-authentication solution across its payment products spectrum.

Just as “dual authentication” based joint account operations have been successfully operationalized at the BC channel using Aadhar Enabled Payment System (AEPS) based biometric authentication, similar solutions are required in mobile banking, wherein signatories of a joint account can avail mobile banking services.

*Bankers also encourage the Bank Sakhi model, as this has helped migrate low value transactions to a low-cost ICT-enabled channel, reducing attrition amongst BC agents.*

Given that the flow of funds between SHGs and members can be in lacs of rupees, requiring higher transaction limits than currently allowed, both in value and volume, banks must re-evaluate currently permissible limits and enhance them to allow disbursement of funds from SHGs to members’ accounts through the BC channel.

### *ii. Demand-side initiatives*

While there is a growing acceptance of the BC agent within the community, there is still skepticism while transacting on a digital platform. This calls for investment in (digital) financial literacy training to capacitate SHG members and their federations to transact on self-service platforms or through BC agents.

There is a need for structured monitoring and evaluation to inform the project and policymakers of the progress and impact of the BC agent intervention. The need for evidence on the efficacy of this intervention is particularly critical given the call to scale up the BC platform across the country.

Lastly, clear guidelines for customer protection as well as a strong local grievance redressal architecture needs to be established to protect both rural customers as well as BC agents.

### *iii. Sustainability and global relevance*

Deploying SHG members as banking agents has demonstrated that the Bank Sakhi model is both an innovative strategy to achieve financial inclusion as well as a cost-effective, sustainable means of delivering financial services in hard-to-reach rural areas. Minimal project support is needed as partner banks pay commissions for transactions provided to their customers. This market-driven approach to model not only provides a regular stream of income for the Bank Sakhi, but also allows banks to expand their customer base within these communities.

The intervention also helps address the financial inclusion gender gap and is particularly relevant for geographies where women are often excluded from the mainstream banking system and financial inclusion programs. However, the success of the intervention is also linked to a strong base of community-led institutions of the poor, most notably women.

## ABOUT THE DISCUSSION NOTE SERIES

This note is part of the South Asia Agriculture and Rural Growth Discussion Note Series, that seeks to disseminate operational learnings and implementation experiences from World Bank financed rural, agriculture and food systems programs in South Asia.

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*Transforming Rural Farm Livelihoods:  
The NRLM Journey*

## Context

The agriculture sector is the largest employer in India, providing direct employment to more than 50% of the nation's workforce. Small and marginal farmers with landholdings of less than 2 hectares comprise 86% of all agricultural labour, reflecting high land fragmentation and low economies of scale.<sup>1</sup> Amongst this sub-section, only 41% have access to formal credit from public and private sector banks.<sup>2</sup> Mainstream extension and agriculture support services are not customized for these farmer segments, limiting their capacity to access improved production inputs and technology. Only 12% of all farm produce is sold to cooperatives and other organized procurement channels, leaving a vast majority of smallholders reliant on complex, unpredictable and often exploitative intermediary-driven markets.

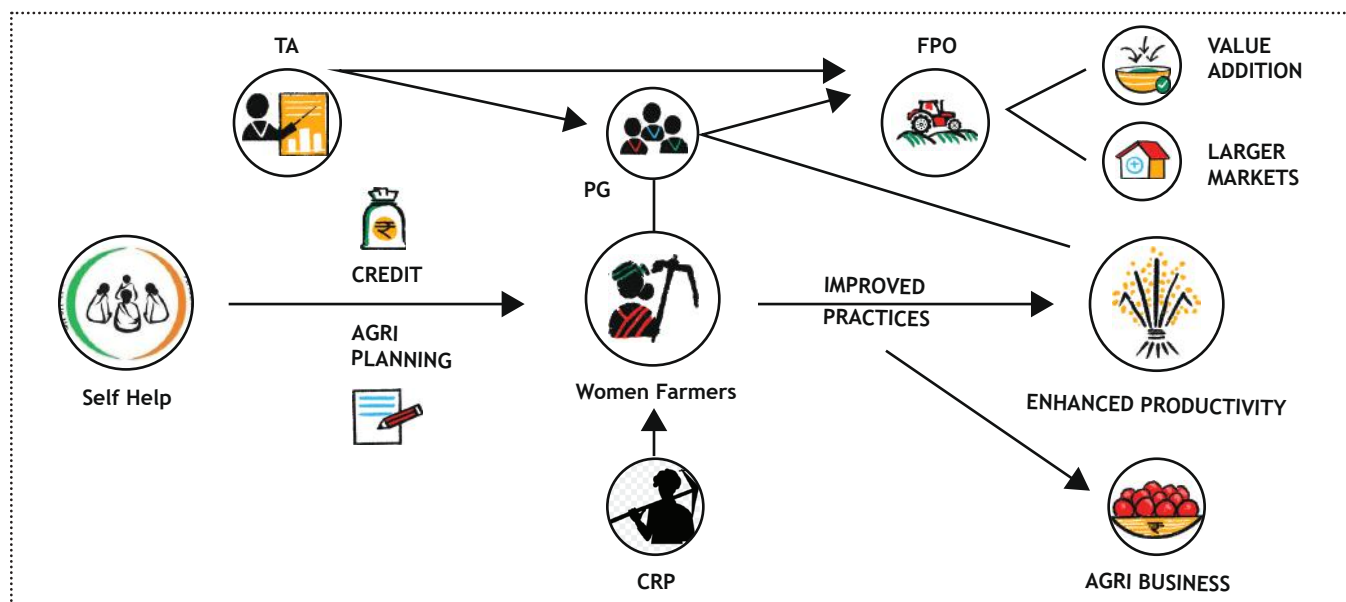
The situation is even more complicated for women farmers who constitute nearly 43% of India's agricultural labour force. The Economic Survey of 2017-18 points to the increasing feminization of Indian agriculture, especially in low-income states with a

high incidence of rural to urban migration. As a result, women farmers feature more prominently in roles of cultivators, entrepreneurs and laborers. These women face the uphill task of accessing credit - on account of limited land ownership - and are inadequately served by existing extension systems. Women farmers constitute only 28% of all those trained by the Krishi Vigyan Kendras (KVKs), the primary institutions aimed at disseminating new farm technology and production methods.<sup>3</sup>

The DAY-NRLM farm livelihoods strategy evolved against this background to leverage the program's social infrastructure of 68 million households mobilized into exclusively women based SHGs and higher federations, in order to deliver intensive and targeted capacity building of small-farmers and streamline access to credit for farm needs. The program adopts a phased approach to building household capacity, focused on first strengthening and stabilizing existing livelihoods, followed by diversification into other livelihood sectors and activities.

*As of March 2020, 6.3 million small-farmers have benefitted from the provision of various technical and livelihoods advisory services related to productivity enhancement and improved natural resource management practices.*

Key sub-sectors under the DAY-NRLM farm livelihoods portfolio include agriculture, livestock and non-timber Forest Produce (NTFP), supported through a combination of programs including the Mahila Kisan Sashaktikaran Pariyojna (MKSP), National Rural Livelihoods Project (NRLP) and Sustainable Livelihoods and Adaptation to Climate Change (SLACC). The farm livelihoods strategy under DAY-NRLM has evolved over the years from its initial focus on enhancing productivity through improved inputs and production methods, to a suite of interventions that address multiple entry points in the agriculture value chain.<sup>4</sup>



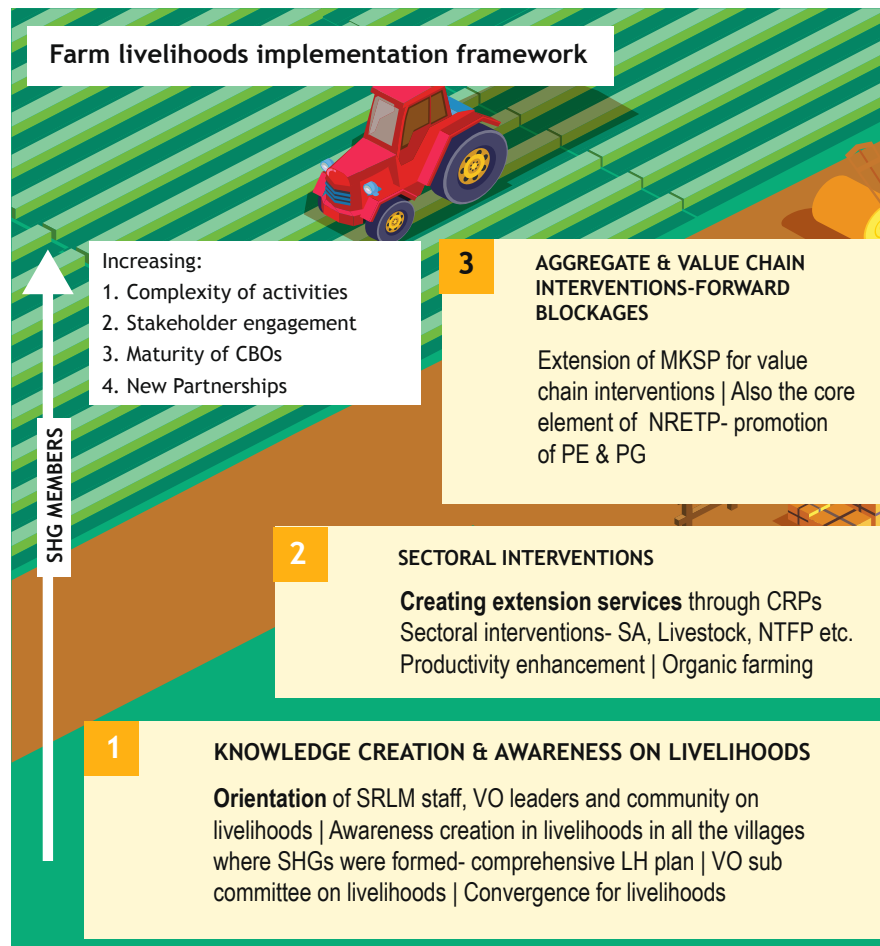
<sup>1</sup> Agriculture Census 2015-16

<sup>2</sup> Public Sector Advances Annual Return (2015-16)

<sup>3</sup> ICAR

<sup>4</sup> The programs support productivity enhancement, extension service delivery and value chain development for improved market access as priority areas of interventions, while supporting livelihoods diversification through enterprise opportunities within the value chain.

## Intervention: Capacity Building and Implementation Architecture



DAY-NRLM is a large-scale livelihoods support program that engages with 34 States and Union Territories across India through a robust three-tiered capacity building architecture to ensure high quality training and technical assistance support.

At the Village level, a community-based extension system comprising more than 50,000 local Community Resource Persons (CRPs) – a majority of them women – support small-farmers as frontline extension workers to provide training, field demonstrations and technical assistance in various aspects of commodity value chains. Depending upon the sector they support, they are termed Krishi Sakhis (agriculture), Pashu Sakhis (animal husbandry) and Van Mitras (NTFPs). These CRPs plug

a crucial gap in field extension support and enable the economic mobilization of farmers into commodity focused Producer Groups (PGs). CRPs are often equipped with modern technology - including hand held projectors and mobile applications - to support video-based extension training and enable content creation featuring best practices among local farmers.

At the State level, all State Rural Livelihoods Missions (SRLMs) are supported by a pool of State Resource Persons (SRPs) comprising senior members of the state livelihood team, staff from MKSP, NGO partners and individual consultants engaged by the SRLMs. SRPs are domain experts, formally trained and certified to implement contextually relevant

farm livelihood interventions through high quality technical assistance. As of March 2020, 608 SRPs (309 in sustainable agriculture; 299 in livestock) have been identified, trained and certified.

At the National level, 90 National Resource Persons (NRPs) empanelled and trained in the intricacies of DAY-NRLM, lend technical support to the states. These NRPs have technical expertise and implementation experience in agro-ecological practices, livestock, value addition of NTFP and market-based value chains. They are available on call to SRLMs through the National Institute of Rural Development (NIRD) to plan livelihoods interventions, training and capacity building, development of protocols and identification and documentation of good practices.

The Ministry of Rural Development (MoRD) has also set up a dedicated agriculture value chain (AVC) support cell, to provide technical support services and strengthen the planning and implementation capacities of SRLMs. This cell is being developed into a Centre of Excellence to promote producer-owned and market-centric value chain enterprise. It is envisioned as a self-sustaining entity at the national level and will continue to provide high quality technical assistance to various grassroots implementing organizations.

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*A high-level advisory committee comprising of eminent sector experts from public, private and civil society organizations supports the National and State Missions of DAY-NRLM.*

### Theory of Change: How multiple intervention pathways benefit farmers

The ecosystem of Community Based Organizations (CBOs) created under DAY-NRLM unifies the various intervention pathways. The inclusive mobilization protocols of DAY-NRLM ensure that the majority of women small-farmers within a village are SHG members and have easy access to support services. SHGs simplify the delivery of services at the grassroots level and play a vital role in streamlining access to credit for seasonal farm needs and expansion through land leasing. Higher order federations like the VOs and CLFs leverage additional resources from government programs, while managing community level resources like agriculture implements, tool banks and specialized common assets.

Small-farmers receive intensive support from the Krishi Sakhis, Pashu Sakhis and Van Mitras. These resource persons facilitate trainings on relevant farm practices and resource conservation technologies such as crop intensification, direct seeding and zero tillage as well as non-chemical pesticide management. These small farmers are organized into village level Producer Groups (PGs) that serve as local hubs for production planning, procurement of improved inputs, joint training and primary aggregation of produce. In areas with a significant potential for large-scale aggregation, Farmer Producer Organizations (FPOs) are developed with small farmers as shareholders.

Improved access to credit, inputs and extension support services enable small

farmers to achieve higher and more resilient production and boost profitability. PGs support primary aggregation, grading and sorting of farm produce at the village level and enable better returns through transparent price discovery systems. The FPOs support the sale of farm produce and/or value-added products in larger markets and to institutional buyers. This allows farmer owned FPOs to gain a larger share of the price dispersion between wholesale markets and farm-gate, resulting in a higher per unit price realization. These organizations are supported in professional agri-business management by technical assistance partner agencies at the state and national level to build linkages with institutional buyers.

### Programmatic streams under DAY-NRLM: Complementary intervention pathways

The farm livelihoods framework created under DAY-NRLM leveraged the ecosystem of community institutions to enable small-farmers to better plan, produce and market for higher price realization, nutritional security and ecological resilience. The combination of intervention pathways adopted within the ambit of the program include (a) Universal Farm Livelihoods Interventions through State Action Plans, (b) Mahila Kisan Sashaktikaran Pariyojana - MKSP and (c) Agriculture Value Chains Development through market linked interventions.

#### Universal Farm Livelihoods Interventions through SRLM Annual Action Plan

A universal set of farm-based interventions is promoted across all blocks to enable

social mobilization and financial inclusion. Annual action plans submitted by states promote interventions in sustainable agriculture, non-timber forest produce (NTFP) collection and livestock rearing in these intensive blocks, which are implemented by the CRPs. These plans focus variously on enhancing productivity, food and nutrition security and improving net income through Non-Chemical Pest Management (NPM) for a diversified poly-crop model. NTFP based interventions are supported in tribal areas to promote scientific harvesting, post-harvesting practices, value addition and market linkages. In the livestock sector the focus is on reducing morbidity and mortality of livestock by providing doorstep extension services to SHG member households.

#### **Mahila Kisan Sashaktikaran Pariyojana (MKSP)**

MKSP was launched in 2010-11 under the framework of DAY-NRLM to specifically support intensive skill development for women farmers. The scheme was initially implemented through renowned NGOs as Project Implementing Agencies (PIAs) and later SRLMs were encouraged to integrate these into DAY-NRLM's farm interventions. With a total outlay of INR 1174 crores (USD 170 million), the scheme has supported training and skill development of over 3.6 million Mahila Kishans (woman farmers). Since its inception, MKSP has supported 81 location specific projects in the domain of community managed sustainable agriculture, NTFP and livestock.

### Key Indicators



Originally focused on productivity enhancement, MKSP has evolved over the years to include market linkage support for women farmers through the development of producers' enterprises. The program has supported economic mobilization of women farmers into more than 86,000 commodity-specific Producer Groups and 118 Farmer Producer Organizations.

### Market Based Agriculture Value Chain Development: NRLP and MKSP

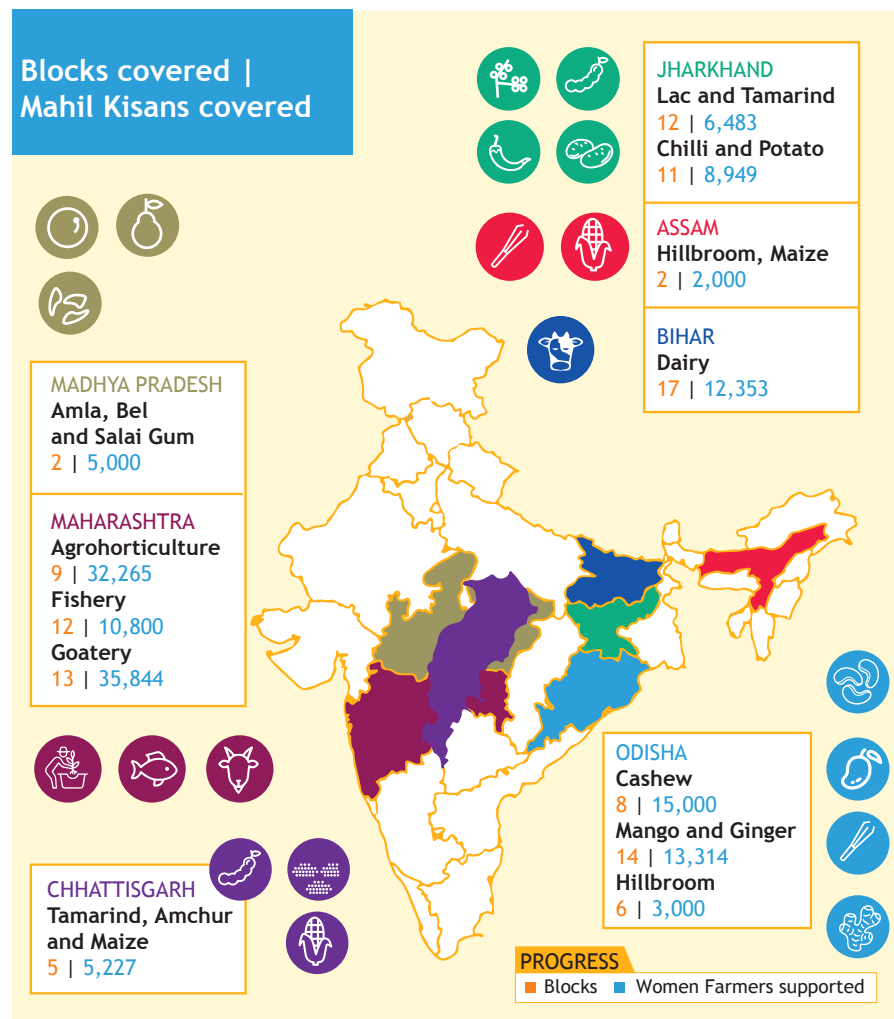
Expanding its focus from production centric farmer capacity building, DAY-NRLM has rolled out several interventions focused on strengthening agriculture value chains by building small-farmer capacity to better engage with rural market systems. The World Bank supported National Rural Livelihoods Project (NRLP) and MKSP's Value Chain interventions have contributed significantly to promote producers' collectives, viz. producers' groups (PGs) and producers' enterprises (PEs) that enable small and marginal women farmers to access markets for their produce at a competitive price.

*NRLP aims to intensively implement the program in select blocks of key DAY-NRLM states, and develop institutional capacity and community resources for subsequent scaling up. Dedicated funding windows have been established to*

### New generation initiatives: Building resilient value chains

#### Promotion of dairy value chains in partnerships with NDS

NRLM is setting up large scale Dairy Producer Companies with the support of The National Dairy Development Services (NDS). These companies are being set up in regions with low penetration of organized milk marketing channels, supporting



### support higher order value chain interventions across a range of commodities.

As of March 2019, NRLM has supported value chain development proposals covering 254,000 SHG members. The interventions are focused on value addition and market linkages through Producer

Enterprises in vegetables, dairy, fishery and goatery, floriculture, mango and ginger, cashew, hill broom, tamarind, amla, bael, salai gum and other NTFP products. A specialized community cadre called Udyog Mitra has been developed to support entrepreneurship opportunities in agri-business along the value chains.

improved price realization for dairy farmers through competitive, inclusive and sustainable business organizations. NRLM has initiated six dairy projects thus far, with a combined target coverage of more than 2200 villages, over 114,000 households and a total annual turnover of INR 654 crore (USD 950 million). As of 2018, the project had incorporated 3 companies covering

8363 producers (66% SHG members) from 258 villages with an average milk collection of around 10,000 litres per day. In addition to supporting dairy farmers through quality based fair pricing, these companies focus on backward integration services such as the supply of cattle feed, mineral mixtures, breed improvement and artificial insemination services.

## Development of organic clusters

Organic farming is viewed as the next frontier in NRLM's farm intervention basket and cluster development, with a thrust towards organic certification and market channel development to enable higher price realization for small and marginal women farmers. As part of the cluster-based approach, organic production, post-harvest management, certification, value addition and collective marketing of organic products produced by SHG members. Thus far, 548 clusters across 14 states have been supported under the program, by locally mobilized women's livelihood groups, registered on the central Participatory Guarantee System (PGS) portal.

The PGS program enables small and marginal farmers to obtain organic certification through a hassle free, decentralized certification system and is aimed at building domestic demand for high quality, organic produce. For farmer groups with sufficient capacity, the program envisages facilitation support for export grade certification as well.

### **Sustainable livelihoods and adaptation to climate change (SLACC)**

The MoRD has supported a four-year project of the World Bank entitled

### **Convergence with government programs**

DAY-NRLM's institutional platforms facilitate the convergent delivery of several government programs aimed at small-farmers or low-income households. This symbiotic arrangement enables better targeting while bringing in additional resources that bolster the programs own interventions. All SRLMs are encouraged to develop institutional partnerships with other programs within the rural



To address the nutrition agenda at household level, promotion of the agri-nutri garden is a key intervention.



Until March 2020 3.3 million households have been brought under the purview of this initiative.

Livestock interventions through poultry, small ruminants and cattle have been integrated with agriculture to ensure a rich source of protein at the doorstep. To provide 24x7 livestock support services, a total of 16097 Pashu Sakhis have been engaged at the village level.



“Sustainable Livelihoods and Adaptation to Climate Change (SLACC)” via the Special Climate Change Fund (SCCF) of the Global Environment Facility (GEF). This pilot project aims to improve the adaptive capacity of the rural poor to climate variability and change affecting farm-based livelihoods, through community-based interventions. A wide range of complementary interventions have been implemented to support climate resilience including climate resilient varietal replacement, resource conservation techniques like Direct Seeded Rice and Zero Tillage, as well as ecological services like community managed soil testing labs and automated weather stations.

SLACC has been implemented across 793 villages in Bihar and Madhya Pradesh, helping more than 8000 farmers to adopt climate resilient agriculture practices by mainstreaming technically rigorous approaches through community institutions. Local communities and entrepreneurs are managing community infrastructure investments in soil health testing centres, tool banks and automated weather stations, under this initiative. A 20-member team of state, district officers, extension and rural service providers have been trained to support this effort, while a Climate Change Adaptation Planning Toolkit has been developed and rolled out.

development sector as well as agriculture and allied sector departments. Some of the best examples include (a) convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) to develop productive infrastructure in support of Agri-Value Chains being promoted under DAY-NRLM, (b) convergence with the Agriculture Department to develop community

managed tool banks and Custom Hiring Centers that support mechanization services otherwise out of small-farmer reach and (c) convergence with the Horticulture Department to promote community managed Poly Houses and Shed Nets for round-the-year cultivation of exotic vegetables, serving as a training-cum-revenue center for local farmer groups.

## IMPROVING NUTRITION ON THE SHG PLATFORM

**1** NRLM has introduced agri-nutri gardens as a nutrition focused intervention supporting the availability of nutritive food crops

and enhanced food safety for all SHG households including those who do not have access to large plots. The initiative supports household level training of women

members in maintaining small size gardens in any available space.

## ENHANCING INCOME AND NUTRITION THROUGH LIVESTOCK

**2** Recognizing the importance of small livestock for small and landless farmers, structured interventions in poultry, small ruminants and cattle have been integrated with

agriculture initiatives. The focus is on breed improvement through artificial insemination services, reducing morbidity and mortality through regular vaccination, improved feeding and fair price support by introducing

digital weighing scale as points of sale. At the village level, 16097 Pashu Sakhis are working as frontline extension workers, providing fee based livestock support services to SHG member households.






## REDUCING DRUDGERY THROUGH CUSTOM HIRING CENTRES

**3** The community managed Custom Hiring Centres/tool banks are being established to provide timely access to farm equipment for women

SHG members. Upto March 2020, 11,426 Custom Hiring Centres/tool bank were established across 21 States. In Uttar Pradesh, Bihar and Jharkhand, Custom

Hiring Centres are being established via a convergence program with the Ministry of Agriculture.

NRLM has partnered with various stakeholders (sector support organizations in diverse livelihood sub-sectors) to improve the implementation of livelihood interventions. These organizations are in a position to support SRLMs in project formulation, implementation support and training and capacity building of SRLM staff, CRP and the community. Some such initiatives are mentioned below.

 <p><b>PRADAN</b> <i>Livelihoods Sector</i> Knowledge management, identifying successful replicable models, capacity building.</p>	 <p><b>NDDB Dairy Services</b> <i>Dairy Value Chain development Sector</i> Developing dairy value chain through the promotion of Producers Companies.</p>	 <p><b>Central Silk Board</b> <i>TASAR Value Chain development Sector</i> CSB has been working in Odisha, West Bengal, Jharkhand, Bihar and Maharashtra and has covered 24,226 Mahila Kisans till date. In addition, 3 new sub-projects covering 35,220 SHG members have been sanctioned in March 2017 in Odisha, West Bengal and Jharkhand.</p>
 <p><b>Digital Green</b> <i>Livelihoods Sector</i> Developing ICT based Training and Capacity building architecture.</p>	 <p><b>TASAR development foundation</b> <i>TASAR Value Chain development Sector</i> Developing pro-poor Tasar value chain for both pre and post cocoon stages.</p>	

## Implementation: Partnerships & DAY-NRLM support organizations

DAY-NRLM has partnered with various sector support organizations in diverse livelihood sub-sectors to ensure high quality technical assistance in the implementation of these initiatives. These

organizations support SRLMs in project formulation, implementation support, training and capacity building of SRLM staff, CRP and the community. The focus of these partnerships is to enable

effective knowledge transfer to project functionaries and community professionals, strengthening the sustainability of these initiatives.

## Key Lessons and the Way Forward

### **Integration with the DAY-NRLM ecosystem**

DAY-NRLM's farm and livestock interventions have capitalized on a readily available institutional base of rural households. The phased approach to introducing livelihood support ensured that these community institutions attained the desired social cohesion and credit access capacity before undertaking higher order initiatives. The exclusive

women-based platform meant that the project was able to tap into a hitherto largely overlooked segment of women small-farmers.

### **Moving from productivity to profitability**

NRLM's basket of interventions have evolved from a largely production focused set of initiatives to a set of complementary intervention pathways

that provide support at all levels of value chains including pre-production planning, credit and inputs, farm extension, post-harvest management, market linkage and value addition. The program's massive scale allows it to undertake rapid pilots in diverse contexts before scale-up. The initial focus on productivity enhancement interventions has enabled states to develop sufficient internal capacity at program and community level to sustainably manage these interventions. Therefore, the next

generation of interventions are primed to focus on strengthening market capacity of small-farmers.

### ***Effective and sustainable peer-to-peer learning systems***

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The robust community-based extension system developed under DAY-NRLM has proven to be an effective and sustainable peer-to-peer learning mechanism. The focus on identifying and training women members as CRPs has ensured that capacity building support reaches small women farmers. The use of digital extension systems harnessing local best practices has enhanced the credibility of training content. Most states are moving towards fee-based models for extension services, paving way for long-term sustainability. Many states have also successfully experimented with developing the CRPs as agri-service entrepreneurs supporting the availability of quality inputs and facilitating aggregation for parent FPOs. The peer-to-peer learning approach extends to SRLMS as well with the national unit of DAY-NRLM supporting cross learning amongst states.

### ***Technical assistance (TA) to internal capacity development***

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NRLM has placed a strong emphasis on roping in high quality technical assistance and expertise in supporting state missions.

All TA partnerships are focused on building long term internal capacity to scale up and deepen initiatives initially supported through external TA. Many state missions have successfully scaled up value chain initiatives on their own after building initial capacity through TA partners. At the national level, the proposed Agri Value Chain cell is envisaged as a self-sustaining entity following a similar principle.

### ***FPOs as inclusive agri-business intermediaries***

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Farmer Producer collectives under NRLM have successfully demonstrated the potential of collectivization to access cheaper inputs, improve bargaining power and gain access to diversified markets. It has been observed that small-farmer owned FPOs have been able to garner better price per unit by capturing the price dispersion between farm gate and wholesale prices while also catalyzing a corrective effect in local market practices - with existing intermediaries adopting fairer market practices to compete with new institutions.

### ***Building sustainable and pro-poor agribusinesses***

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NRLM is supporting long-term capacity building and nurturing large-scale Farmer Producer Organizations. The experience so far clearly suggests a strong need

for professional human resources and business processes for these organizations and these have been integrated as key principles in the program's policy for FPOs. Long-term access to finance for business operations of FPOs is being integrated with the DAY-NRLM ecosystem, enabling the program to leverage its longstanding experience and credibility with banking sector to sustainably support these new business organizations.

### ***Transformative approaches building on lessons***

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Building on lessons from implementation of the MKSP and NRLP, DAY-NRLM is now implementing the National Rural Economic Transformation Project (NRETP), with the support of the World Bank to enable higher order interventions in areas of farm, livestock and enterprise development. NRETP is supporting the promotion of large scale Producer Enterprises through dedicated TA partners coupled with investments in village level mobilization of Producer Groups.

*NRETP will also intensively support enterprise development initiatives within the agriculture value chains through the provision of training, start-up capital and on-going handholding support.*

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## **ABOUT THE DISCUSSION NOTE SERIES**

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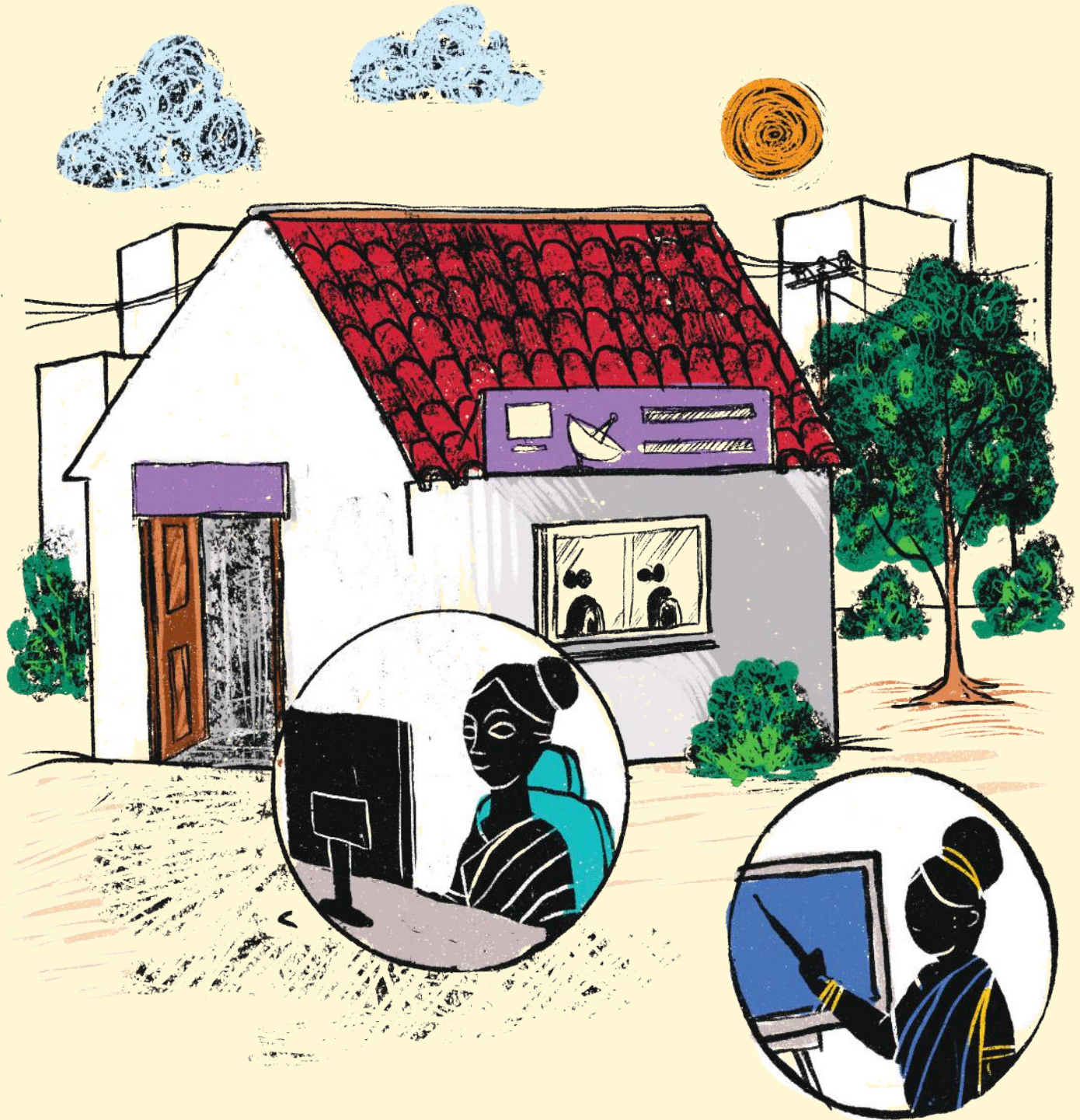
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***Transforming Rural Non-Farm Livelihoods:  
The NRLM Journey***

## Context

Rural India is primarily an agri-based economy. Agriculture and allied sectors employ 64% of the India's total rural population, while their contribution towards rural GDP is only 39%. Over-dependence on agriculture has meant declining per-capita rural income which has gradually initiated a shift towards the non-farm sector. According to the Sixth Economic Census released by the Ministry of Statistics and Programme Implementation, there are 3.48 crore (34.8 million) rural enterprises in India, of which 66%, 2.28 crore (22.8 million) are non-agricultural enterprises. This transition from agriculture to non-farm sectors is considered an important source of economic growth.

DAY-NRLM, which has been instrumental in reaching out to 6.80 crore (68 million) rural poor women, witnessed a similar shift towards non-agricultural sources of



income. Anecdotal evidence suggests that approximately 5% of the total households mobilized under DAY-NRLM (300,000 households) increased their investments in existing micro enterprises or became first-generation entrepreneurs over the past few years. This trend encouraged DAY-NRLM to adopt dedicated entrepreneurship promotion measures.

Even though, NRLM is more than a decade old, enterprise development programmes have been initiated only in the last five years. These initiatives are expected to gain pace and momentum through National Rural Economic Transformation Project (NRETP).

## Intervention

### *Entrepreneurship Development Initiatives Prior to DAY-NRLM*

Much before DAY-NRLM adopted entrepreneurship promotion as a cornerstone intervention, states such as Andhra Pradesh (AP) and Kerala had made significant progress in this field.

#### **KERALA - Micro Enterprise Consultants (MECs)**

Kudumbashree – the Kerala State Poverty Eradication Mission - has been promoting local enterprises by providing business planning and advisory support through trained community professionals (known as Micro Enterprise Consultants or MECs) since 2004. In 2013, NRLM designated Kudumbashree as a National Resource Organization (NRO) to implement the model in other parts of the country. Kudumbashree partnered with five states – Bihar, Jharkhand, Karnataka,

Maharashtra, and Rajasthan – to encourage Self Help Group households (SHG HHs) to set up micro-enterprises. Under the MEC Project, 580 MECs were trained and deployed across 17 districts in the five partner-states. These MECs supported 20,118 enterprises over a period of 5 years.

These states recognized a need for building a local pool of trained consultants to bridge the gap between business development needs of the entrepreneurs and existing business management knowledge. They recognized the need for sustained training and handholding support, and leveraging technology to boost entrepreneurship promotion.

The MEC project provided rigorous training to local resource persons in business

management skills and made their services available to the rural poor to set up and run their enterprises. While adapting its model in partner-states, Kudumbashree placed seasoned MECs from Kerala as mentors to provide continuous training and handholding support to newly identified MECs in partner-states.

*These MECs provide a range of services including identification of business opportunities, preparation of business plans, providing basic business management training to entrepreneurs, liaising with financial institutions for enterprise loans, facilitating backward and forward market linkages, conducting surveys and studies - as required.*

1. **Micro-Enterprises** (as per Ministry of Micro, Small, and Medium Enterprises, Govt. of India): Owned by one or more individuals such enterprises would significantly contribute to value chain, investment, and employment. The investments of these enterprises be upto INR 25 lakh (approximately USD 33,000).

The project pioneered a practice of instating a digital performance tracking system (PTS) to encourage entrepreneurs to maintain books of records. With regular record keeping, MECs were able to prepare financial statements for enterprises to track business performance at regular intervals. In addition to PTS, the project also pioneered calculation of sector specific benchmarks for rural enterprises to enable comparison with similar enterprises across geographies. Use of benchmarks along with performance tracking enabled MECs to grasp and delve deeper into business performance issues.

### ANDHRA PRADESH - Technology Driven Entrepreneurship Promotion

In AP, a mandal federation by the name of Orvakal Mandal Podhupu Lakshmi Ikya Sangam (OMPLIS), under the Society for Elimination of Rural Poverty (SERP), piloted an entrepreneurship promotion model in Kurnool district. Together with business advisory services provided through trained community professionals (Business Development Managers or BDMs), OMPLIS used technology to conduct credit and income appraisals of entrepreneurs and supported them with loans.

### Entrepreneurship Development Initiatives, the NRLM Experience

#### Start-up Village Entrepreneurship Programme

The DAY-NRLM rural entrepreneurship platform was boosted by the budget speech (FY 2014-15) when the Finance Minister designated INR 100 crore (~USD 14 million) towards the 'Start-up Village Entrepreneurship Programme' (SVEP). The SVEP design elements were inspired by the two entrepreneurship promotion projects from Kerala and Andhra Pradesh.

SVEP has been instrumental in bridging gaps in the entrepreneurial ecosystem in rural areas. Evidence suggests that the

The model piloted by OMPLIS aimed to create stable non-farm livelihoods that can meet the aspirations of the entrepreneurs and reduce their risk of being exposed to unmanageable debt.

OMPLIS identified BDMs through a rigorous selection process and trained them in business management skills, to promote local enterprises. These BDMs were assisted by an IT platform that enabled them to identify business opportunities by conducting market surveys, assess credit worthiness of entrepreneurs, and monitor businesses to extend assistance in times of need.

OMPLIS also created a repository of videos, which identified fundamental business issues and best practices, as tools for building capacities in entrepreneurs. The videos helped trigger interest amongst potential entrepreneurs, who were subsequently screened using assessment tests to judge their entrepreneurship potential.

To bridge the systemic gap in enterprise financing, the mandal federation developed

project addresses a missing 'incubation ecosystem' by providing customized business development, advisory, and mentorship services; a missing 'knowledge ecosystem' by providing rural entrepreneurs with exposure to new ideas, markets, and domain skills; and a missing 'financial ecosystem' by giving them access to affordable finance for enterprise development.

Kudumbashree along with Entrepreneurship Development Institute of India (EDII) was designated as a National Resource Organisation (NRO) under DAY-NRLM, for implementation of SVEP in the identified blocks, to provide technical support to other



a need-based funding ecosystem to fit the needs of rural micro-enterprises.

Financial products such as cash credit limit and quasi-equity products were developed to meet the cash flow needs and risk appetite of rural entrepreneurs.

states. This includes a basic assessment of the blocks in terms of existing and potential enterprises, training Community Resource Persons-Enterprise Promotion (CRPs-EP), and mentoring CRPs-EP in the support of rural enterprises.

As on Jan 2020, SVEP has trained and deployed over 1,400 CRPs-EP, who have supported 85,000 enterprises in 108 blocks, across 19 states. The project has disbursed approximately 66,000 enterprise loans (through Community Enterprise Fund<sup>2</sup>) amounting to INR 204.41 crore (~USD 28.3 million), averaging IINR 31,000 (~USD 430) per enterprise. .

2. Community Enterprise Fund (CEF) is fund in perpetuity housed with a mature NRLM-promoted women's federation in a block with the sole purpose of providing loans for enterprises under SVEP.

## Key Lessons and the Way Forward

Experiences from Kerala, Andhra Pradesh, and SVEP reaffirm the importance of deploying trained extension workers (MECs, BDMs, or CRPs), who are essential catalysts or change-makers in the entire process. Besides providing basic technical services to entrepreneurs, this strategy ensures that access to such services remains a call away for many years even after the culmination of the project.

A few states, as part of SVEP implementation, developed a pool of local mentors and professional support providers to provide deeper technical assistance to enterprises. This pool, along with extension workers, directly contribute to the sustainability of the enterprise and enterprise promotion initiatives.

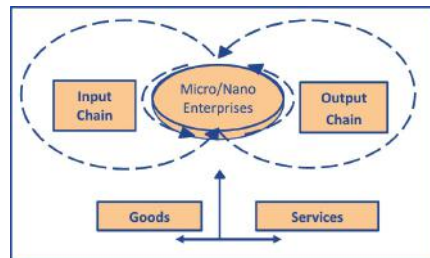
Convergence with local governance structures plays a key role in providing regular market access to enterprises even in remote areas. Several MEC and SVEP blocks liaised with local government departments to organize weekly and festival haats (markets), which created sales opportunities for local entrepreneurs in their blocks. To illustrate, weekly markets initiated by MECs in several blocks of Gadag district of Karnataka are held as per schedule even after three years of project completion.

Access to timely and affordable finance is a critical element of rural enterprise

promotion. The novel need-based funding mechanism developed by OMPLIS and CEF piloted by SVEP were instrumental in high uptake of enterprise activities amongst rural population.

While developing a cadre of extension workers and financial products were well thought out elements of project design, other elements were introduced by way of sporadic experimentation. Conscious decisions will need to be taken to include such successful experiments as parts of project design to ensure lucrativeness and sustainability of enterprise promotion initiatives.

Building on the experiences of SVEP, the next phase of World Bank investment with the Ministry of Rural Development – National Rural Economic Transformation Project (NRETP) – aims to identify existing enterprises with growth potential and provide dedicated services to help them scale-up. While SVEP will continue to encourage SHG households to set up new enterprises, NRETP will deploy resources to expand existing initiatives. The project plans to establish One-Stop Facility (OSF) centres to provide last-mile incubation support to identified enterprises through trained community professionals. The project will also develop customized financial products, a resource pool of experienced entrepreneurs and other professionals to provide sector-specific technical services.



NRETP also seeks to recognize and provide financial and acceleration support to women-owned enterprises that have scaled-up through their own initiative and have the potential to create local employment. The project will partner with existing incubators to provide intensive customized professional services to transform such rural enterprises.

To support these enterprises, NRETP will adopt the tested methodology of recruiting community resource persons and mentors, and instating dedicated funds for enabling access to affordable and timely loans. These efforts will be augmented through the use of various web-based platforms, interactive mobile applications, and access to business-specific financial products. The project also aims to develop partnerships with players in the private and government sector to access growth avenues for entrepreneurs.

*Though these measures, NRETP aims to support about 50,000 existing SHG member-owned enterprises during the project period.*

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***Integration of Health and Nutrition into Livelihood Programs under DAY-NRLM***

## Context

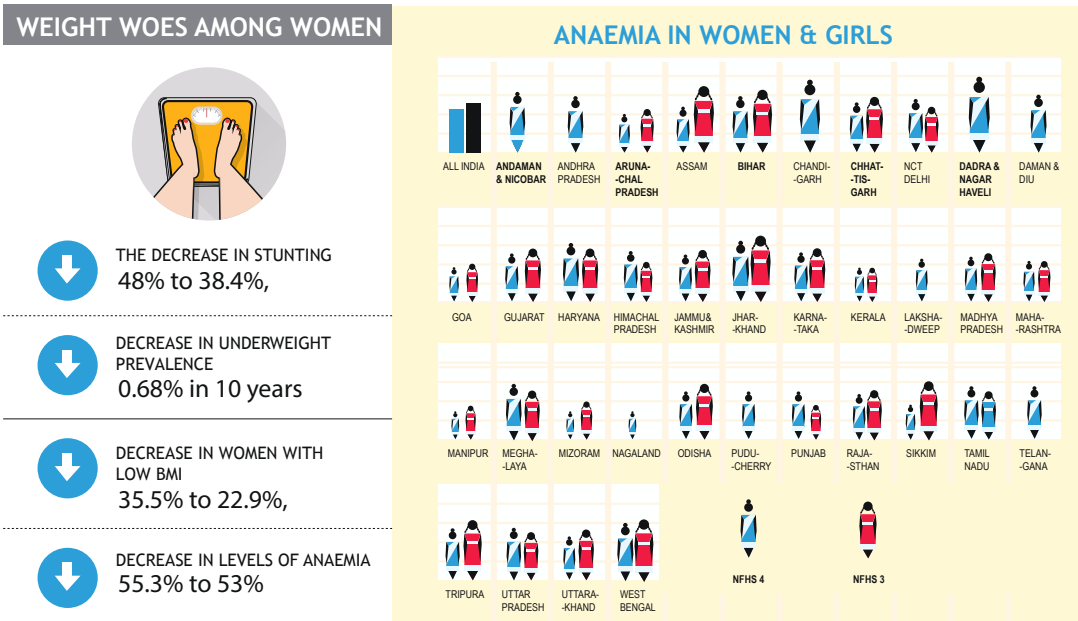
Over the past two decades India has seen significant improvements in household incomes, agricultural productivity and child survival, although malnutrition among children remains high, despite improvements over the last decade. While stunting and underweight prevalence has gone down, trends in corporal wasting show an overall increase in the last decade. The decrease in stunting has been from 48% to 38.4%, (1 percentage point per year). Similarly, underweight prevalence has reduced by 0.68 percentage points from National Family Health Survey (NFHS)-3 (2005-06) to NFHS-4 (2015-16).

Pregnancy and lactation have an adverse effect on chronically undernourished

women. Low pre-pregnancy weight and low pregnancy weight gain are associated with low birth weight and attendant consequences.

Overall, the percentage of women with low BMI has fallen from 35.5% (NFHS-3) to 22.9% (NFHS-4). It is also seen that overall, the levels of anaemia among

women and girls has fallen over the last decade from 55.3% in NFHS-3 to 53% in NFHS-4. Among pregnant women 50.3% were found to be anemic, and a considerably higher number in rural areas, amongst disadvantaged groups (particularly scheduled tribes) and women in poorer households.



## Intervention

DAY-NRLM has adopted the Dasa Sutra Strategy<sup>1</sup> towards an integrated FNHW (Food, Nutrition, Health, WASH) approach for holistic development of SHG members. Through this approach, DAY-NRLM aims to create awareness and encourage behavior change among rural women on these issues as well as mobilize the SHG members to access related entitlements from the concerned public health and line departments. Further, these FNHW interventions are embedded in other key components of the broader program viz., Institution Building, Capacity building, Financial Inclusion, Farm livelihoods, Non-Farm livelihoods, Gender, Social Inclusion and Convergence with PRIs.

Lucrative and stable livelihoods are necessary for access to diverse foods; at the same time, good health and nutrition are a condition for inclusive livelihood development. Recognizing this link, 16 states have initiated various activities targeted particularly at women and children who fall into the 1,000-day window of opportunity (from conception to 2 years of age) to break the cycle of malnutrition in a minimum of two blocks per state. Some of the key interventions adopted by DAY-NRLM are:

### 1. Health and Nutrition:

- 1000 Days window – institutional delivery, colostrum feeding,

prenatal and antenatal care, exclusive breast feeding and complementary feeding

- Dietary diversification
- Reducing anaemia
- Menstrual hygiene – working with women and adolescent girls
- Development of nutri-enterprises

### 2. WASH:

- Usage of sanitary toilets
- Hand washing practices especially at 3 critical times
- Management of waste at home
- Development of sanitation-related enterprises

1. Ten rules/commandments for holistic development of SHGs including the 5 related to financial intermediation (regular meetings, regular savings, regular inter-lending, regular repayment, regular book-keeping), health including nutrition and WASH, education, PRI coordination, access to entitlements and sustainable livelihoods

## *The integration of Food, Nutrition, Health and WASH (FNHW) under DAY- NRLM*

The core of a sustainable livelihoods program is both the development of social capital and community institutions that form a strong base for layering of social development interventions. Similarly, an integrated health and nutrition program acts at multiple levels and is anchored in the understanding that behaviours are not just driven by individual choices but also social norms and values, accessible institutions, available and accessible goods and services. Given its scope, the DAY- NRLM is positioned as an effective platform to tackle the underlying causes of poor health including the soaring rates of malnutrition.

In 2006, under the Society for Elimination of Rural Poverty (SERP), Andhra Pradesh was the first State to bring health and nutrition under the purview of its livelihood program. The complementary roles played by both the service providers of health and nutrition and the SHG households, towards whom these services were targeted was recognized. To demystify the concept of medical health and integrate with social health, the program adopted social mobilization focusing on health and nutrition, and the development of the local social capital. Extensive efforts were made to introduce the health and nutrition agenda as part of regular SHG and federation meetings, and to influence the adoption of positive maternal and child health practices amongst SHG households. Convergence efforts to facilitate access to entitlements from the public health system also contributed towards reduction of household health expenditures.

The model was subsequently replicated in Bihar where the Bill & Melinda Gates

### *Strategies and approaches*

The basic foundation of the FNHW program under DAY-NRLM is that health and nutrition are best addressed by adopting a multi-sectoral approach that emphasizes the establishment of appropriate linkages with other key sectors like sanitation and

Foundation extended support in rolling out interventions through the SHG network at the village level. The focus has been on rolling out of Behaviour Change Communication (BCC) modules in SHG meetings, undertaking home visits for “first 1000 days” target groups, conducting awareness drives, provision of funds for sanitation and health issues etc.

In 2016, DAY-NRLM established a Special Convergence Fund (SCF) to evolve convergence models that are community centric and community led, engage with line departments to access schemes and entitlements; and evolve a more responsive system. The objective of the SCF was to provide an impetus to convergent planning and to demonstrate sustained mechanisms for mainstreaming results-based convergence with other government programs including the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Awas Yojana (PMAY), Swachh Bharat Mission (SBM), and National Social Assistance Programme (NSAP). This has since been implemented in 9 states (Bihar, Chhattisgarh, Jharkhand, Karnataka, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal) at a cost of INR 64.16 crores between April 2016 to June 2018.

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*Starting July 2016, the UNICEF supported “Swabhimaan” programme is being piloted in three states namely Bihar, Chhattisgarh and Odisha, focusing on integration of FNHW related interventions at SHG, VO and CLF level. Based on initial successes, the model is also being*

agriculture. Furthermore, the approach relies on leveraging the core strength of the institutional platforms of the poor, i.e. the SHGs and their federations to implement a multi-sectoral approach. Key elements of this multi-sectoral approach include the following:-

*scaled up in these states under DAY-NRLM. Further, resource materials and other learning from the implementation of these initiatives have been used to facilitate state-to-state learnings.*

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The FNHW interventions include a (a) Food Security Fund (FSF) aimed at facilitating collective procurement of food grains at bargain prices, to be distributed to SHG households as an interest-free or with nominal interest loan to be repaid over a period of three months, (b) Health Risk Fund (HRF) where SHG members have an exclusive saving to meet health emergencies, (c) Food Fortification Units, (d) Behaviour Change Communication (BCC) and (e) Nutrition Sensitive Agriculture interventions.

While some interventions are implemented independently by the project, others are in partnership with external agencies such as Bihar Technical Assistance Support Team (BTAST) and Project Concern International (PCI). Additionally, to support households' access to water, sanitation and hygiene services, a Sanitation, Health and Nutrition (SHAN) fund in Bihar and Special Convergence fund (as stimulus fund) in Maharashtra were instituted to provide gap financing to households in need. In UP, a Government Order was issued to implement the FNHW interventions through partnership between UPSRLM and State Nutrition Mission in 2016, with clearly defined roles for various line departments such as Women and Child Development, Health and Rural Water Supply and Rural Development.

### **Behavior change and access to government nutrition services**

A comprehensive behavior change communication (BCC) strategy is being implemented to increase knowledge and practice of recommended nutrition

behaviors and improve the uptake of nutrition services with a focus on behaviors in the critical 1000-day period (from pregnancy to 2 years of age). In addition, capacity building efforts and coordination with the respective government departments ensure greater use and uptake of the nutrition services and food security entitlements being made available through the Government of India's ICDS and PDS. SHG members are also mobilized to participate in awareness events like Godbharai (Indian ceremony during pregnancy to welcome the unborn baby), Annaprashan (baby's first feeding ceremony), which organized at the Anganwadi Centres.

### Behavior change and access to government sanitation programs

Realizing the strong linkages with sanitation, the program is also implementing a comprehensive BCC strategy. This addresses the practice of open defecation by women, their children and household members, hygiene practices at birth, baby care, menstrual hygiene, hand washing and

cooking hygiene at home/at institutions, water purification and storage practices by the target households, and solid waste management.

Concurrently, the program is facilitating households' access to sanitation facilities being made available through Government of India's Swachh Bharat Mission.

### Behaviour change and access to government health programs

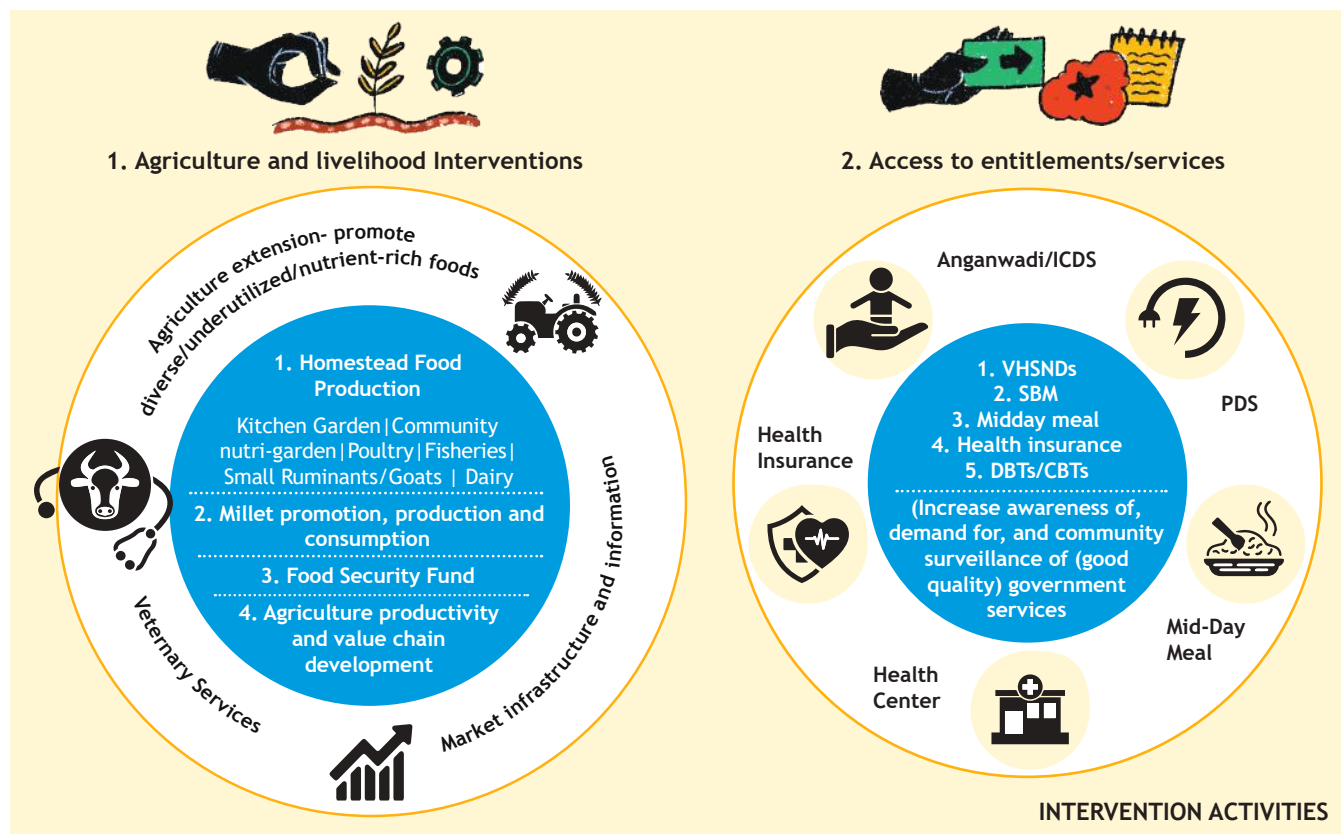
Under DAY-NRLM, SHGs and VOs are encouraged to promote and participate in the planning of Village Health Sanitation and Nutrition Days, which is the convergence platform for provision of health and nutrition services, and to mobilize community members to attend. Social Action Committees (SACs) and Community Resource Persons (CRPs) are encouraged to work in close coordination with ASHA and Anganwadi workers to ensure that target groups can access services in a timely manner. SHG members are also given information about other related entitlements and if required, SACs facilitate access to entitlements in coordination with the concerned line department.

### Dietary diversification through appropriate agricultural interventions

Under the guidance of the Farm Livelihoods vertical of DAY-NRLM, the program is also enabling dietary diversification at the household level through promotion of homestead food production including kitchen gardens, backyard poultry, dairy and small ruminants coupled with intensive counselling and food demonstrations for improving the quality of food consumed in the household. Convergence with related departments, agencies and institutions are also encouraged for technical assistance and implementation support.

### Promotion of FNHW related enterprises:

Enterprises on nutritious snacks, processing of foods, WASH related products are encouraged to enhance the livelihoods opportunity of the members as well as facilitate availability of products within the community.



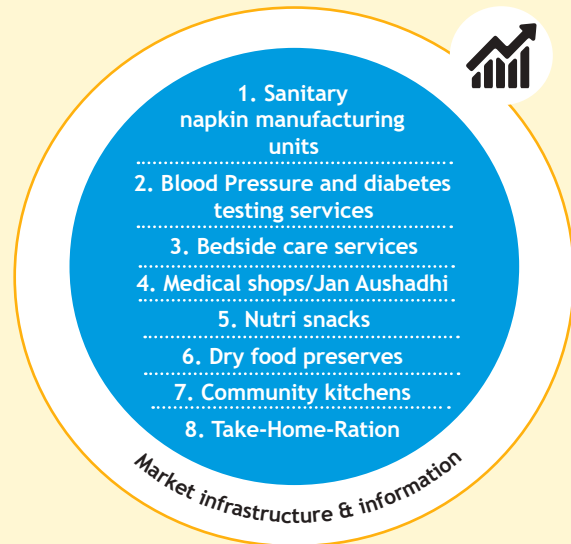




### 3. Behaviour Change Communication



### 4. Nutri Enterprises



### INTERVENTION ACTIVITIES

## PLATFORMS AND FACILITATORS FOR HNS INTERVENTIONS INTEGRATED INTO LIVELIHOOD PROGRAM



#### Food

**INTERVENTION FOCUS:** Food Security Fund; Convergence with PDS

**PLATFORM:** SHG

**FACILITATORS:** Convergence Sakhi/VO/VO Procurement Subcommittee/PRI

#### Health

**INTERVENTION FOCUS:** Fixed NHDs; Review by VHNSCs; HRF

**PLATFORM:** SHG/VHND

**FACILITATORS:** AAAs/VO/GP

#### Nutrition

**INTERVENTION FOCUS:** Dietary diversification; IYCF-GMP; Management of SAM and MAM; Maternal and adolescent nutrition, Menstrual hygiene

**PLATFORM:** SHG/VO

**FACILITATORS:** CM/ICRP/Nutrition Counselor Convergence Sakhi & VO-Health Subcommittee and AWW & ASHA

#### Sanitation

**INTERVENTION FOCUS:** Washing hands; ISLs; Safe water supply; Menstrual hygiene products; Nutrition - WASH linkages

**PLATFORM:** SHG/VHNSC

**FACILITATORS:** VO and Sarpanch & ANM

#### Livelihoods

**INTERVENTION FOCUS:** Kitchen/community Gardens; Millet production; Nutri-mix; Nutri snacks; Ethnic cafe - millet products hubs; Sanitary napkin and sanitation

**PLATFORM:** VO/SHG

**FACILITATORS:** VO-Health Sub Committee; LH teams

Given that these activities are phased and targeted at different levels, it is important to identify the impact pathways through which

they intend to improve health and nutrition. These are based on the general understanding of the situation in SRLMs characterized by

insufficient livelihood assets, poorly targeted and low-quality entitlements, and lack of understanding of the benefits of dietary diversity.

**PATHWAYS TO LINK AGRICULTURE AND NUTRITION FOR IMPROVED DIET DIVERSITY**



AGRICULTURE PRODUCTION

INCOME

AGRICULTURE PRODUCTION		INCOME	
Nutrition-sensitive Livelihood activities	Outcomes	Nutrition-sensitive Livelihood activities	Outcomes
Kitchen garden	Increased availability of diverse food basket, and access throughout the year for the household and at the local market	Agriculture productivity and market access/value chain development	Improved purchasing power for secure access throughout year and improve quality of food basket
Poultry		Handicrafts	
Dairy		Beekeeping	
Goat/Small ruminant			

WOMEN'S EMPOWERMENT

AWARENESS, SKILLS, AND KNOWLEDGE

WOMEN'S EMPOWERMENT		AWARENESS, SKILLS, AND KNOWLEDGE	
Nutrition-sensitive Livelihood activities	Outcomes	Nutrition-sensitive Livelihood activities	Outcomes
Financial resources/decision making	Intra-household distribution and proper consumption as well as care practice	BCC through various channels	Improved dietary diversity, complementary feeding, exclusive breastfeeding, sanitation
Labor and time		Awareness, skills, and knowledge	

MARKET ENVIRONMENT

SOCIAL PROTECTION/ENTITLEMENTS

MARKET ENVIRONMENT		SOCIAL PROTECTION/ENTITLEMENTS	
Nutrition-sensitive Livelihood activities	Outcomes	Nutrition-sensitive Livelihood activities	Outcomes
Value chain improvement by linking farmers with markets and improving market infrastructure including processing, storage/handling and food safety	Access to quality, nutrient-rich and safe foods throughout year	Food security Fund	Access to staple foods for poor HH and during lean season
		ICDS/Anganwadi	
		PDS	

## Implementation; Progress of interventions

The experiences of the states like Bihar, Maharashtra, Uttar Pradesh, Jharkhand, Odisha, Chhattisgarh indicate that the integration of FNHW interventions in SHGs and their federations may be effective in inculcating desired behavior changes for achieving optimal health and nutrition status in rural communities. Recognizing these successes, the DAY-NRLM has committed to strengthening impact of its program on

health, nutrition and sanitation outcomes across its operations in states and UTs.

*To initiate the integration of FNHW in DAY-NRLM, a joint advisory for convergence on key issues was issued by the Ministry of Rural Development (MoRD), the Ministry of Women and Child Development and the*

*Ministry of Health and Family Welfare covering the details of the approach, suggestive interventions, and convergence with line departments.*

MoRD has partnered with Ministry of Women and Child Development under POSHAN Abhiyaan (National Nutrition Mission) for improving health and nutrition

indicators. Under POSHAN Abhiyaan, DAY-NRLM has advised all SRLMs to organize various activities at the CLF, VO and SHG level during POSHAN Maah and POSHAN Pakhwada in last 2 years. MoRD has also converged with ministries similar initiatives including Jal Shakti, Intensified Mission Indra Dhanush 2.0, Swachhta hi Sewa, Fit India etc.

Further, the Ministry has developed a partnership with Lady Irwin College, University of Delhi and the Bill and Melinda Gates Foundation to establish two technical

support units for providing technical assistance on the FNHW roll out to DAY-NRLM and SRLMs. To support SRLMs in developing a comprehensive FNHW state strategy and action plan, a pool of trained National Resource Persons (NRPs) comprising experienced professionals from relevant fields has been developed. These NRPs are assigned to SRLMs and support the state teams in conducting situational analysis, developing strategy documents, developing state level resources, imparting trainings to various stakeholders and demonstrating the FNHW interventions in

select blocks.

The initial efforts have led to the several SRLMs integrating FNHW interventions in their respective yearly Annual Action Plans. These AAPs detail key activities like preparation of state specific operational strategy with clear expected outcomes, orientation of state, district, block staff, activation & training of Social Action Committees, identification of community resource persons for taking forward FNHW agenda, utilization of vulnerability reduction fund for Food, Health and nutrition purposes etc.

## Findings from Studies Conducted in Select States

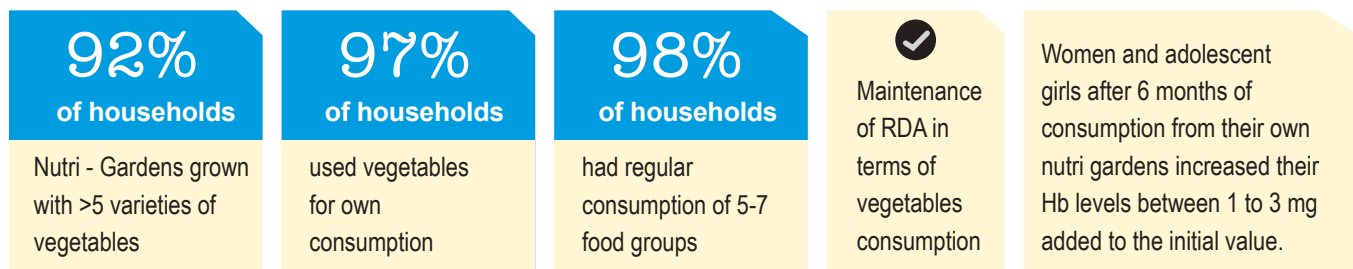
### Food Security Fund (FSF)

Implemented via more than 26,185 VOs in 534 blocks under JEEViKA - Bihar, FSFs had a profound impact on the poorest sections of society who struggle with food scarcity during lean seasons. Independent impact evaluations have shown reduced incidence of reported hunger and increased consumption of food grains for the poorest quintiles. The analysis showed a majority of the households (85%) had gone to bed after having a full meal in the past 30 days and that most households were able to procure food through different means such as food safety nets, subsistence cultivation or other means.

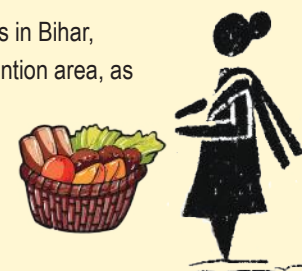


### Nutrition sensitive agriculture models

In Maharashtra, Nutrition Gardens improved diet diversity with foods rich in micronutrients and showed normal levels Haemoglobin (Hb) among women and adolescent girls with the Hb tests conducted locally before and after the intervention period. It also had a ripple effects on the livelihood teams of the project to use a nutrition lens into Agriculture.



- Findings from midline evaluation<sup>2</sup> of FNHW interventions in Swabhimaan sites i.e. selected blocks in Bihar, Chhattisgarh and Odisha showed higher consumption of protein and iron-rich foods in the intervention area, as compared to control area among pregnant women. Also, higher rate of attendance in VHSND is recorded among the pregnant women who participated in the FNHW monthly meetings (maitribaithaks) as compared to those who did not participate. Attendance in maitribaithaks by mothers was found to have a significant reduction in their practice of open defecation and improved use of soap for hand washing before meals.



2. Factsheets available at <http://www.roshni-cwca.in/ResourcesFNHWReports.aspx?flag=1>, Midline evaluation study, 2018-19.

- A significant impact of intervention on diet diversity score among pregnant women in both Bihar (36.1%; ES=14.9\*\*\*) and Chhattisgarh (82.5%; ES=10.0\*\*) was observed. Chhattisgarh showed significant increase in use of safe pads or sanitary pads during period by adolescent girls from baseline (36.1%) to midline (61.7%) in intervention area as compared to control area. Though in Bihar, midline results show an increase from 27.7% to 39.5% in control, the change is not as high and significant as compared to the control area. Whereas, in Odisha similar increase from baseline to endline was recorded in use of pads in intervention and control area.



## Key Lessons and the Way Forward

Based on initial successes and learnings, DAY-NRLM is now focusing on accelerating the integration of FNHW interventions across SRLMs in a phased manner. The initial focus is on developing a state strategy and implementation plan, as well as the development of a resource pool and reference material before initiating implementation in at least 2 blocks in two selected districts within the state. The strategy development will be completed in consultation with representatives of all the verticals within SRLMs, relevant government departments and development agencies to ensure optimal utilization of available resources and entitlements under various schemes.

States are expected to develop and implement scale up plans linked to their implementation experience and learnings. The focus of the plans will be given on first 1000 days, reducing anaemia, diet diversity, menstrual hygiene, usage of toilets, hand washing practices, promoting FNHW enterprises including nutri-enterprises, nutri-gardens.

However, to establish linkages between agriculture and FNHW in livelihoods projects, concerted efforts and inter-ministerial convergence is needed to institutionalize processes and engender sustainability within the project.

Most interventions developed under FNHW component of DAY-NRLM are universal and can be sustained by leveraging and building capacity of the community. There is a need to integrate community cadre developed under NRLM (community mobilizers, convergence Sakhis) with the existing network of frontline health extension workers including Anganwadi and ASHA workers and ensure that efforts are complementary. The role of women's collectives and local mobilizers is critical to the success of mainstreaming health and nutrition interventions under large-scale rural livelihoods programs.

### ABOUT THE DISCUSSION NOTE SERIES

This note is part of the South Asia Agriculture and Rural Growth Discussion Note Series, that seeks to disseminate operational learnings and implementation experiences from World Bank financed rural, agriculture and food systems programs in South Asia.

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*Leveraging Institutional Platforms to Promote Convergence*

## Context

The launch of NRLM to address rural poverty marks a paradigm shift in poverty alleviation because unlike other programs that preceded it, the NRLM focuses on training and capacity building, and enabling women to prepare and implement their livelihoods plans through access to financial resources from their own institutions and from banks. The importance of promoting convergence

with other rural development programs, as well other ministries, is enshrined in the framework of NRLM.

The framework envisions that by converging with other programs, NRLM would be able to address the different dimensions of poverty and deprivation. Convergence of social protection schemes like MGNREGS, food security, PDS, social

insurance, pensions, etc. with livelihood promotion initiatives under NRLM are expected to generate cash flows at the household level to strengthen savings and credit habits among the rural poor and help them accumulate assets. The approach of building peoples' institutions under NRLM; therefore creates conditions wherein programs targeting the rural poor converge in terms of content and capital flows.

## Intervention

The implementation of convergence initiatives gained traction only from FY 2015-16, primarily due to a shift in the Ministry of Rural Development (MoRD) strategy and the rapid scale-up of NRLM.

### **Shift in the Ministry of Rural Development (MoRD) strategy**

As part of a major strategic shift, the MoRD made a concerted effort to foster convergence between line departments with other ministries. The change was conceived to (a) efficiently utilize the substantial resources made available to Gram Panchayats by the Fourteenth Finance Commission in addition to the increased budgetary allocations of major RD programs; and (b) adopt a broader vision to address the multiple dimensions of poverty rather than looking at programs in isolation.

In this context, a series of participatory planning exercises were conducted -

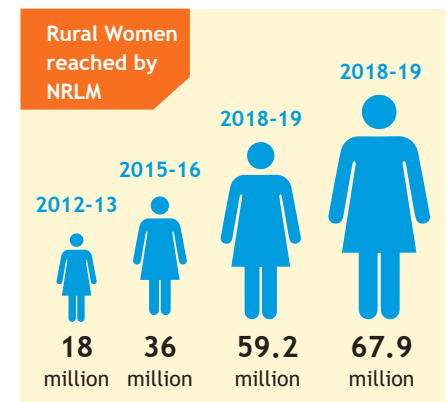
beginning with the Intensive Participatory Planning Exercise (IPPE). The IPPE gave voice to the poor, including SHGs and their federations for the first time, in preparation of MGNREGA's labour budget. In the following years, SHGs have played a key role in the preparation of Gram Panchayat Development Plans (GPDPs).

### **Rapid Scale-up of NRLM**

While the importance of SHGs and their federations in conducting participatory processes was always well understood, the rapid expansion of NRLM across all States and UTs (except Delhi and Chandigarh) meant that a critical mass of institutional platforms was developed that could be leveraged by other programs to promote awareness, improve implementation and monitoring.

Considering the emerging priorities of the NRLM, the NRLP was restructured for the third time in Jan'-Feb' 2016. Among the key

changes introduced was the creation of dedicated funds (a new financing window) for economic initiatives related to



(a) agriculture, livestock, non-farm and skills development,

(b) financial inclusion and

(c) convergence initiatives to improve access to other states and Government of India (GoI) welfare schemes and services.

## Convergence between NRLM and other Departments/Ministries

Convergence has been promoted in two broad strategic manners. The first is the convergence between NRLM and other departments or ministries, which have previously focused on (a) promotion of farm and non-farm livelihoods; (b) access

to sanitation services available from the government; (c) promotion of behaviour change communication at the household level; (d) access to nutrition services; and (e) access to other public services and entitlements.

The second is an escalating trend of women-owned and women-led enterprises serving the business needs of government departments, ministries, projects and entities. This typically involves an approach where (a) SRLMs work with

other government departments to award high-value public-sector contracts to firms owned by SHG members; (b) women-owned enterprises are enlisted as registered vendors to supply raw-material

to beneficiaries of government schemes; and (c) women owned enterprises leverage opportunities to capitalize on an array of service-sector requirements within government-run facilities.

This remainder of this chapter will summarize key policy decisions and elaborate on initiatives and success stories that traverse both categories.

### Convergence between NRLM and other Departments/Ministries



#### **Department of Agriculture, Cooperation & Farmers' Welfare, Ministry of Agriculture & Farmers' Welfare (MoA & FW)**

The NRLM promotes Agro-Ecological Practices (AEP) with a focus on the Mahila Kisan (woman farmer), and the eventual aim of turning the village into an intervention unit. Interventions with AEPs have resulted in diversified farming systems, marked with a low cost of cultivation, higher recycling of bio-mass and adoption of sustainable agriculture practices. The convergence between NRLM and Paramparagat Krishi Vikas Pariyojana (PKVY) being implemented by the MoA & FW seeks to (a) provide input support viz. preparation of land, supply of liquid bio-fertilizers, seed preparation, procurement of organic seeds, creation of azola pits, and support in disease and pest control; (b) setting up of custom hiring centres (CHC)/tool banks; (c) creation of cattle shed/poultry shed/

pigsty; (d) packing, labelling and branding of organic products; (e) soil testing; (f) organic certification; and (g) exposure visits and training of women farmers and community resource persons.

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

The NRLM has converged with MGNREGA with the aim of strengthening livelihoods by the creation of durable and productive community infrastructure. Specifically, this initiative is expected to facilitate the (a) development of storage sheds for custom hiring centres/tool banks; (b) godowns for producer groups/companies; (c) sheds for milk collection centres; (d) sheds/storage units for tasar interventions; (e) construction of vermi/NADEP compost pits/tanks; and (f) setting up rural *haats* (markets).

#### **Department of Animal Husbandry, Dairying and Fisheries (DADF), Government of India**

The areas of cooperation between the NRLM and DADF includes (a) providing milch animals to poor landless farmers, widows and other vulnerable sections of the society; (b) supporting the productivity enhancement of small ruminants and poultry and (c) developing micro-level infrastructure at the village and the household level.

#### **TRIFED, Ministry of Tribal Affairs**

A memorandum of understanding was signed between the Tribal Cooperative Marketing Development Federation of India (TRIFED) and NRLM on 10th February 2018. It is envisaged that the collaboration will facilitate the utilization of the SHGs and/or producer collectives for procurement, processing and/or marketing of Minor Forest Produce commodities under the scheme "Minimum Support Price for Minor Forest Produce (MSP for MFP)" being implemented by TRIFED.

It is also envisioned that community owned "Procurement and/or Value addition centres" will be set up by making resources available to SHGs/producer collectives against a business plan. In order to help manage these centres and provide necessary guidance, it is planned that forward and backward linkage will be established, as required. In addition, TRIFED has





proposed to provide assistance in marketing handloom, handicraft and processed packed food or organic products through the TRIBES INDIA outlets.

### **Ministry of Non-Renewable Energy - 'Million Solar Urja Lamp (SoUL) Program'**

The Indian Institute of Technology (IIT)-Bombay had launched a project with an aim to assemble and distribute 1 million solar lamps in 11000 villages of Madhya Pradesh, Maharashtra, Rajasthan and Odisha between 2014-2016.

This project has now been scaled up with a focus on 'localization of solar energy' through the active involvement of local communities in the implementation process. Further, per the design of the project, IIT-Bombay seeks to transfer the skills and the technological know-how so that the community members can engage in assembly, campaigning, distribution, repair and maintenance of these solar lamps.

In this context, the institute has entered a partnership with four State Rural Livelihood Missions (SRLMs) viz. Assam, Bihar, Jharkhand and Rajasthan. This phase of the project seeks to distribute 7 million solar lamps, with schools as the distribution platform. The SRLMs are responsible for identifying local people, logistics for training, assembly and distribution (A&D), service repair and maintenance centres, inventory

management, monitoring A&D, facilitating enterprise activities and collection of beneficiary information and contribution.

As of date, SHG members have assembled and distributed more than 1.6 million solar lamps to school children.

### **Ministry of Drinking Water and Sanitation**

Community-based organizations have played a critical role in the implementation of the Swachh Bharat Mission – Gramin (SBM-G). As part of the MoU signed with SBM-G, the SRLMs have (a) provided training on safe sanitation practices to community members; (b) developed community cadre to ensure that village becomes open defecation free; (c) appointed village organization as nodal agencies to generate demands for construction of toilets, develop required social capital and identify issues pertaining to the implementation of the scheme; and (d) addressed issues associated with women's health and menstrual hygiene by generating demand for sanitary napkins and foster community participation in promotion of safe menstrual hygiene practices.

### **Poshan Abhiyaan**

Poshan Abhiyaan is a collective effort of three key ministries viz. Ministry of Rural Development (MoRD), Ministry of Women and Child Development (MoWCD) and



Ministry of Health and Family Welfare (MoHFW).

The aim of this collaboration is to (a) promote behavioural change and communication; (b) celebrate Village, Health, Sanitation and Nutrition Day (VHSND); (c) monitor and manage the nutritional status of women and children; (d) promote use of common infrastructure; and (e) promote livelihoods for women's collectives.



### **Other key initiatives to promote Food, Nutrition and health of SHG members and children**

#### **Swabhimaan project with assistance from UNICEF**

The Swabhimaan project (2016-2020) evaluates the delivery of a package of 18 essential nutrition (specific and sensitive) interventions through the NRLM SHGs and VOs, to improve women's nutrition before conception, during pregnancy and after birth, in select blocks of three states viz. Bihar, Chhattisgarh and Odisha. The aim of the project is to engage with SHG, VO and CLF for behavioural change, engagement of adolescents, screening and care of those at most nutritional risk and nutrition enterprises.

The decentralized model of production and distribution of take-home ration in collaboration with Kudumbashree adopted by the Government of Kerala has been replicated by multiple States. Under this



The Chhattisgarh State Rural Livelihoods Mission (CGSRLM) has taken concrete steps towards creating durable community and individual assets in convergence with MGNREGA.



A snap shot of the assets constructed in the past couple of years is furnished below:

2573	Cow sheds
1223	Poultry sheds
1739	NADEP pits
854	Vermi-compost pits
835	Azola tanks
7664	Farm ponds
678	Wells

model, members of the SHGs have been given the responsibility of producing supplementary nutrition for children in the age group of 6 months to 3 years. Village Health Sanitation and Nutrition Days (VHSNDs) are expected to play an important role in identifying vulnerable

children and women and communicating messages of behaviour change.

The participation of women is seen as the medium for wide dissemination of Social Behavioural Change Communication (SBCC) messages, which is essential in achieving nutritional outcomes. The SHGs and its federations actively participated in the conduct of the VHSND.

*NRLM has signed an MoU with Lady Irwin College, University of Delhi, wherein the latter will establish a centre on “Women Collectives Led Social Action and Sustainable Development”.*

The centre is expected to provide technical support and policy guidance to the NRLM for knowledge creation and capacity building.

### **Mission Antyodaya**

Apart from the above mentioned inter-departmental/ministerial convergence initiatives, the Ministry of Rural Development launched Mission Antyodaya - a flagship convergence initiative in October 2017 with an aim of developing “Poverty Free India” by 2022. In the first phase (2017-20), the Mission has set itself an ambitious target of bringing 10 million households, across 5000 clusters, (about 50000 Gram Panchayats) out of poverty.

The core belief of the Mission is that the most effective way of addressing the multidimensional nature of poverty is to adopt an inter-sectoral approach and ensure that the benefits of the government schemes being implemented by multiple ministries/departments are delivered to eligible households in a focussed, transparent and accountable manner.

Thus, Mission Antyodaya has been designed as a “convergence framework for measurable effective outcomes on parameters that transform lives and livelihoods.”

The SHGs and its federations promoted under the NRLM are expected to play a critical role in the success of the mission. Apart from supporting the preparation of Gram Panchayat Development Plans (GPDP), the SHGs in these clusters will be trained and mobilized into community owned producer groups and producer companies. In addition, emphasis will be placed on promoting bank linkage, non-farm livelihoods and community driven extension services.

The Mission has placed emphasis on developing a comprehensive baseline and deploying a strong Management Information System (MIS). The baseline data had facilitated the ranking of Gram Panchayats on objective and verifiable indicators and in establishing strengths/areas for improvement for each Gram Panchayat.

### **Doing Business with Government – a new paradigm for women Micro and Small Entrepreneurs**

Rural women entrepreneurs are forging a new relationship with the GoI - as suppliers of goods and services. The last decade has seen this relationship mature and move beyond trainee-trainer and beneficiary-donor engagements to one based on supply and demand. The rise of this new dynamic is a result of a changing landscape at both ends – greater number of women-owned

micro enterprises in rural India and a more open public procurement regime for micro and small enterprises (MSEs).

The NRLM, through its state functionaries has been instrumental in providing a facilitative environment to about five million women entrepreneurs from Self Help Groups (SHGs) through business development

services, access to new markets and affordable finance. Functioning within the larger government structure, several SRLMs are proactively liaising with local authorities and line departments to leverage business opportunities worth millions of dollars for women entrepreneurs. This is evidenced across states, particularly in Kerala, through three key approaches, as follows:

## Kerala



### **Convergence between two government departments**

The first is a convergence approach where SRLMs work with other government departments to award high-value public sector contracts to firms owned by SHG members. This was demonstrated in Kerala in 2000, eleven years before NRLM was launched. The Information Technology Department of the state directed all government entities in Kerala to give preference to women-run computer centers set up under Kudumbashree, while outsourcing data entry, processing, and digitization works.

Subsequently, in 2006, Kudumbashree and the Social Welfare Department collaborated to provide a dietary supplement, called Nutrimix to aanganwadis (community health centres). Nutrimix is a part of take-home ration under the Integrated Child Development Services (ICDS) scheme and is provided to children aged between 6-36 months.

Today, 242 Kudumbashree-units – owned and operated by more than 2,000 women –

supply Nutrimix to 33,000 aanganwadis across Kerala, with a collective annual turnover of over INR 100 crore (USD 14 million).

A decade later, Kerala's Department of Finance, through an unprecedented government order, amended the store purchase rules to allow government entities to sanction work to Kudumbashree women-run stitching enterprises without getting into the complicated tendering process. In 2017-18 alone, the units were able to generate work orders of more than INR 2 crore (USD 281,700). The other states soon followed suit.

In 2018, the State Rural Livelihoods Mission of Madhya Pradesh (MPSRLM) tied up with Sarva Shiksha Abhiyaan (Education for All Programme) and the Swachh Bharat Abhiyan (SBM/Clean India Mission), two flagship initiatives, to stitch uniforms through women-owned enterprises. 22,000 women from 33 districts across the state delivered orders worth INR 258 crore (USD 36 million).

In another initiative, MPSRLM secured a contract to provide chikki (peanut and jaggery brittle) to Mid-Day Meal Schools in 64 blocks with severe acute malnutrition. More than 700 women were involved to meet the INR 20 crore (USD 2.8 million) contract. Having established their track record in terms of quality and timeliness, repeat orders are coming in.

In another example of convergence between government bodies, providing new market opportunity for rural women, JEE-ViKA has initiated collaboration with State Health Society to run a canteen in government hospitals. Like a social enterprise, the goal was two-fold: to ensure profits with the social purpose of providing hygienic food to hospital in-patients, visitors and staff. With the technical assistance of Café Kudumbashree – women-run enterprises serving local food in government offices in Kerala – the first canteen was launched in October 2018. Twelve SHG women serve more than 150 plates of food daily, earning an average monthly revenue of INR 3 lakh (USD 4,225). The two departments have signed up to set up thirteen more canteens across all the major district hospitals.

### **Registering women-owned enterprises as approved vendors to supply raw-material for various Government schemes**

Several central and state schemes, particularly those pertaining to the



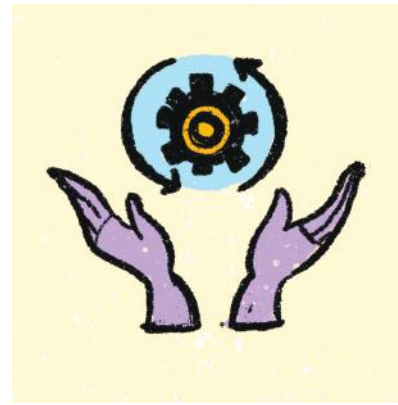
construction of houses and toilets, permit end-beneficiaries to purchase required material directly from government approved vendors. Several SRLMs swiftly recognized the potential of this arrangement and motivated women entrepreneurs to diversify existing or develop new enterprises to cater to the huge demand for quality material. An example of the second approach are the brick manufacturing units set up to address demand under Pradhan Mantri Awas Yojana (Housing for All) and Swachh Bharat Abhiyan (Clean India Mission). Chhattisgarh, one of the poorest states in the country, leveraged the two schemes, and provided a new market opportunity for 1,989 SHGs (close to 20,000 SHG-women), to manufacture clay bricks. In 2017-18, the women collectively manufactured more than 1,700 lakh bricks, earning a net income of INR 18 crores (USD 2.5 million).

### **Capitalizing on-sector requirements within government-run facilities**

The third approach is to leveraging opportunities in the service sector of government enterprises. Kudumbashree, for instance, recognized such a need and set up a Facility Management Centre (FMC) by training its members to provide housekeeping and related services. The first breakthrough for FMC came in the form of a contract with Kochi Metro, where Kudumbashree members managed ticketing, customer care, call center, housekeeping, and gardening at all stations. Based on its success, FMC bagged housekeeping contracts from Vytilla Mobility Hub (a multimode transportation terminal in the State's commercial capital), Cochin University of Science and Technology, Cochin Shipyard, and the Indian Oil Corporation facility.

In 2016, the Indian Railways entrusted Kudumbashree members with a contract for upkeep and maintenance of AC waiting halls and parking lots on a pilot basis.

**A**s a first in the country, a Solar Module Manufacturing Plant, fully owned and operated by local tribal communities, has been set up in Dungarpur, Rajasthan. IIT Bombay, Rajasthan Grameen Aajeevika Vikas Parishad and the Tribal Area Development Department are supporting this company, which is managed entirely by SHG women. As of today, 86 SHG members who received training on technical and marketing aspects of Solar lamps have assembled and marketed **40,000 solar lamps & earned a revenue of USD 110,000 (at Rs, 200 per lamp)**. The SHG members who are involved in assembly, distribution and marketing of solar lamps are paid an honorarium of about INR 5000. Therefore, the project is not only providing clean light at affordable cost but also generating livelihoods and employment in rural areas.



Content with the services provided, the Railways extended the contract to manage parking lots in 40 stations, including five major stations under Trivandrum division, for three years. In another initiative, the Department of Tourism has released a government order directing District Tourism Promotion Councils in all 14 districts of Kerala to implement 'Clean Destination Campaign' through Kudumbashree women. About 1,400 Kudumbashree members, including transgenders, are employed through these initiatives, earning a monthly income between INR 10,000-15,000 (USD 140-210). A logical next step would be to think through creatively on the transition from self-employment opportunities to entrepreneurial ventures.

Irrespective of the chosen approach, public procurement through SHG women-owned enterprises must be dealt with caution. SRLMs must build capacities of women entrepreneurs to independently and critically review contracts for unfavorable business terms.

While the above examples point to specific local successes, the larger policy approach and environment have provided measures such as set-asides, bid-price preferences, and sub-contracting through the Public

Procurement Bill to encourage MSE participation in government procurement.

To ensure enforcement of these measures, the government has developed facilitative platforms such as Government E-Market Place (GeM) and MSME Sambandh Portal. While GeM is an inclusive e-marketplace where suppliers (including MSEs) can list their products and services for purchase by government organizations, the latter is a monitoring mechanism to track procurement from MSEs by central government entities.

In February 2019, the government launched another initiative called 'Swayatt' to assist enterprises run by women and other vulnerable groups to make their products accessible to over 33,000 government buyers through GeM.



## Key Lessons and the Way Forward

The recent efforts made by MoRD are based on the fact that the mandate of poverty alleviation can truly be achieved only by developing synergies between different government programmes. In addition, the experiences of various state-supported rural livelihood programs has shown that investments in social and economic mobilization of the rural poor leads to increased voice, participation and representation of the rural poor in local governments; creates demand side accountability; and pressure for improvements in local governance and last mile service delivery.

In many states, this has led to convergence of various public services, entitlements and programs at the household level, resulting in better targeting of the development programs including increased access to nutrition services and reduction in malnutrition and infant and maternal mortality, increased access to social safety nets including the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), pensions, PDS entitlements and insurance services.

In the entrepreneurship domain, while stand-alone policy initiatives may potentially distort markets, these efforts help in leveling the playing field for women-owned



MSEs in the complex terrain of public procurement. Yet, the long-term gains will be realized when we enable entrepreneurs to learn from their experience of public procurement, to build their skills and firm capabilities to compete in other markets. But, for now, rural women entrepreneurs are mastering the art of doing business with government.

The early results of the convergence initiatives launched by the NRLM have yielded promising results and it is expected that these efforts under the overall framework of Mission Antyodaya will lead to a paradigm shift in the implementation of rural development schemes.

### ABOUT THE DISCUSSION NOTE SERIES

This note is part of the South Asia Agriculture and Rural Growth Discussion Note Series, that seeks to disseminate operational learnings and implementation experiences from World Bank financed rural, agriculture and food systems programs in South Asia.

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*Moving Forward towards  
Rural Economic Transformation*

## Context

Overview of implementation experience and progress: The first phase of the National Rural Livelihoods Project (NRLP), which aimed to reach 4.8 million rural women, was implemented across 13 states, 162 districts and 580 blocks of the country. NRLP was meant to support the launch and expansion of the Government of India's flagship programme for poverty alleviation, the Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAY-NRLM) and provide additional pro-poor investments in 13 states with the highest poverty rates which accounted for almost 85% of the poor in India. This program marked a strategic shift within the Ministry of Rural Development (MoRD) from a focus on allocation, disbursement, and monitoring of central government financial resources, to

the provision of skilled technical assistance to states under the aegis of the DAY-NRLM.

NRLP was aimed at supporting DAY-NRLM in developing and creating proof of concepts for rolling out all systems essential for effective and smooth implementation as well as strategies and protocols for poverty alleviation through community institutions and self help. This included the development of standard program guidelines, manuals for financial management, procurement management, human resource management and an MIS for the uniform roll out of the program across all states.

NRLP also facilitated MoRD in providing Technical Assistance to the states through

supporting creation of a National Mission Management Unit at the Central level, manned with high quality professionals with specialized skills and experience in the various verticals of the programme. At the state level, in order to have an effective implementation structure, 20 states created State Rural Livelihood Missions that were autonomous bodies, registered mostly as societies, under their respective Rural Development Department.

Qualified professionals in the rural development sector were recruited at the state, district and block level, together with a large number of community professionals and cadres to spearhead this program, unprecedented in impact and scale.

### *Progress and results achieved to date through the NRLP and the DAY-NRLM:*

Strong results have been seen across the following rubrics: 1) social mobilization of the poor into self-help groups (SHGs) and their federations, building both individual and institutional capacity 2) enhanced access to credit and other financial services and 3) livelihoods improvements and 4) raising awareness on several issues of social development.

#### **1. Social mobilization, institution and capacity building**

The NRLP has far surpassed the projected target of 400,000 SHGs, having mobilized more than 9.5 million rural women into 810,613 SHGs. These SHGs have been further federated into 54,069 Village Organizations (VOs) and 3331 Cluster/ Gram Panchayat level Federations (CLFs/GPLFs). The lessons drawn from implementing the NRLP has helped



the DAY-NRLM in rapidly expanding its footprint. As of November 2019, the DAY-NRLM is being implemented in 5971 blocks across 646 districts and has been able to mobilize 65.7 million households into 5.94 million SHGs. Extensive training and capacity building support have enabled the SHGs and their federations (VOs, CLFs) to graduate into self-managed institutions – however, dedicated efforts will be required

to put in place mechanisms and protocols to ensure the sustainability of these institutions post DAY-NRLM.

The NRLP, by focusing on the poorest households in the poorest states, has demonstrated an effective targeting approach where more than 57% SHG members belong to Scheduled Castes, Scheduled Tribes or other minority

1. Approved on July 5, 2011 at a cost of US\$ 1000 million (SDR 635.8 million).

2. It was envisaged that MoRD would reach all remaining rural poor throughout the country through its own resources using the institutions created and supported by the NRLP at the national and state level.

3. Assam, Bihar, Chhattisgarh, Jharkhand, Gujarat, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, West Bengal, Karnataka and Tamil Nadu

households. Another notable innovation and achievement of the project has been the community driven strategy that has made DAY-NRLM truly a programme for rural women and by rural women. Since the launch of the project, nearly 295,000 community professionals and community resource persons (CRPs) from amongst the SHGs have been trained to undertake and further implementation of all verticals of the project on the ground.

## 2. Financial inclusion

Over the course of the project, SHG households have accessed approximately US\$ 1,190 million in private financing against a total investment of nearly US\$400 million from the project (with nearly US\$ 300 million in direct community level grants provided as revolving funds and community investment funds). SHG members have managed to mobilize savings worth US\$ 229 million and institutional credit worth US\$ 640 million from banks. Under the NRLP, a strong focus was introduced in January 2016 to scale up digital financial services. The program has trained and empowered more than 5000 SHG members as Business Correspondent Agents (BCAs), who are also called "Bank Sakhis" to provide last mile



delivery of financial services. The "Bank Sakhis" intervention, originally piloted under the NRLP, has been mainstreamed under the DAY-NRLM. It is envisaged that the Mission will deploy at least 1 SHG member as Bank Sakhis in approximately 2 lakh Gram Panchayats by 2023-24.

## 3. Income enhancement

By focusing on livelihood diversification and income enhancement, the NRLP introduced and assessed interventions related to

agriculture and livestock management. Over 2 million households have availed technical services under the program to enhance agricultural productivity. These efforts were substantively abetted by economic initiatives designed to enhance human development outcomes, such as the development of producer collectives focused on high value agriculture commodities, digital finance interventions and convergence with other schemes of the Government in the rural areas, through the mechanism of dedicated funds introduced in the second project

## Preliminary results from the NRLP Impact Evaluation

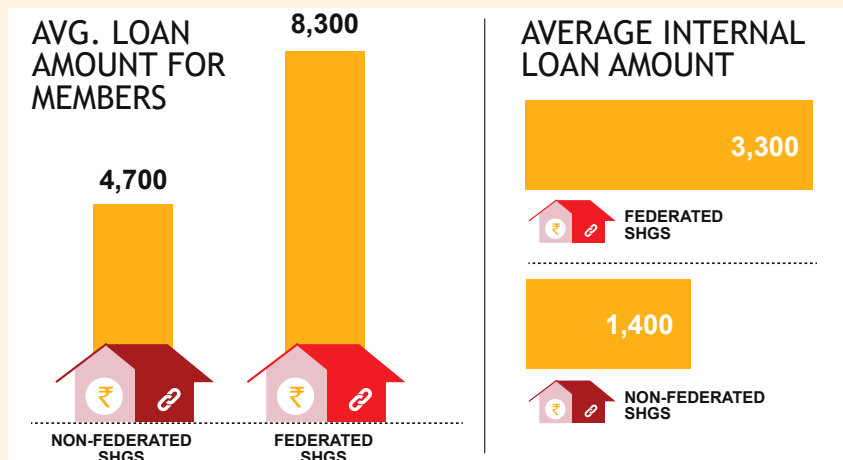
A joint impact evaluation study conducted across 27,000 households in 9 states\*, by a team from Stanford, 3ie and Vrutti, has revealed promising preliminary results. Some highlights are noted below:

- Savings in SHGs, SHG loans and wage earnings increase with program duration: It was found that the annual income of SHG members who belonged to older SHGs was approximately Rs 9,000 more than more recent SHGs, with the difference in age being



approximately 2 1/2 years. This indicated an improvement in SHG household income of approximately 9% annually. The impacts are

significantly higher for SC and ST members. Over a 3 year period therefore, an overall income effect of 27% was observed



- The federated structure of the NRLP significantly enhances women's role in decision making within the household and their access to credit and institutional forms of savings: The average member loan amount from banks for SHGs that are 3 years of age and have been federated with VOs for 3 years (on average) is almost double as compared to SHGs of similar age that have not been federated (Rs.8,300 as opposed to Rs.4,700). The average internal loan amount within the SHG is also approximately double – Rs. 3,300 as opposed to Rs. 1,400.
- The increased decision making power and access to loans is reflected in significant improvements in dietary diversity and quality of houses.
- In Gram Panchayats that are led by members of the Scheduled Castes, Scheduled Tribes and women there is a noticeable shift in women, SHG members' confidence and ability to engage with the larger socio-political universe.
- The study found evidence of a declining adherence to the prescribed SHG norms

(Panchsutra), as well as declining program effects on access to loan and incomes, over time, amongst the oldest SHGs, indicating possibly that other activities are taking precedence.

This pioneering evaluation of the NRLP program implemented at scale, unlike the evaluation of pilot programs, enables us to assess the impact of scale on program implementation and corresponding differences in implementation between early and late SHGs. The study is groundbreaking in its intensive use of MIS data on the universe of all SHGs in survey districts and blocks and paves the way for critical improvements in program design and meaningful implementation of the NRETP.

\*Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh, West Bengal

**For more information:** <https://www.3ieimpact.org/our-work/livelihood/nrlm>

restructuring in January 2016 in select geographies. By the end of the first phase of the NRLP in June 2018, 7 states had availed of these livelihood funds to promote 12 producer collectives, involving 113,000 farmers with an overall budget of US\$ 24 million. Across the DAY-NRLM, these approaches have expanded to 9 States involving 147,000 farmers.

#### **4. Technical assistance to the National Rural Livelihood Mission**

The NRLP has supported the DAY-NRLM program with technical assistance that has enabled the MoRD to successfully expand the project to all 29 states and 5 union territories of the country. The NRLP has enabled (a) the

setting up of a National Mission Management Unit (NMMU) that has engaged technical experts to support the implementation of the DAY-NRLM; (b) the development of standard program guidelines; and (c) the development of the financial management, procurement management, human resource management and an MIS for the uniform roll out of the program across all states.

#### **5. Maximizing Finance for Development (MFD)**

The NRLP and the DAY-NRLM provide an outstanding operational example of how to leverage resources under the principles of MFD. A total of 65.7 million rural women, enrolled in 5.94 million SHGs, have

cumulatively leveraged nearly US\$38 billion of financing from formal financial institutions since the launch of the DAY-NRLM in 2011. The US\$ 500 million investment of the Bank leveraged an investment of US\$ 2 billion from the GoI for the DAY-NRLM. Convergence initiatives with welfare schemes targeted at SHG members supported through the NRLP and the DAY-NRLM, account for a significant volume of additional resources. And finally, States have leveraged technical assistance via partnerships with multiple stakeholders across the development and private sector, while at the National level, partnerships such as the one with the Bill and Melinda Gates Foundation and TATA Trusts enable technical assessments and learning for improved impact.



## 6. Female Labour Force Participation (FLFP)

Between 1972 and 2013, FLFP in India declined from 31.8 percent to 26.7 percent. The DAY-NRLM program design was centered on the premise that entrepreneurship can transition more women into the labor force through self-employment and help by creating livelihood opportunities for other women, as female entrepreneurs are more likely to hire female workers. The program was tailored to foster positive and sustainable impacts on female labor force participation, livelihoods, income, assets, skill development and household welfare.

Among the most important reasons for the decline in rural FLFP in India was a reduction in agricultural jobs. The DAY-NRLM has therefore encouraged a shift from casual farm labor towards self-employment in high value agriculture and non-farm businesses. According to a recent study, there is a significant increase in the number of self-employment livelihood activities in farm (5.4 percent) and non-farm (0.7 percent) activities in the DAY-NRLM treatment areas. There is a 5.5 percent increase in the Work Participation Rate (WPR), and overall 13.6% more women have been retained in the labor force in the DAY-NRLM areas. This has in a large measure been supported by the two sub-

schemes of DAY-NRLM for skill training and placements viz. the Deendayal Upadhyaya-Grameen Kaushalya Yojana (DDU-GKY) and the Rural Self Employment Training Institutes (RSETI) sponsored by Public Sector Banks, which provide free residential trainings to rural poor youth and facilitate placements and self employment.

*The NRETP takes cognizance of the clear and significant economic benefits of increased female employment and will continue to pursue the integrated approach adopted under the DAY-NRLM.*

## COMPONENTS OF ADDITIONAL FINANCING

### ▶ Institutional and Human Capacity Development



This component will finance technical assistance consultancies, human resources, training and development of training material/approaches.

### ▶ State Livelihood Support

The focus will be to increase the uptake of economic activities like value chain development (VCD), enterprise and skills development.



Value chain development for high value farm and non-farm commodities

Enterprise development  
Skills training interventions



Digital, financial services and access to finance

### ▶ Innovation and Partnership support



In line with the original design of the project, the component will finance pilot initiatives and technical assistance consultancies that support innovative livelihoods activities in agriculture, livestock, youth employment, nutrition activities among others, for rural poor households.

### ▶ Project implementation support



This component will strengthen the National Mission Management Unit (NMMU) for effective project management at the national level; finance Monitoring and Evaluation (M&E) activities and ICT initiatives

## Intervention

### From NRLP to NRETP

The World Bank's partnership with MoRD is predicated on bringing innovation and leveraging global and national learning

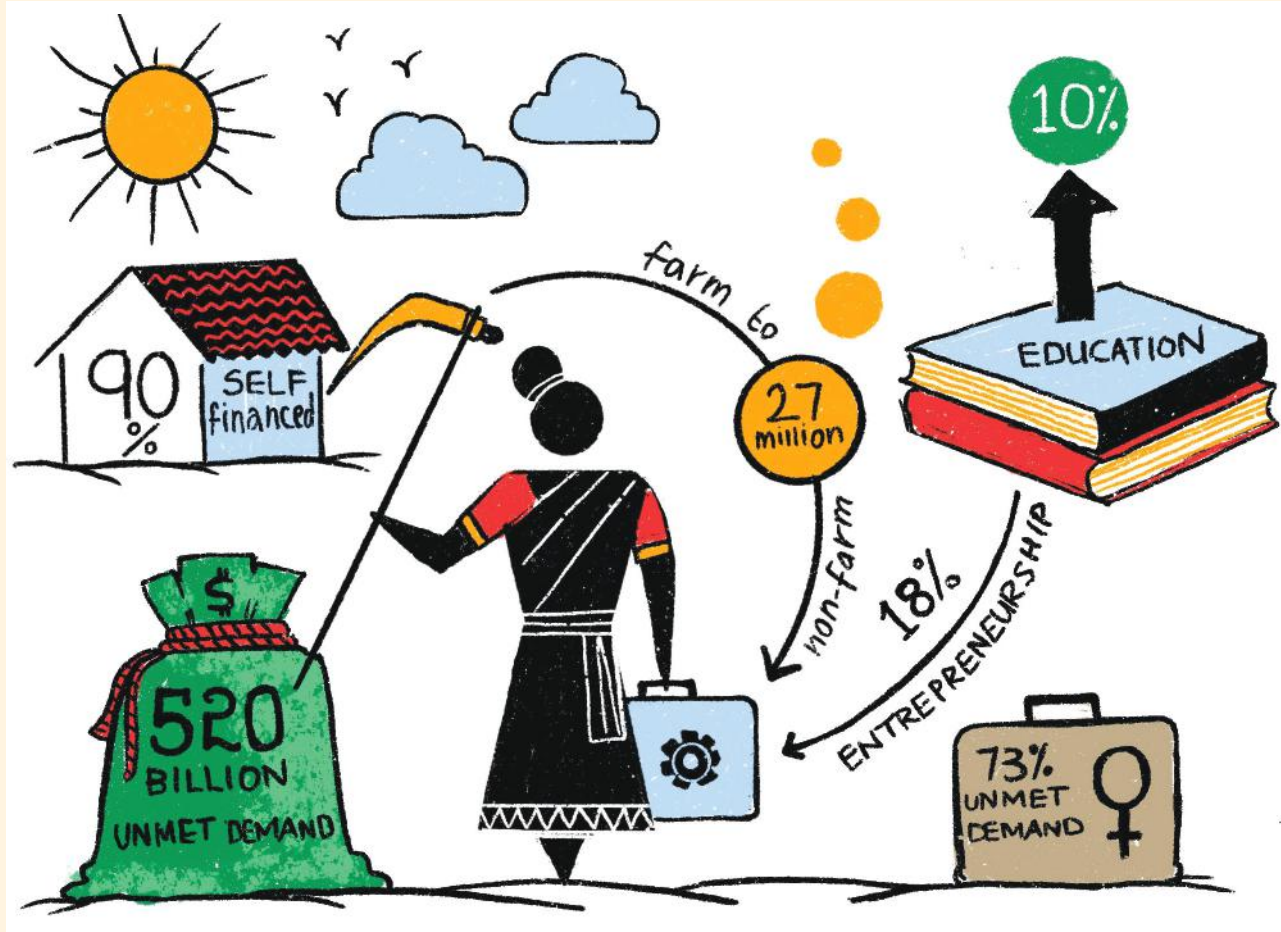
to improve the impact of the program. Building on the aspirations of rural households actively engaging in the DAY-NRLM and accessing public services through convergence and participation

in Gram Sabhas, the program now needs to help promote higher order economic transformation. The National Rural Economic Transformation Project (NRETP) was conceived of as the next

4. Labor and Welfare Impacts of a Large-Scale Livelihoods Program: Quasi-Experimental Evidence from India by Vivek Pandey, Abhishek Gupta, and Shivani Gupta. <https://openknowledge.worldbank.org/handle/10986/31873>

5. Mission Antyodaya ([rural.nic.in/more/mission-antyodaya](http://rural.nic.in/more/mission-antyodaya)) is a program of the MoRD, which seeks convergence impacts across a number of target Gram Panchayats. In areas that overlap with the project, NRLP will complement Mission Antyodaya's objectives through project investments to SHGs/POs and by providing technical assistance for identifying the scope for convergence and for monitoring.

## EMPOWERING WOMEN AND RURAL HOUSEHOLDS



Over the last decade, 27 million women have shifted from farm to non-farm sectors but the decline in agricultural jobs has not been offset by other employment for women. Diversification of employment evident across the economy has left women behind with a significantly lower proportion of rural women benefitting from non-farm employment. In the last decade, 5 million additional women joined the non-farm sector while the rest withdrew from the labor force for possible reasons of safety, job immobility, lack of skills, increased education opportunities and increased male earning potential.

Women face significant constraints to entrepreneurship stemming from low levels of skill, inhospitable enabling

environments, lack of access to formal finance, business development services, infrastructure and technology. More than 90% of household enterprises are self-financed indicating an unmet demand of US\$ 520 billion.

Lack of education and skills remains the biggest constraint for women.

*A 10% increase in education is correlated with an 18% increase in female entrepreneurship. Women's ownership of enterprises is also highly correlated with increased labor participation by women. An estimated 73% of demand for finance for*

*female businesses is unmet and the data suggests that female networks and access to business and advisory services are important determinants of enterprise growth.*

The NRETP will build on the initial successes of the NRLP and the DAY-NRLM and continue to emphasize women's access to economic opportunities. The NRETP also anticipates the additional efforts required to engage women entrepreneurs and ensure that women are recognized and accorded rights in the ownership and management of emerging producer collectives and rural enterprises.

phase of the NRLP, through additional financing of US\$ 250 million via an IBRD loan, to focus on the upward graduation of livelihoods/economic activities. The NRETP is mandated to identify and finance approaches to achieve these ambitions and to coordinate with the objectives of the Mission Antyodaya program of the Ministry of Rural Development in order to accelerate economic transformation and increase convergence of existing government programs with the DAY-NRLM, building on the NRLP outcomes.

### **What does NRETP focus on?**

Investment support for economic initiatives: The initiatives under the DAY-NRLM have demonstrated that the approach of building strong social and financial capital can provide a launch pad for a new generation of economic initiatives such as the promotion of high value agriculture commodities and value chain development (VCD) through improvements in market access, rural enterprise and skill development, and the introduction of digital finance innovations.

Results to date indicate that these investments are starting to transform a significant proportion of SHGs into viable economic agents with the potential to engage with an evolving rural economy. DAY-NRLM fundamentally aims to address voice, agency and economic opportunities for rural women, making this program the largest social, financial and economic empowerment program for women across India and the world. From mobilizing community professionals and community resource persons, to training and empowering women Business Correspondents (BCs), the program has maintained and furthered its avowed aim of women's empowerment. The NRETP seeks to build further on this strong foundation created in the 13 states under the aegis of the DAY-NRLM and NRLP.

### **.1. Institutional and Human Capacity Development**

Under NRETP, a significant component finances technical assistance consultancies, human resources, training and development of training material/approaches, in order to place skilled professionals and technical agencies to work with the DAY-NRLM at the national, state and district levels. This approach centers on (a) the retention and recruitment of professionals with business management expertise and client systems tailored to implement a market-based approach, (b) an emphasis on sourcing of technical support from agencies (Public, Private and NGOs) with expertise in rural enterprise development, (c) state-to-state learning; and other capacity building support for Mission Antyodaya.

The NRETP is also focused on expanding support for mainstreaming environmental and social sustainability of investments made under the project. New training modules on specific aspects of resource efficiency and minimization of adverse impacts of climate change have been developed and rolled out.

### **2. State Livelihood Support**

Support under the NRETP aims to increase the uptake of economic activities like value chain development (VCD), enterprise and skills development. Specifically, the activities intended to be financed include (a) support to the SRLMs, with a focus on districts that will be selected for project coverage; (b) support to strengthening existing community institutions (VOs and CLFs) to ensure the sustainability of all interventions under DAY-NRLM (c) mobilization and strengthening of producer collectives, including support to strengthening existing

community institutions (VOs and CLFs); (d) financing for community organizations (SHG federations and producer collectives) mainly for VCD for farm and non-farm commodities, enterprise and skill development; (e) end-to-end value chain investments for high value commodities and innovative pilots involving community organizations and; (f) facilitation of higher order financing for producer collectives and skills development and provision of digital financial services.

### **3. Maximizing Finance for Development (MFD)**

In line with the intention to innovate and identify impactful interventions, and to crowd in the efforts of a range of development partners, the NRETP is financing pilot initiatives that support innovative livelihoods activities in agriculture, livestock, non-farm enterprises, youth employment, nutrition activities among others, for rural poor households, in partnership with private sector, public sector and civil society organizations. This approach includes convergence of a number of government programs including those of the Ministry of Rural Development, piloted under the NRLP through convergence funds.

*The program also aims to facilitate the convergence of private sector, philanthropy, social enterprises, impact investors and other development partner supported programs to achieve targeted impacts in chosen/pre-defined development/village clusters.*



## Key Lessons and the Way Forward

The South Asia Agriculture and Rural Growth discussion notes (1-8) endeavors to capture a number of lessons from the NRLP approach which the NRETP will continue to build on. The program will significantly advance gender mainstreaming and the women's economic empowerment agenda through specific interventions on women-led producer collectives and enterprises, building upon the experiences of the Start Up Village Entrepreneurship Programme (SVEP) and upgrading of skills in selected self-employment occupations for women SHG members and youth. Further, interventions and strategies on digital payments, financial inclusion and literacy, business correspondents and enterprise financing are expected to lead to significant financial empowerment of rural women. Support to Mission Antyodaya will strengthen women's advocacy and agency in the delivery of social safety nets and entitlement services for the rural poor. Nutrition sensitive agriculture and interventions on food handling and hygiene will benefit women and household health. Program monitoring will continue to track and report on gender, inclusion, citizens' engagement and women's economic empowerment.

The next few years of this support to DAY-NRLM must also address the following concerns:

- How to ensure that community institutions are sustainable and remain inclusive and participatory, such that it evolves in consonance with the needs of its members and with local government functions and has strong mechanisms in place to be able to ensure sustainability of the interventions under DAY-NRLM and NRETP beyond the project period.
- Since there is no demonstrated pathway for interventions, a trial and error approach is needed for adaptive learning and appropriate course correction. The program must build systems to track and monitor and maintain the flexibility to develop tailor-made interventions.
- How can we ensure improved convergence – both at the inter-ministerial and department level. Since the beneficiary base of multiple government programs remains the same, a holistic approach to targeting and delivery of schemes for poor and vulnerable households, would lead to more efficient resource allocation.

- Similarly, there is a need to build on and streamline external partnerships, particularly in the area of livelihoods.
- While maintaining the gender focused interventions of the NRLP, the NRETP must now seek to reorient and expand it's scope to support stronger rural economies.

For geographies experiencing high-levels of social exclusion and poverty, the NRLP and DAY-NRLM project design continues to be relevant in demonstrating the foundations for implementing participatory rural livelihoods programs. However, given resource constraints, livelihood interventions need to align and evolve with community needs. Scale-up efforts should continue to remain socially inclusive, building on the strong foundation of CBOs and include grievance redressal mechanisms.

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*Further, as the NRETP supports the transition to rural economic transformation, there is a need to ensure pathways for communities to self-manage and self-govern.*

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