

Women's Economic Empowerment in India

Policy Landscape on Collective Action

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About the Document

The document *Policy Landscape on Collective Action* is part of a larger study on the landscape of Women Economic Empowerment (WEE) policies in India. It is published along with a main summary document and six other documents, that together look at the domains relevant to WEE - collective action, unpaid work, skill development, quality work, social protection, property and assets, and financial inclusion.

The primary objective of the landscape study is to map the relevant schemes and policies that are closely aligned with the objective of promoting economic empowerment for women in India. In addition to undertaking a mapping exercise, the authors were tasked with analysing various central and state government schemes, studying current priorities, international conventions and best practices for promoting women's economic empowerment, and reviewing relevant evaluations to identify implementation and evidence gaps.

The study employs a critical gender lens to identify promising exemplars of transformative policies in terms of design features, implementation efficacy, and impact. It also highlights the gaps in the broader policy landscape of India, with respect to women, as well as in evidence.

Overall, the study aims to inform priorities for addressing critical evidence, data and knowledge gaps to improve the enabling environment for women's economic empowerment, and reduce the barriers for accessing quality work in India.

Collective Action

Collective action has been recognised the world over as a successful and effective method to mobilise people into working towards a common cause or a common objective. It has been particularly linked with social movements targeted at empowering historically oppressed communities. It is also well documented/acknowledged that encouraging communities to work together allows for better reflection of local preferences and enhances their role in monitoring the effectiveness of public service delivery.¹

The Overseas Development Institute (ODI) defines women's economic empowerment (WEE) using seven core elements, amongst which collective action is one of the direct drivers of economic empowerment.² Past research and accompanying literature shows that mobilising women to work in groups and forming collectives can be a strong source of empowerment, as this helps them achieve voice, access, participation, influence and power, which advance gender equality in the society.³

Given the above, many governments and non-governmental organisations have made several attempts to use collective action as a tool to advance different aspects of women empowerment, particularly WEE, and multiple studies have corroborated their successes. In particular, evidence suggests that creation of Self Help Groups (SHGs) can provide women with powerful social networks and be a major driving force in increasing their confidence and mobilising them for the common good.⁴ A study from Tamil Nadu shows that women associated with SHGs are more assertive of their rights on social matters within the local communities.⁵ SHGs also encourage co-learning, leading to higher awareness levels among the members, thus improving their access to other means of empowerment such as credit and banking services.⁶ They are also found to encourage decision making in the household and increase participation in local government and village meetings, thus truly being an agent of women empowerment.⁷

The origin of SHGs is often credited to the 1970's microfinance movement begun by the Grameen Bank, founded by Mohammed Yunus, as a way of ensuring credit to the most-underserved of Bangladesh's poor – its rural women. Given how Yunus refused to use excessive compliance methods such as taking defaulters to the courts or using collaterals, lending was done on the basis of trust.⁸ Borrowers were required to organise themselves into groups,⁹ and these groups became precursors for the SHGs of today.

The SHG model in India had a similar beginning. Though it began as a strategy adopted by the Urban Basic Services (UBS) Programme launched in 1985, it was Mysore Resettlement and Development Agency (MYRADA), one of the pioneering voluntary organisations in rural credit and institution building that started promoting SHGs of women from poor households.¹⁰ MYRADA worked with NABARD to replicate the SHG-Bank Linkage model through public sector and regional rural banks.¹¹ Titled the Self-Help Group Bank Linkage Programme (SBLP), it was a wide-ranging initiative which introduced its group members – many of whom had never had a bank account before – to formal financial services. The programme continued for close to two decades, and its continuation was a testament to the successes of the model, and set the stage for the use of collective action in different programmes.

¹ A Study On SHGs And Economic Empowerment Of Women-An Approach Towards Inclusive Growth, Xavier Gine and Ghazala Mansuri, World Bank Blogs, 20/02/18, <https://blogs.worldbank.org/developmenttalk/improving-public-service-delivery-through-local-collective-action>

² Women's economic empowerment: Navigating enablers and constraints, Abigail Hunt and Emma Samman, ODI development progress: Research report, 09/2016, <https://www.odi.org/sites/odi.org.uk/files/resource-documents/10683.pdf>

³ Collective action and political voice for women's empowerment, Institute of Development Studies, 6/03/2019, <https://www.ids.ac.uk/news/collective-action-and-political-voice-for-womens-empowerment/>

⁴ Economic empowerment of rural women by self-help group through micro credit PhD, Prof PSR Murthy, Link

⁵ Self-help groups and women's empowerment, 07/2015, https://www.researchgate.net/publication/283026425_Self_help_groups_and_women's_empowerment

⁶ A Study On SHGS And Economic Empowerment Of Women-An Approach Towards Inclusive Growth, Vinodha Devi, 04/2017, https://www.researchgate.net/publication/321309105_A_STUDY_ON_SHGS_AND_ECONOMIC_EMPowerMENT_OF_WOMEN-AN_APPROACH_TOWARDS_INCLUSIVE_GROWTH

⁷ Impact of Self-help Group in Socio-economic development of India, Dr.A.Sundaram, 12/2012,

<https://pdfs.semanticscholar.org/f27e/e7d81e6bb4c88582ebd28665e31ca5b8b70b.pdf>; <https://academic.oup.com/wber/article-abstract/28/3/492/1678377>

⁸ FAQ, Grameen Bank, <http://www.grameen.com/faqs/>

⁹ Grameen bank groups and self-help groups: What are the differences, Malcolm Harper, 2019,

https://www.researchgate.net/publication/242540390_Grameen_bank_groups_and_self-help_groups_What_are_the_differences

¹⁰ The Kerala CDS Model, Kudumbashree website, <http://www.kudumbashree.org/pages/178>

¹¹ The Self-Help Groups Movement in India, Narendra Kande, Bill & Melinda Gates Foundation, 08/01/2015, <https://www.impatientoptimists.org/Posts/2015/01/The-Self-Help-Groups-movement-in-India#.XOY6TqRX59A>

A commonality noticed in successful collective action movements remains their bottoms-up and demand-driven approach¹² i.e., the local communities taking charge of the movement rather than it being driven from higher levels of government. This remains the case in India as well where, over time, there has been a growing acknowledgement of the SHG movement as a decentralised one, capable of socially and economically empowering the poor. This has resulted in its formalisation, with the lens moving from a microfinance oriented one, to one which adopts a more holistic approach. The change can be seen in the way the movement was co-opted by the numerous states who anchored them, via state-run rural empowerment programmes. This eventually laid the ground work for the National Rural & Urban Livelihoods Missions (DAY-NRLM & DAY-NULM), which sought to drive women empowerment, poverty alleviation and livelihood promotion in India.

BARRIERS FOR WOMEN IN COLLECTIVE ACTION

The government in India has been undertaking several initiatives to mobilise women, especially the poor, into SHGs, through supportive policies and institutional measures. In doing so, these policies try and address the many barriers that affect collective action, which are summarised below.

Concerns	Barriers
Awareness and social cohesion	<ul style="list-style-type: none"> • Lack of awareness about existence of SHGs/benefits that can be accrued through SHGs • Affinity based groups may exclude certain communities in small habitations
Government-backed interventions	<ul style="list-style-type: none"> • Multiple levels of documentation and difficulty in navigating government bureaucracy to avail scheme benefits
Social protection	<ul style="list-style-type: none"> • Absence of basic utilities like clean water, electricity and fuel increases women's household responsibilities and reduces their free time
Business understanding	<ul style="list-style-type: none"> • Lack of understanding/experience in running or managing business, including management of finances, budgeting and market linkages
Financial inclusion	<ul style="list-style-type: none"> • Absence of banking sector penetration • Control of male family members over bank accounts and finances • Absence of assets as collateral for bank loans and/or lack of documentation for loan-taking
Societal norms and gender stereotyping	<ul style="list-style-type: none"> • Restrictive social norms such as expectations of unpaid work • Familial fear of women's safety • Lack of physical spaces for women to gather for collective action activities
Legal protection	<ul style="list-style-type: none"> • Lack of adequate protection for women through policies leading to exploitation and fraud
Digital literacy and technology	<ul style="list-style-type: none"> • Limited/no understanding as well as lack of ownership and use of technology and devices

COLLECTIVE ACTION SCHEMES – TRENDS

Collective action schemes are largely targeted at marginalised population groups, including women, through mobilisation into SHGs which are synonymous across collective action efforts of the government as well as non-government organisations. As is the case across the other buckets of the ODI framework, the central government has its flagship schemes built on a base of collective action, while select states have their independently run schemes as well. Depending on the target area, the scheme is anchored by the relevant Ministry at both central and state levels.

¹² Collective Action and Empowerment: Rural Development Report, International Fund for Agricultural Development, 2016, https://www.ifad.org/documents/30600024/30604603/chapter_10.pdf/891541c4-5aed-44fa-bf27-1e37e610c8f1

The central government has two schemes designed to harness the benefits of collective action – the National Rural Livelihoods Mission and the National Urban Livelihoods Mission. The former is one of the flagship schemes of the Ministry of Rural Development and is currently implemented across all the rural areas of the country. It leverages SHGs formed through the scheme, and builds on them by providing access to credit and financial inclusion. Other benefits such as skill development are also incorporated in the scheme design. Similarly, the NULM aims to replicate the advantages witnessed in the implementation of the NRLM in urban areas, with additional components, like addressing street vendors and the urban homeless. NULM is relatively recent as compared to NRLM and its scope is limited as seen through budgetary allocations. Where NRLM has seen consistent growth in budget, with the latest budgetary allocation in 2019-20 setting aside an amount of Rs. 9,024 crores,¹³ NULM has witnessed inconsistent allocations, though the latest allocation of Rs. 750 crores is a considerable hike in comparison to earlier years.¹⁴

An analysis of both these schemes have been presented in this study, along with the Government of Maharashtra's Tejaswini scheme. Insights from stakeholders, non-government reports, government budgets and external evaluations have been incorporated into the analysis to draw key findings.

A long list of collective action schemes can be found below.

¹³ Output Outcome Framework 2019-20 (Major Central Sector & Centrally Sponsored Schemes), https://www.indiabudget.gov.in/doc/OutcomeBudgetE2018_2019.pdf

¹⁴ Output Outcome Framework 2019-20 (Major Central Sector & Centrally Sponsored Schemes), https://www.indiabudget.gov.in/doc/OutcomeBudgetE2018_2019.pdf

COLLECTIVE ACTION SCHEMES – NATIONAL LEVEL

Policy Name	Focus Area	Target Group	Geographical Reach	Longwe Framework Bucket	Past Evaluations
National Rural Livelihood Mission/Deen Dayal Antyodna Yojana	Reduction in poverty by improving livelihoods	Rural poor/vulnerable households	National	Access (with associated impact on control, participation and heightened consciousness)	<p>Independent Assessment of Design, Strategies and Impact of DAY-NRLM - IRMA¹⁵</p> <p>The report points out various high, low and medium impacts as observed on the ground:</p> <ul style="list-style-type: none"> Indicators with high impact include women empowerment, access to microfinance, institution building and increase in livestock production. Notable indicators with low impact include an increase in income, improvement in agricultural techniques and infrastructure development. <p>With specific respect to SHGs, the report recognises the Mission as being largely successful in creating sensitive support structures right up to the block level.</p>
National Urban Livelihood Mission/Deen Dayal Antyodna Yojana	Reduction in poverty by improving livelihoods	Urban poor/urban homeless	National	Access (with associated impact on control, participation and heightened consciousness)	<ul style="list-style-type: none"> Studies & evaluations on the impact or status of the scheme on women not undertaken/not readily available.

COLLECTIVE ACTION SCHEMES – STATE LEVEL

Apart from the above, some state level schemes are summarised below.

Policy Name	Focus Area	Target Group	Geographical Reach	Longwe Framework Bucket	Key Findings of Past Evaluations
Tejaswini-Maharashtra Rural Women's	Nurturing grassroots institutions, microfinance	Rural women	Maharashtra	Access (with associated impact on control, participation and	<p>IFAD Supervision Report¹⁶</p> <p>The report notes that:</p> <ul style="list-style-type: none"> The overall rating of this programme is satisfactory (Score=5 out of 6).

¹⁵ Independent Assessment of Design, Strategies and Impact of DAY-NRLM, Institute of Rural Management Anand, https://aajeevika.gov.in/sites/default/files/IRMA%20NRLM%20Final%20Report_Without%20Design.pdf

¹⁶ Tejaswini: Maharashtra Rural Women's Empowerment Programme Supervision report, Investing in Rural People, 24/03/2017, <https://operations.ifad.org/documents/654016/539446c4-6672-4120-9598-a2dc8d57ae30>

Empowerment Programme	and livelihood improvement			heightened consciousness)	<ul style="list-style-type: none"> The collaboration with ICICI Bank for loans is ‘robust with excellent performance track record’, and low NPAs. <p>The programme has demonstrated five vital elements of poverty eradication programme. They include: (i) no-subsidy for household level investment; (ii) credit discipline linked bank loan; (iii) public investment requirement in support services; (iv) ability of poor people to pay service charges; and (v) ability to build self-sustainable community institutions. These principles can be replicated and scaled up with low investment.</p>
Targeted Rural Initiatives for Poverty Termination and Infrastructure (TRIPTI)	Socio-economic development of the rural poor, especially women	Rural poor/SHGs	Odisha	Access (with associated impact on control, participation and heightened consciousness)	<p>World Bank Group¹⁷ The study notes that:</p> <ul style="list-style-type: none"> Increased access to more affordable credit among the treatment households saw no increase in either household assets or overall consumer spending, which are important indicators in rating changes to economic welfare. <p>Improvements in women’s mobility were also observed, though limited to specific roles such as attending SHG meetings and going to banks, rather than to their mobility outside the household in general.</p>

¹⁷ The South Asia Food and Nutrition Security Initiative, World Bank South Asia Group, <http://documents.worldbank.org/curated/en/457931487143179754/pdf/I12833-BRI-PI30981-ADDSERIES-PUBLIC-Orissa.pdf>

As seen from the tables above, there are several government interventions utilising the benefits collective action brings for women empowerment, both at the national and state levels. The two main national interventions – the NRLM and the NULM – are implemented as centrally sponsored schemes, which means that they are funded in the major part by the central government and to a limited extent by the states, with implementation being the responsibility of the latter. These schemes are targeted exclusively at poor women, with an exception made for handicapped men. Realising the benefits of collective action, many states have also been running their own schemes in this area, such as the Tejaswini scheme by the Mahila Arthik Vikas Mahamandal (MAVIM) in Maharashtra. In addition to the above, SHGs also remain well-acknowledged in their ability to be the channel of convergence for improving accountability and last-mile service delivery.¹⁸ In India, this has resulted in SHGs being used as the common denominator for many government-run programmes such as the Integrated Child Development Services, the National Health Mission, as well as the Swachh Bharat Mission.

In this section, we present a brief analysis of three schemes in collective action – NRLM and NULM at the central level, and Tejaswini at the state level – to provide an understanding of their design and implementation. These schemes have been selected basis four factors – targeting, size, differences in design and evaluations undertaken.

NRLM: National Rural Livelihood Mission was launched in 2011 after restructuring the Swarnajayanti Gram Swarozgar Yojana (SGSY). The Mission aimed to mobilise people into SHGs and utilise their collective action towards reducing rural poverty by promoting skilling and self-employment opportunities. The Mission also subsumed certain successful state-run rural poverty elimination programmes which had beginnings prior to NRLM, such as the Government of Bihar's JEEVIKA, or the Government of Kerala's Kudumbashree, designating them as the respective State Rural Livelihood Missions (SRLM) and making them a formal extension of the National Mission. In turn, this has strengthened the state-based movements and helped disseminate their learnings to other states.

The MoRD, under the Government of India, funds the Mission which is implemented by the SRLMs that are Special Purpose Vehicles (SPVs) under the state governments. States prepare Annual Action Plans (AAP) through the SRLMs and submit it to the MoRD, based on which central funds are released in instalments to the state treasury, which transfers the funds to the State Missions, along with their share. NRLM is built as a framework by the central government, and its design allows for states to adapt to their needs and resources accordingly, thus giving them flexibility in the implementation aspects.

NRLM rests on three pillars of universal social mobilisation, financial inclusion and livelihoods enhancement,¹⁹ and strives to bring at least one member (preferably a woman), from all poor families into the SHG network.²⁰ The Mission leverages Community Resource Persons (CRP) from within the community to marshal the poor into SHGs, and set in place processes that would enable SHGs to become eligible for bank loans in the future. The SHGs are handheld for a period ranging from 12 months to 24 months, after which they are expected to be sustainable.

The scheme is implementation intensive with the state having to involve itself with SHGs at every step of their evolution and growth, while also being responsible for monitoring of the scheme. Conversations with multiple stakeholders reveal that while the Mission is quite successful in mobilising the poor into SHGs, it does not do as well with respect to ensuring their sustainability. There are reports of the Mission being target driven leading to coercion of people to form SHGs as well as lack of adequate handholding, to nurture them as sustainable community organisations. However, multiple stakeholders have also credited the Mission for creating the foundation of community-based groups which have been utilised to reach out to the poor under other government interventions as well.

¹⁸ National consultation on transforming lives through livelihoods thrust and Strategy for Poverty Free Gram Panchayats, Ministry of Rural Development, Government of India, 23/04/2017, <http://pib.nic.in/newsite/erecontent.aspx?relid=161044>

¹⁹ FAQs, Website of NRLM, Ministry of Rural Development, Government of India, <https://aajeevika.gov.in/content/faq>

²⁰ Note: NRLM being a highly process oriented Mission is divided into different levels. Largely, all blocks and districts in which all components of NRLM are implemented are treated as 'intensive' blocks and districts, whereas the remaining are classified as 'non-intensive' blocks and districts. In the former, implementation is carried out with SRLM staff and internal community resource persons, while non-intensive blocks don't see any implementation. Additionally, there are also a few 'resource blocks' which are around 5-6% of the blocks in a state, that run with National Resource Organisation support, and 'Partnership Blocks' that run with the aid of partner NGOs and the like. See <http://www.kudumbashree.org/pages/436> for more details.

NULM: National Urban Livelihood Mission too follows a design similar to NRLM for mobilising urban poor into SHGs. Apart from this, in recognition of its urban characteristics, it has additional components such as skill development and capacity building, expanding market access, assisting street vendors, and providing shelters for the urban homeless. The NULM analysis shows it as being similar to its rural counterpart, with the incentives of different actors involved in the Mission being somewhat aligned, though the Mission itself remains implementation-heavy. However, stakeholder consultations reveal that the homogeneity seen in rural groups is largely absent in urban SHGs, which creates difficulty in meeting Mission objectives. With the Mission showing underspent budget allocations, it is evident that it has not taken off as expected. However, the Ministry has proposed bringing in changes to its design, and it is likely to be expanded in the coming months.

Tejaswini: Tejaswini is a state scheme implemented by Mahila Arthik Vikas Mahamandal (MAVIM) in Maharashtra. Started in 1993, the scheme encourages formation of SHGs amongst the poor, as well as reviving defunct groups. As opposed to the NRLM which is a mix of target and demand driven approaches, Tejaswini is a completely demand driven. In this model, the field resource persons (called Sahyoginis) spend a significant amount of time in convincing women to form SHGs, in order to reap the benefits of collective action. A key difference with NRLM is that the SHGs under this scheme aren't provided with benefits such as skilling or financial inclusion, but are mobilised and encouraged to sustain themselves in order to obtain these benefits. Despite this key difference, the scheme is implementation intensive due to the inherent design of the scheme which requires the government to reach out, mobilise and encourage people to form SHGs. Tejaswini, supported by the International Fund for Agricultural Development (IFAD), has consistently received high scores in IFAD's supervision reports of the scheme. As per IFAD evaluations, the scheme is largely effective because it focuses on disciplined financial behaviour leading to repeat and higher order credit linkage, and promotes strong repayment by the community, thereby creating a self-sustaining business model.

(A detailed analysis of the above schemes can be found in the Annexure)

INTERNATIONAL BEST PRACTICES

The benefits and advantages of interventions based on collective action have been recognised the world over, with international development organisations such as the World Bank also endorsing its effectiveness in mobilising the poor. However, there exist very few case studies on how countries and governments mobilised the poor into SHGs or rural collectives. Rather, most existing literature focuses on how these mobilisations have assisted countries in overcoming or reducing poverty, through interventions in financial literacy, inclusion and health, among others.

Therefore, this section briefly looks at how some countries have ensured that women groups (and SHG-equivalents), and the various models adopted by them remain sustainable:

1. Bangladesh

Bangladesh's Grameen Bank microfinance programme is credited with laying the foundation of microfinance interventions for the rural poor women. Currently, the Bank has guidelines for women groups, with regular observations if these are being adhered to. Further, members of the group are eligible for loans once the first two borrowers pay back the principal and interest on their loans.²¹ Such incentive mechanisms maintain the social pressure on group members to adhere to the guidelines.

2. Ethiopia

As reported by Oxfam and studied in the World Bank's World Development Report 2012, women in Ethiopia have participated in SHGs and co-operatives to successfully set up bee-keeping units to cater to increasing international demand.²² The increased participation of women is attributed to the introduction of a new type of beehive which is

²¹ Credit Lending Models, Grameen Bank, <http://www.Grameen.Com/Credit-Lending-Models/>

²² Collective Action and Women's Agency: A Background Paper, Alison Evans and Divya Nambiar, 2013, <https://openknowledge.worldbank.org/handle/10986/21032>

easier for women to manage as compared to the traditional form of bee-keeping activities prevalent in the region.²³ The entrepreneurial model of bee-keeping and its steady revenue generation streams have ensured that the activities of SHGs and co-operatives continue in Ethiopia.

GAPS AND RECOMMENDATIONS

Basis the above analysis, the report makes the following key recommendations for the collective action section:

1. **Correcting incentives and building sustainability**

Misaligned incentive structures in the payment to CRPs can lead to over-registration of SHGs without any productive activities being carried out. This also reduces their sustainability. Therefore, introducing a system wherein CRPs are paid incentives for every stage of the SHG, beginning from registration to receiving bank loans, may help. Growth in individual and community assets can also be used as metrics to measure the effectiveness of CRPs.

Following Tejaswini's model, incentives can also be aligned to promote greater financial discipline through higher credit linkages for the SHGs that stick to payment schedules. They can also be encouraged to pay for the services of CRPs to build sustainability in their operating models.

2. **Encouraging convergence through women's collectives**

It appears that convergence of government schemes with NRLM and NULM is currently limited only to the flagship schemes. SHGs can be further strengthened if other government schemes are also converged and implemented through existing SHGs and the close networks formed by them. To enable this, mission documents of government schemes could attempt to incorporate the implementation strategy with respect to SHGs, which pre-exist in rural and urban areas due to NRLM and NULM. However, this has to be done on a voluntary basis and by incentivising SHGs adequately for their work on furthering any scheme's activities.

3. **Investing time and effort in building cohesion in urban areas**

Given lower social cohesion in urban settings, mobilisation of the poor requires focused attention, and greater effort by the field functionaries/ CRPs in urban areas. Therefore, introducing a system wherein CRPs work in groups or teams to mobilise the poor, as opposed to a single CRP might help.

4. **Commissioning evaluation studies and strengthening monitoring to understand the impact on livelihoods**

Overall, monitoring and evaluation of the impact of existing interventions could be strengthened by going beyond mobilisation efforts, into the effects on livelihoods and by looking at ancillary issues such as financial inclusion and skilling.

There is also a need to collect, analyse and disseminate data with respect to the impacts of SHGs on women, for instance, on growth in asset ownership and usage of formal banking systems.

²³ Collective Action and Women's Agency: A Background Paper, Alison Evans and Divya Nambiar, 2013, <https://openknowledge.worldbank.org/handle/10986/21032>

Collective Action Annexure

Detailed Scheme Analysis

DETAILED SCHEME ANALYSIS

Deendayal Antyodaya Yojana – National Rural Livelihoods Mission

Name	Deendayal Antyodaya Yojana - National Rural Livelihoods Mission
Type	Centrally Sponsored Scheme
Focus area	Reduction of poverty by promoting skilling and self-employment opportunities, resulting in improved livelihoods for the poor, through the creation of SHGs ²⁴
Target group	Rural poor/vulnerable households
Geographical reach	National
Scheme size	Union Budget 2019-20: Rs. 9,024 crore ²⁵ Funds released 2018-19: Rs. 5,783.5 crore ²⁶
Past evaluations	Independent Assessment of Design, Strategy and Impact by IRMA, (2017), tasked by the GoI to conduct the evaluation (Link)

BACKGROUND AND OBJECTIVE

The Ministry of Rural Development has been administering the NRLM since its inception. NRLM is structured as a centrally sponsored scheme with its implementation and a minority funding component resting with the states.

The objective of NRLM is to alleviate rural poverty and create sustainable livelihoods for the rural poor in India. In order to achieve this objective, the NRLM promotes community based institutions such as SHGs, to facilitate the provision of economic and other financial services.

EVOLUTION OF NRLM

The Integrated Rural Development Programme (IRDP) was launched in 1978-79 and targeted small and landless farmers, agricultural labourers, and rural craftsmen. The main aim was to bring them above the poverty line by giving them income generating assets, access to credit and other inputs, and to encourage them to take up sustainable self-employment opportunities.²⁷ A Planning Commission article (year not available) by its former Secretary Dr. N.C Saxena, states that a government evaluation of IRDP raised more concerns than positives about the programme, including the lack of financial resources with states, inadequate infrastructure, leakage in beneficiary identification, and poor implementation.²⁸ The evaluation also pointed other design issues which forced beneficiaries to take on additional loans in order to benefit from the programme.²⁹

The IRDP was restructured in 1999 and merged with allied schemes into the Swarnajayanti Gram Swaraj Yojana (SGSY). The overall objective remained the same, i.e., to assist poor people in crossing the poverty line by encouraging microenterprises through credit and subsidies.³⁰ SGSY moved from the individual oriented approach of the IRDP to an institution based approach, with SHGs of rural BPL families as the unit of assistance.³¹ However, multiple evaluation studies showed mixed results, with inadequate fund release by the centre and inefficient implementation of the scheme. But the programme was credited as the proof of concept for mobilising the poor into SHGs and SHG federations as a means to alleviate poverty, and for the general empowerment of India's rural poor.

²⁴ Natural Rural Livelihood Mission: Framework for Implementation, Ministry of Rural Development, Government of India, https://aajeevika.gov.in/sites/default/files/nrlp_repository/nrlm-framework-for-implementation.pdf

²⁵ Expenditure Budget 2019-20, Ministry of Rural Development, Government of India, <https://www.indiabudget.gov.in/ub2019-20/eb/sbe82.pdf>

²⁶ Expenditure Budget 2019-20, Ministry of Rural Development, Government of India, <https://www.indiabudget.gov.in/ub2019-20/eb/sbe82.pdf>

²⁷ Evaluation Study of IRDP, Planning Commission of India, 05/1985, <http://planningcommission.nic.in/reports/peoreport/cmpdmpeo/volume1/134.pdf>; Independent assessment of design, strategies, and impacts of DAY – NRLM, Institute of Rural Management Anand, 2017, https://aajeevika.gov.in/sites/default/files/IRMA%20NRLM%20Final%20Report_Without%20Design.pdf

²⁸ Integrated Rural Development Programme, Dr. N. C. Saxena, Planning Commission of India, <https://niti.gov.in/planningcommission.gov.in/docs/plans/planrel/fiveyr/welcome.html>

²⁹ Evaluation Study of IRDP, Planning Commission of India, 05/1985, <https://www.jstor.org/stable/4377543>

³⁰ Evaluation Report on SGSY, Planning Commission of India, 02/2009, https://niti.gov.in/planningcommission.gov.in/docs/reports/peoreport/peo/peo_sgsy.pdf

³¹ Independent assessment of design, strategies, and impacts of DAY – NRLM, Institute of Rural Management Anand, 2017, https://aajeevika.gov.in/sites/default/files/IRMA%20NRLM%20Final%20Report_Without%20Design.pdf

Based on these learnings, and the recommendations of the 2009 Radhakrishna Committee on Credit Related Issues under SGSY,³² the SGSY was restructured into the NRLM in its present form and was implemented in 2011.

POLICY DESIGN

The Ministry of Rural Development (MoRD), under the Government of India funds the Mission which is implemented by State Rural Livelihood Missions (SRLMs) that are Special Purpose Vehicles (SPVs) under the state governments. States prepare Annual Action Plans (AAP) through the SRLMs and submit it to the MoRD. The AAPs are made in consultation with the district and block functionaries before being finalised at the state level. Once the AAPs reach the central government level, changes, if any, are made in the pre-Empowered Committee meeting before being placed before the Empowered Committee. Changes may include budgets, activities planned and timelines.

Central funds are released in instalments to the state treasury, which in turn transfers the funds to the State Missions, along with their share. The State Missions implement the AAPs as per the protocols, SOPs and processes laid down by the MoRD. In most respects, State Missions across the board share a hierarchy that is similar to each other, and Kerala provides a reliable model for reference. As per Kudumbashree's (Kerala's SRLM) structure, the National Mission Management Unit provides technical support to the SRLMs such as Kudumbashree in the actual implementation. The State Mission Management Units implement the activities under NRLM, and are further divided into District Mission Management Units and Block Mission Management Units, who are tasked with meeting the objectives of the NRLM.³³

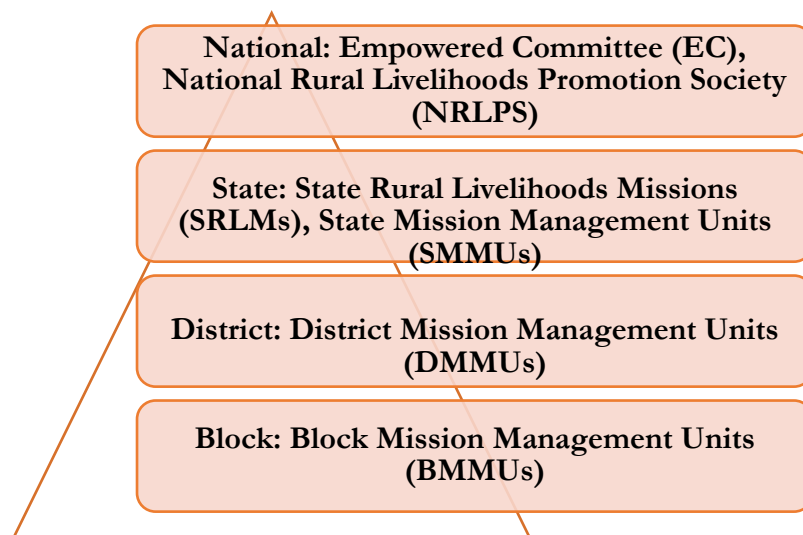


Figure: Kudumbashree implementation architecture³⁴

That said, it is important to mention that NRLM is built as a framework by the central government, and its design allows for the states to adapt to their needs and resources accordingly, thus giving them flexibility in the implementation aspects. This also means that key aspects - structure and process both - may differ from one state to the other and a closer look at state level missions (such as Kudumbashree in Kerala and Jeevika in Bihar) will give the finer details of the programme at the ground level. Well-functioning SRLMs, as in the case of Kudumbashree in Kerala get recognised and sometimes evolve, overtime, into National Resource Organisations and become tasked with aiding other states under NRLM.³⁵

³² The Committee was formed to examine issues related to SGSY scheme implementation. The report is available at https://aajeevika.gov.in/sites/default/files/resources/studies_publications/Prof-R-Krishna-Report-on-Credit-related-issues-under-SGSY.pdf

³³ Support Structure, NRLM, Website of NRLM, Ministry of Rural Development, Government of India, <https://aajeevika.gov.in/content/support-structure>

³⁴ Support Structure, Kudumbashree, Website of Kudumbashree, Department of Local Self Government, Government of Kerala, <http://www.kudumbashree.org/pages/436>

³⁵ Note: Having proven its success in Kerala, in the year 2013 Kudumbashree was recognized as a National Resource Organization (NRO) by the Ministry of Rural Development (MoRD), Government of India, under the National Rural Livelihoods Mission (NRLM). As taken from <https://www.keralanro.org/index.php/about-us/why-nro>

NRLM rests on three major pillars – universal social mobilisation, financial inclusion and livelihoods enhancement,³⁶ and strives to bring at least one member (preferably a woman) from all poor families into the SHG network.³⁷ Basis this, on the ground level, identified beneficiaries are registered as SHGs with the district administration, in the form prescribed by the SRLM. An RBI circular issued in 2015 states that SHGs are informal groups which are to be registered under respective states’ legislation.³⁸

Once the SHG is registered, the group’s bank account is opened with the designated bank (identified by the RBI as a principal lender) in the village/block/district using the details of the head of the SHG, most often a literate person. The account is in the name of the SHG, and two persons who are part of the SHG’s leadership, are required to sign documents to withdraw funds from the account. Post this, a Revolving Fund (RF) and a Community Investment Fund (CIF) is transferred into this account (amount varies by state) for the use of the SHG, mainly aimed at skilling them on effective utilisation of credit. This amount is given to the SHG and is considered as an asset i.e. it is not to be repaid. The SHGs are also eligible for bank loans and credit at lower rates of interest, and these loans follow the interest subvention norms laid down by the RBI. The figure below captures the growth process/maturity of a typical SHG under the Mission.



Figure: SHG Growth Process and Indicative Timelines³⁹

POLICY ANALYSIS

Below, we have mapped the NRLM to an analysis structure that combines the Longwe Gender Analysis Framework and supplements it with the two lenses on policy design discussed previously - Alignment of Incentives and Implementation Intensity.

Levels of Recognition/ Levels of Equality	Negative	Neutral	Positive	State Capability/ Implementation Intensity	Alignment of Incentives
Control				High	Somewhat Aligned
Participation					
Heightened Consciousness					
Access					
Welfare					

Welfare

NRLM has no component directly addressing the issue of Welfare.

³⁶ FAQs, Website of NRLM, Ministry of Rural Development, Government of India, <https://aajeevika.gov.in/content/faq>

³⁷ Note: NRLM being a highly process oriented Mission is divided into different levels. Largely, all blocks and districts in which all components of NRLM are implemented are treated as ‘intensive’ blocks and districts, whereas the remaining are classified as ‘non-intensive’ blocks and districts. In the former, implementation is carried out with SRLM staff and internal community resource persons, while non-intensive blocks don’t see any implementation. Additionally, there are also a few ‘resource blocks’ which are around 5-6% of the blocks in a state, that run with National Resource Organization support, and ‘Partnership Blocks’ that run with the aid of partner NGOs and the like. See <http://www.kudumbashree.org/pages/436> for more details.

³⁸ Master Circular – NRLM, Reserve Bank of India, 30/07/2015, <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9968&Mode=0>

³⁹ Guidance for Mission Implementation, Ministry of Rural Development, Government of India, https://aajeevika.gov.in/sites/default/files/nrlp_repository/Circular_Guidance%20for%20Mission%20Implemen_0.pdf

Access

By providing benefits to the identified poor, such as access to credit through financial inclusion and promoting existing livelihoods through employment and skilling, NRLM increases women's access to employment/self-employment opportunities. Therefore, it is marked 'Positive' on Access.

Heightened Consciousness

It has been established by studies⁴⁰ that SHGs bring access to social networks to its women members thus, enabling them to assist each other on gender issues such as domestic violence, financial savings and skilling. Therefore, it is marked 'Positive' on Heightened Consciousness.

Participation

NRLM encourages SHGs to participate in the decision making as a collective group for the benefit of the rural poor identified as part of the programme. Studies have also shown a direct correlation between SHG membership and increased activity in local government meetings.⁴¹ Since NRLM focuses on promoting women SHGs, it is marked 'Positive' on Participation.

Control

NRLM, by way of improving channels of credit to SHG members, can be said to create economic impact in the form of increase in asset ownership. This may be due to increased savings at an individual or community level, access to credit systems and skill development leading to increased economic activity. Therefore, it is marked 'Positive' on Control.

State Capability/Implementation Intensity

As a Mission, NRLM is implementation intensive and requires strong state capability to implement, mainly on account of the following reasons:

- **Beneficiary identification:** Beneficiaries under the Mission were earlier identified through the Participatory Identification of Poor (PIP) method, wherein control of identification rested with the communities themselves. However, in conversations with stakeholders, it has been revealed that a survey is conducted by a resource person in villages to identify potential beneficiaries, and this is cross verified with Socio-Economic Caste Census (SECC) data to reduce leakages. Stakeholder conversations suggest that, despite the social conditions in the villages, the marginalised are identified to a large extent and elite capture is avoided due to data from the SECC. However, such an exercise at the village level requires high state capacity in order to scale up, and stakeholders reveal that this is often hurriedly completed in order to meet targets, which may lead to exclusion errors.⁴²
- **Monitoring:** Given the geographic scale and magnitude of the resources and activities to be supported by NRLM in a single state, it requires rigorous monitoring. While a significant ratio of monitoring activities can be done remotely (for instance, measuring the growth in balance in SHG accounts and timely payment of loans), it places significant administrative load on the implementation agencies due to the sheer scale of the Mission, with each state having promoted the formation of lakhs of SHGs. The issue is further complicated due to the economic setups being largely informal.
- **Nurturing community institutions:** While demand driven programmes such as the NRLM have higher likelihood of being successful as they focus on the community as the change agent, community institutions such as SHGs need to be nurtured for long term sustainability. SHGs once formed and registered, need to be handheld for its members to be able to be independent. This involves the members putting in place norms to be followed by the group on lending and repayment of credit, administrative activities like book-keeping and accounts, and general coordination and problem-

⁴⁰ Social networks, mobility, and political participation: the potential for women's self-help groups to improve access and use of public entitlement schemes in India, Neha Kumar, Kalyani Raghunathan, Alejandra Arrieta, Amir H. Jilani, Suman Chakrabarti, Purnima Menon, Agnes R. Quisumbing, International Food Policy Research Institute, 2018, <http://www.ifpri.org/publication/social-networks-mobility-and-political-participation-potential-womens-self-help-groups>

⁴¹ Impact of self-help groups in socio-economic development of India, Dr. A. Sundaram, Journal of Humanities and Social Sciences, 12/2012, <https://pdfs.semanticscholar.org/f27e/e7d81e6bb4c88582ebd28665e31ca5b8b70b.pdf>; Collective action and community development: Evidence from SHGs in rural India, Raj M Desai and Shareen Joshi, The World Bank Economic Review, 07/09/2013, <https://academic.oup.com/wber/article-abstract/28/3/492/1678377>

⁴² Basis conversations with stakeholders, name withheld on request.

resolving processes, as prescribed by the NRLM guiding principles 'Panchasutra'.⁴³ Further, the Common Review Mission Report (2017) of the MoRD observes that states wherein such programmes have been in place for more than 3-4 years have seen stronger institutions as compared to states where SHG-based programmes have been launched recently.⁴⁴ That said, this process requires substantial state capacity to provide for people, resources and systems to make this happen over a long term period.

Alignment of Incentives

The incentive alignment must be evaluated for each stakeholder involved in the process. These are primarily the SHGs, Community Resource Persons (CRP) and banks.

1. SHGs

- The Revolving Fund (RF) given to the group is given as an asset. While there are no specific policy prescriptions to prevent the misuse of the fund, stakeholders stress that social pressure in close knit communities helps prevent such misuse. Moreover, there is internal lending before the revolving fund is given to groups and every member has a stake in ensuring that there is no misuse of the funds once they come in. The revolving fund is also given to SHGs which have been around for a minimum period of 3 months and followed the Panchasutra described by the NRLM guidelines. This ensures that the members remain motivated and incentivised sufficiently to take forward the activities of the SHG in order to receive the RF.
- The community investment fund provided by the state missions to Village Organisations (VOs) are dependent on the number of SHGs registered under it, and can be to the tune of Rs. 2.5 lakh per SHG.⁴⁵ This can be an incentive for women to become a part of multiple SHGs and be eligible to form a VO in order to receive the community investment fund. However, since all members at the village level know each other, it is in the collective interest of everyone to not abuse the system.
- SHGs are incentivised to repay banks on time as they are eligible to receive an additional interest subvention of 3 percent on loans taken thereon. This is in addition to the existing subvention of lending rate of banks and 7 percent which is subsidised by the government.
- All village organisations are supposed to grade SHGs into A, B and C, depending on their adherence of the Panchasutra. Only grade A SHGs are eligible for revolving fund/community investment fund or bank loans. This incentivises SHGs to follow the Panchasutras in order to be eligible for these loans.⁴⁶

2. Community Resource Persons (CRP)

- The CRP is paid an incentive for every SHG bank account opened which has led to a situation wherein CRPs are likely to push for registration of multiple SHGs in order to gain maximum incentives. In our conversations with village level workers of Pradhan, we were told that this has led to CRPs making their responsibility of nurturing the SHG a secondary activity, and being more focussed on getting them registered first.⁴⁷
- Conversations with ground level stakeholders indicated that CRPs sometimes use coercive methods with people to join/form SHGs. This is mainly because job promotions for CRPs depend on the number of SHGs formed and the targets achieved. These findings are also corroborated by reportage about the NRLM.⁴⁸

3. Banks

- A PIB release credits the Mission for bringing down the NPAs in the country from 23 percent prior to the Mission, to less than 3 percent as of 2018, though there is some ambiguity as to whether this is SHG based

⁴³ The NRLM lays down the Panchasutra, i.e., the 5 norms to be followed by SHGs: regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts.

⁴⁴ Report of first common review mission, Ministry of Rural Development, Government of India, https://rural.nic.in/sites/default/files/CRM_Thematic_Report_1.pdf

⁴⁵ Guidance for Mission Implementation, Ministry of Rural Development, Government of India, https://aajeevika.gov.in/sites/default/files/nrlp_repository/Circular_Guidance%20for%20Mission%20Implemen_0.pdf

⁴⁶ Guidance for Mission Implementation, Ministry of Rural Development, Government of India, https://aajeevika.gov.in/sites/default/files/nrlp_repository/Circular_Guidance%20for%20Mission%20Implemen_0.pdf

⁴⁷ Basis conversations with stakeholders, name withheld on request.

⁴⁸ Rural development programmes: Implementation challenges and solutions, Pushkar Pahwa, Ideas for India, 17/03/2017, <https://www.ideasforindia.in/topics/governance/rural-development-programmes-implementation-challenges-and-solutions.html>

NPAs or overall NPAs in the country.⁴⁹ Regardless, this indicates that banks have sufficient incentive to lend to SHGs as the percentage of loans repaid is much higher than the average rate of loan repayment.

PROGRESS IN IMPLEMENTATION

According to a stakeholder,⁵⁰ the NRLM is an allocation-based Mission. Therefore, every state gets central share of the budget based on the number of potential beneficiaries and the corresponding allied activities conducted to mobilise them into SHGs. The AAPs carry these details for every state before being submitted to the MoRD.

The Mission was also scaled up gradually to cover more than 5000 blocks presently, and this is reflected in the increase of the annual budget of the NRLM from 2,621 crore in 2011-12 to 9,024 crore in 2019-10.⁵¹

Year	Union Budget Estimates
2011-12	2621.60 crore
2012-13	3563.50 crore
2013-14	3659.00 crore
2014-15	4000.00 crore
2015-16	2383.00 crore
2016-17	3000.00 crore
2017-18	4500.00 crore
2018-19	5750.00 crore
2019-20	9024.00 crore

Source: Taken from yearly expenditure budgets of the Union Government & CBGA⁵²

The Revolving Fund and Community Investment Fund provided to SHGs are a minority component of the overall budget allotted to the Mission. The following table gives the national year-on-year expenditure their disbursement:

Year	RF Disbursed (all-India)	CIF Disbursed (all-India)
2012-13	13.36 crore	33.6 crore
2013-14	92.69 crore	90.75 crore
2014-15	140.12 crore	278.43 crore
2015-16	223.71 crore	465.87 crore
2016-17	322.47 crore	687.30 crore
2017-18 (upto February)	491.59 crore	825.41 crore

Source: LS question⁵³

The difference in the amounts disbursed in the form of RF and CIF and the total annual budget of the NRLM is likely due to the expenditure on other activities under the Mission. For example, the Kerala SRLM Kudumbashree's annual approved budget for 2017-18 is Rs. 90 crore (including about 18.75 crore for RF and CIF).⁵⁴ This implies that roughly 20 percent of the budget in Kerala is utilised for RF and CIF disbursement. This is in line with the national data presented in the above tables wherein approximately one-fourth of the funds allotted are utilised in the form of RF and CIF. Some of the other activities on which the remaining funds are utilised include livelihood interventions, innovative projects, community strengthening, capacity building,

⁴⁹ Deendayal Antodaya Yojana – National Rural Livelihoods Mission: Alleviating rural poverty & fostering diversified livelihoods through sustainable community institutions of poor, Ministry of Rural Development, Government of India, 03/04/2018, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=178310>

⁵⁰ Basis conversations with stakeholders, name withheld on request.

⁵¹ Has the tide turned?: Response to Union Budget 2014-2015, 2014, Centre for Budget and Governance Accountability, 2014, <http://www.cbgaindia.org/wp-content/uploads/2016/02/Response-to-Union-Budget-2014-15.pdf>

⁵² Has the tide turned?: Response to Union Budget 2014-2015, 2014, Centre for Budget and Governance Accountability, 2014, <http://www.cbgaindia.org/wp-content/uploads/2016/02/Response-to-Union-Budget-2014-15.pdf>

⁵³ <http://164.100.24.220/loksabhaquestions/annex/14/AU6297.pdf>

⁵⁴ Proceedings of the executive director (I/C): State poverty education mission, Department of Local Self Government, Government of Kerala, 04/05/2017, http://www.kudumbashree.org/storage/files/kiabf_proceedings%20nrlm.pdf

training, interest subvention and administrative costs. These are indicative activities and the specific activities undertaken vary across states depending on their requirements and available resources.

Apart from this, the total loan amount disbursed to SHGs at the national level up to February 2017 is 1.05 lakh crore⁵⁵ and upwards of Rs. 400 crore has been subvented (for category 1 districts or 150 most backward districts) under the interest subvention component of the Mission. The National Mission covers 5,330 blocks today, and has promoted almost 52 lakh SHGs across almost 6 crore households according to the NRLM MIS at the national level.⁵⁶

Going by recent government announcements, the scheme coverage is set to increase, with the 2019 Budget expanding the Women SHG interest subvention programme to all districts.⁵⁷ Accordingly, the Reserve Bank of India (RBI) has revised guidelines to allow banks to provide funds to women SHGs in rural areas at 7 percent under the Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) in the current fiscal.⁵⁸

EVALUATIONS UNDERTAKEN

A mid-term assessment of NRLM was commissioned by the central government in 2016 and IRMA was tasked to conduct the evaluation of design, strategies and outcomes of the Mission. The report has pointed out various high, low and medium impacts as observed on the ground. Notable indicators with low impact include increase in income, improvement in agricultural techniques and infrastructure development. Indicators with high impact recorded include women empowerment, access to microfinance, institution building and increase in livestock production.

In terms of success metrics, the IRMA report also evaluates other key indicators such as institutional setup and support structures, fund flows from the centre to states and thereon, and principles of democratic process and federalism. The main findings of the IRMA report⁵⁹ indicate that households covered under NRLM show:

- A higher number of livestock assets as compared to uncovered areas;
- A higher proclivity to save in formal institutions, though the difference in the quantum of savings is not statistically significant;
- A higher loan size (about 67 percent more than the loan size in the uncovered areas) and higher likelihood to borrow from formal financial sources;
- Spending less on food consumption but more on education.

That said, with specific respect to SHGs, even as the report recognised the Mission as being largely successful in creating sensitive support structures right up to the block level, it also highlighted the need to increase efforts to enable SHG members in accessing bank credit, specifically in traditionally poorly banked areas. The report also stressed on the need to strengthen the systems that run the Mission, particularly HR and MIS, in all SRLMS.⁶⁰

CONCLUDING NOTE

Community driven programmes are said to prove more successful than those driven by the top. This is mainly because, in theory, collective action programmes are based on empowering communities and convincing them to take charge, rather than driving the programme through periodical targets which are used as success metrics.

However, the analysis above suggests that NRLM has seen varying degrees of success across the country with mixed results being reported overall. Broadly, success in accessing services such as skilling, financial inclusion and credit remain varied. This is because programmes like NRLM are deemed successful based on number of SHGs formed and people mobilised. However,

⁵⁵ <http://164.100.24.220/loksabhaquestions/annex/11/AU5406.pdf>

⁵⁶ MIS of NRLM, Ministry of Rural Development, Government of India, <https://nrlm.gov.in/outerReportAction.do?methodName=showIndex>

⁵⁷ Budget Speech 2019-20, Ministry of Finance, Government of India, 05/07/2019, <http://www.cbgaindia.org/wp-content/uploads/2019/07/Budget-Speech-2019-20.pdf>

⁵⁸ Banks to provide funds at 7% to women self-help groups under DAY-NRLM, Money Control, 18/10/2017,

<https://www.moneycontrol.com/news/business/economy/banks-to-provide-funds-at-7-to-women-self-help-groups-under-day-nrlm-2416031.html>

⁵⁹ Impact assessment of DAY-NRLM by IRMA, Ministry of Rural Development, Government of India, 30/06/2017,

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=167014>

⁶⁰ Impact assessment of DAY-NRLM by IRMA, Ministry of Rural Development, Government of India, 30/06/2017,

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=167014>

many registered SHGs do not receive the handholding they need to be independent and are not able to be as effective with respect to WEE as expected. That said, the scheme shows some successes across states such as Kudumbashree in Kerala and Jeevika in Bihar.

Deendayal Antyodaya Yojana – National Urban Livelihoods Mission

Name	Deendayal Antyodaya Yojana - National Urban Livelihoods Mission
Type	Centrally Sponsored Scheme
Focus area	Organising urban poor in SHGs, providing skill development for market-based employment and helping set up self-employment ventures
Target group	Urban poor and homeless
Geographical reach	National
Scheme size	Budget 2019-20: Rs. 750 crore
Past evaluations	No evaluations have been carried out till date

BACKGROUND AND OBJECTIVE

The Ministry of Housing and Urban Affairs has been administering the NULM since its inception in 2013. NULM is structured as a centrally sponsored scheme with its implementation and a minority funding component resting with the states.

The objective of NULM is to alleviate urban poverty through its six components: social mobilisation and institution development, employment through skills training and placement, self-employment programme, support to urban street vendors, shelter to urban homeless, and capacity building and training. For the purpose of this analysis, the first component on social mobilisation and institution development is the only focus area. As part of this objective, the NULM focuses on organising the urban poor into SHGs to facilitate the provision of services such as skill development, access to credit and promoting entrepreneurship.

EVOLUTION OF NULM

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was proposed in the 9th Plan of the Planning Commission, and would subsume multiple other schemes aimed at promoting urban employment and livelihoods (Nehru Rozgar Yojana, Urban Basic Services for the Poor and Integrated Urban Poverty Eradication Programme). This was launched in 1997.

In 2013, the SJSRY was restructured into the National Urban Livelihoods Mission with the similar objective of alleviating urban poverty with its six major components. In 2016, the scope was enhanced and the scheme was renamed the Deendayal Antyodaya Yojana – NULM.

The guiding principles behind the NULM are the same as its rural counterpart, the NRLM, with the belief that the poor have an innate desire to come out of poverty, and will be able to do so if provided with enabling systems and resources.⁶¹ Like NRLM, the Mission focuses on building institutions led by the urban poor and provides them with credit and financial inclusion, skilling programmes and entrepreneurial expansion. The programme has a special focus on urban street vendors and homeless people.

POLICY DESIGN

The Mission aims to cover all urban centres with a population exceeding one lakh people as per the 2011 Census, and relies on the SECC data to identify the beneficiaries. In the interim of such data being available, the Mission utilises the data available on BPL populations in urban areas.

The Mission envisages formation of SHGs, mainly led by women but also by male handicapped people. These are then formed into federations at the area and city level. Further, the government also identifies resource organisations for handholding these SHGs for up to 2 years, in order to train the members on sustainably running the group on their own. Also, like in NRLM, the NULM has the same Panchasutra (guiding principles for SHGs to follow).⁶²

⁶¹ Mission Document: Deendayal Antyodaya Yojana – National Urban Livelihoods Mission, Ministry of Housing and Urban Affairs, Government of India, https://nulm.gov.in/PDF/NULM_Mission/NULM_mission_document.pdf

⁶² The NRLM lays down the Panchasutra, i.e., the 5 norms to be followed by SHGs: regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts.

The Mission also provides a revolving fund (RF) of up to Rs. 10,000 to SHGs with more than 70 percent urban poor as members that have been involved in credit activities for 6 months or more.⁶³ Area level federations are provided Rs. 50,000 for their member SHGs as RF. As in NRLM, this fund is an asset of the group and is not in the form of a loan to be repaid.⁶⁴ A key difference between the NULM and NRLM is that there is no Community Investment Fund (CIF) given to the groups. However, conversations with a stakeholder at the Ministry of Housing and Urban Affairs indicate that the government is considering a proposal to introduce such a fund as in the case of NULM.⁶⁵

The Mission provides for City Livelihood Centres (CLC) for the beneficiaries to market their goods and services, and to receive skill training programmes. The CLCs act as a bridge between these informal groups and the formal market. The number of such centres has a ceiling depending on the population of the city/town⁶⁶ and a fund of Rs. 10 lakh is provided for setting up each centre.

Apart from this, the Mission also has sub-components for skilling, capacity building and training, and promoting self-employment activities. The sub-component for street vendors involves issuing identity cards to eligible beneficiaries, encouraging them to access banking services, training them in sustaining microenterprises, developing street vendor zones/markets, and providing them with social security through existing schemes.

The administrative structure of the NULM is a three-tiered structure, with National (NMMU), State (SMMU) and City Mission Management Units (CMMU). Technical Advisory Groups (TAG) are present at all levels, with experts on sub components of the Mission such as financial inclusion and skill development. The funding pattern between the centre and states is in the ratio of 75:25, and 90:10 for North East states and Himalayan states. The Mission is 100 percent funded by the centre in Union Territories.

POLICY ANALYSIS

The categorisation of NULM on this framework is the same as NRLM, mainly because the scheme design is very similar and uses the same mechanisms as under NRLM for. For this reason, the main arguments made for NRLM in the earlier analysis remain valid in the urban milieu as well; hence only the differences are described in detail below.

Under the Longwe framework, NULM can be placed under the Positive level under Access, Heightened Consciousness, Participation and Control.

Levels of Recognition/ Levels of Equality	Negative	Neutral	Positive	State Capability/ Implementation Intensity	Alignment of Incentives
Control				High	Somewhat Aligned
Participation					
Heightened Consciousness					
Access					
Welfare					

State Capability/Implementation Intensity

As a Mission, NULM is implementation intensive and requires strong state capability to implement. Beneficiaries under the Mission were earlier identified through the list of BPL populations till the SECC data was made available. The BPL lists have

⁶³ Non-poor are allowed to be members of SHGs wherein strong reasons such as affinity exist. However, this number cannot exceed 30% of total members. See Social mobilisation and institutional development: Deendayal Antyodaya Yojana – National Urban Livelihoods Mission, https://nulm.gov.in/PDF/NULM_Mission/NULM-SMID_Guidelines.pdf

⁶⁴ Mission Document: Deendayal Antyodaya Yojana – National Urban Livelihoods Mission, Ministry of Housing and Urban Affairs, Government of India, https://nulm.gov.in/PDF/NULM_Mission/NULM_mission_document.pdf

⁶⁵ Basis conversations with a stakeholder at the MoHUA, Gol, name withheld on request.

⁶⁶ Mission Document: Deendayal Antyodaya Yojana – National Urban Livelihoods Mission, Page 14, Ministry of Housing and Urban Affairs, Government of India, http://www.nulm.gov.in/PDF/NULM_Mission/NULM_mission_document.pdf

been known to contain errors.⁶⁷ It is expected that the inclusion and exclusion errors will be reduced with the usage of SECC data, as in the case of NRLM. Further, the identification of beneficiaries has also been left to individual states, and therefore, states adopt various means to identify eligible populations.⁶⁸ However, such an exercise requires high state capacity, especially given the dynamics of Indian cities characterised by high migration rates and lack of proper documentation with the potential beneficiaries.

Social cohesion in urban settings is also lesser than that in rural settings. As a result, mobilisation of poor requires focussed attention, and requires more effort from the field functionaries when compared to rural settings. Finally, as in the case of its rural counterpart, NULM also requires rigorous monitoring given the scale of the Mission and complications associated with informal economic setups.

Alignment of Incentives

The incentive alignment must be evaluated for each stakeholder involved in the process. These are primarily the SHGs and banks, but also include the resource organisations who assist in handholding the SHGs.

1. SHGs

- The Revolving Fund (RF) given to SHGs is given as an asset to the groups. Social pressure combined with the fact that there is internal lending before the revolving fund is given to groups, ensures that there is no misuse of funds once they come in.
- SHGs are incentivised to repay banks on time as they are eligible to receive an interest subvention additional interest subvention of 3 percent on loans taken thereon.⁶⁹

2. Banks

- A stakeholder in the Ministry of Housing and Urban Affairs stated that loan default rates currently stand at less than 2 percent of all loans given to SHGs. While the loans given to individuals have a slightly higher default rate, it is still lesser than the default rate in the formal banking system. This indicates that banks have sufficient incentive to lend to SHGs as there are fewer chances of such loans turning into NPAs.

3. Resource Organisations

- Resource Organisations are engaged in the formation and handholding stages of SHGs. As opposed to NRLM they are paid a fixed amount for their services. They are further paid a fixed amount of Rs. 10,000 per group for the handholding of SHGs for 24 months. However, this is not linked to how well or otherwise the SHG is working and therefore, the incentive structure is misaligned here.⁷⁰

PROGRESS IN IMPLEMENTATION

The budget allocations for the Mission since inception are displayed in the table below.

Year	Budget Estimates	Expenditure
2014-15	1003 crore	703 crore (actuals)
2015-16	510 crore	268 crore (actuals)
2016-17	300 crore	328 crore (actuals)
2017-18	349 crore	598 crore (actuals)
2018-19	310 crore	510 crore (RE)
2019-20	750 crore	-

Source: Answers to Lok Sabha question⁷¹ and yearly expenditure budgets of the Union Government⁷²

⁶⁷ Identification of the poor: Errors of exclusion and inclusion, Gangan Bihari Sahu and Motilal Mahamalik, Economic & Political weekly, 26/02/2011, <https://www.epw.in/journal/2011/09/special-articles/identification-poor-errors-exclusion-and-inclusion.html>

⁶⁸ Basis conversations with a stakeholder at the MoHUA, Gol, name withheld on request.

⁶⁹ Master Circular: DAY-NULM, Reserve Bank of India, 01/07/2017, https://m.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=11029

⁷⁰ Basis conversations with a stakeholder at the MoHUA, Gol, name withheld on request.

⁷¹ <http://164.100.24.220/loksabhaquestions/annex/14/AU5124.pdf>

⁷² Expenditure Budget, Ministry of Finance, Government of India, <https://www.indiabudget.gov.in>

The drop in allocation in 2015-16 can be attributed primarily to the restructuring of schemes' financing based on the recommendations of the 14th Finance Commission. The centre reduced the share of central funds for welfare schemes and the states were expected to bridge the gap through their own funds. However, based on conversations with the Centre for Budget and Governance Accountability, the states did not have the means to bridge this gap, and therefore, the poorer states had to bear the brunt.

In replies to parliament questions, the Ministry of Housing and Urban Affairs has also stated that lower budget allocations are due to unspent funds from previous years being carried forward.⁷³ This was also confirmed by stakeholders in the Ministry. Further, multiple stakeholders have highlighted that allocations have been low because the Mission has concentrated more on infrastructure requirements for street vendors and urban homeless (in the form of shelters and street vending zones, identity cards), and less on the social mobilisation aspect which is more funds-intensive.

The Revolving Fund provided to SHGs is one component of the fund utilisation under NULM. According to replies to parliamentary questions, over 2.4 lakh SHGs have been provided the RF since the Mission's launch in 2013.⁷⁴ This is a minority component of the total funds utilised over the years.⁷⁵

EVALUATIONS UNDERTAKEN

No published evaluations or studies on the NULM's social mobilisation and institutional development component have been undertaken till date.

CONCLUDING NOTE

The analysis above suggests that the mobilisation component of NULM is yet to take off as compared to its rural counterpart, and that the Mission is still in a nascent stage. With the absence of any concrete studies or evaluations done on the NULM, it is difficult to ascertain its success or failure. However, initial design analysis suggests that while well-intentioned, the Mission needs to do a lot more to achieve the objectives it set out for itself.

⁷³ <http://164.100.24.220/loksabhaquestions/annex/14/AU5124.pdf>

⁷⁴ <http://164.100.24.220/loksabhaquestions/annex/17/AU1512.pdf>

⁷⁵ This number is based on an RF of Rs. 10,000 given as part of the NULM in Kerala (and based on the assumption that this sum is uniform across states), and the total expenditure incurred (Rs. 2581 crore) based on a reply to a parliamentary question.

Tejaswini - Maharashtra Rural Women's Empowerment Programme

Name	Tejaswini – Maharashtra Rural Women Empowerment Programme
Type	State Scheme, supported by the Government of Maharashtra and International Fund for Agriculture Development (IFAD)
Focus area	Providing stability and sustainability to the SHG movement in Maharashtra, through institution building, microfinance, microenterprise and livelihood interventions
Target group	10 lakh women who are members of SHGs in the state
Geographical reach	Maharashtra
Scheme size	10,000+ villages across 33 districts of Maharashtra
Past evaluations	IFAD conducted multiple supervisions of the scheme to ascertain its successes (Link to latest report of 2017)

BACKGROUND AND OBJECTIVE

Mahila Arthik Vikas Mahamandal (MAVIM) is the apex body for implementation of various development schemes of the Government of Maharashtra for women empowerment. It acts as a liaising agency between concerned government departments and SHGs, financial institutions, voluntary organisations.

The Tejaswini Maharashtra Rural Women Empowerment Programme, assisted by the International Fund for Agricultural Development (IFAD), is implemented by MAVIM and is aimed at providing stability and sustainability to the SHG movement in the state of Maharashtra. It has the following four components: grassroots institution building, microfinance services, livelihood and microenterprise development, and women empowerment. It also aims to reduce the household drudgery of women.

EVOLUTION OF TEJASWINI

The scheme was launched in 2007 across 33 rural districts in Maharashtra covering 10,000 villages supporting 65,000 SHGs. The target group for the scheme was rural poor women, especially those from marginalised communities. The scheme was externally funded, with only partial support from the government.

The scheme was initially planned till 2015, but was extended multiple times and came to an end in March 2018.⁷⁶ The primary reason for this scheme to be chosen for a detailed analysis is its largely successful implementation as seen through multiple evaluation reports by IFAD over successive years.

POLICY DESIGN

The overall goal of the scheme was to support and further the ongoing SHG movement in the state of Maharashtra. This was done by engaging field teams and cadre (from existing schemes) called Sahyoginis to assist rural women to mobilise themselves into SHGs. Multiple SHGs in a village formed Village Level Clusters (VLC), and multiple VLCs came together to form Community Managed Resource Centres (CMRC) across the state, with one CMRC for every 150-200 SHGs. The CMRC was formed in a cluster of around twenty villages, within a radius of 20 to 25 km.

As opposed to NRLM and NULM, there was no RF or CIF given to SHGs under this scheme, since the objective of the scheme was purely to mobilise women into such groups, and with the required handholding, it was expected that these groups will become forums for women to discuss, brainstorm and come up with solutions on their own, to problems such as domestic violence and access to funds in the household. Sahyoginis assisted members in the entire process, and in getting other linkages such as to banks.

All SHGs in the cluster, regardless of the agency that promoted them, were eligible to become members and avail of the services of the CMRC. The CMRCs are registered organisations under the Societies Act 1860 and their overall role is to provide primary

⁷⁶ Based on observations in the IFAD Supervision Reports and conversations with a stakeholder at MAVIM, name withheld on request.

services to SHGs, that is – capacity building, bank linkages, gradation, and audit etc. The CMRCs also provide specialised services to SHGs such as assessing the livelihood needs of SHGs, tapping the required resources through convergence with various government schemes and services, and enabling the SHGs to access them and take up community development programmes. MAVIM supported CMRCs for the first few years of the project period on a reducing scale. Thus, the SHGs were required to make a contribution to the running of the CMRC right from the beginning. According to the Maharashtra Economic Survey 2017-18, about 80 percent of CMRCs established during the scheme are financially independent, due to the contributions of federations below them (VLCs and SHGs).

POLICY ANALYSIS

The categorisation of Tejaswini on this framework is the same as NRLM and NULM, mainly because the scheme design is very similar and uses the same mobilising mechanisms as under the two livelihood missions. Under the Longwe framework, Tejaswini can be placed under the Positive level under Access, Heightened Consciousness, Participation and Control.

Levels of Recognition/ Levels of Equality	Negative	Neutral	Positive	State Capability/ Implementation Intensity	Alignment of Incentives
Control				High	Somewhat Aligned
Participation					
Heightened Consciousness					
Access					
Welfare					

State Capability/Implementation Intensity

As a scheme, Tejaswini is implementation intensive and requires strong state capability to implement. Structurally being similar to NRLM and NULM, the scheme requires rigorous monitoring and places significant administrative load on the implementation agencies for submitting documents and on the government for verifying them.

Alignment of Incentives

The incentives of the different actors involved in the scheme are somewhat aligned. For example, Sahyoginis under Tejaswini are paid fixed stipends/salaries depending on the number of days of work they put in, and there are no performance-based incentives. This might have led to a situation where the mobilisation activities by the Sahyoginis were not as efficient as they could have been, despite stakeholders denying such an occurrence.

In terms of incentives for banks, the loan repayment rates were in excess of 98 percent which incentivised banks to be a part of the scheme.⁷⁷ Based on a conversation with MAVIM, ICICI bank handled almost two-third of all loans and setup a dedicated vertical for the scheme which dealt with its specifics. This also seemed to have worked in its favour since MAVIM promised it a certain amount of business activity at a time when it was looking to expand its branch network. With MAVIM's assurance of the Sahyoginis handling documentation, the bank had its incentives aligned to work closely for the SHGs as part of the scheme. This is also recognised by IFAD's evaluation report of 2017.⁷⁸

PROGRESS IN IMPLEMENTATION

The budgets of the scheme were spent on various activities such as mobilisation, capacity building, and gender sensitisation workshops and trainings. Apart from this, minor activities also included entrepreneurship workshops and sensitising workshops for bank officials.

⁷⁷ Based on conversations with a source at MAVIM, and a source who worked with one of the resource organisation, both names withheld on request.

⁷⁸ Tejaswini: Maharashtra Rural Women's Empowerment Programme Supervision report, International Fund for Agriculture Development, 24/03/2017, <https://operations.ifad.org/documents/654016/539446c4-6672-4120-9598-a2dc8d57ae30>

Year	Allocation	Expenditure	Beneficiaries
2013-14	7.24 crore	5.79 crore	655,806
2014-15	5.6 crore	3.36 crore	701,330
2015-16	16.13 crore	16.13 crore	40,974

Source: Maharashtra State Economic Survey of respective years

The table above shows the budget allocations and expenditures in the concluding years of the scheme. According to the Maharashtra Economic Survey 2017-18, MAVIM has established a network of 78,318 SHGs through the scheme, with an active participation of about 9.3 lakh women.⁷⁹ A network of 361 CMRCs has also been created through the scheme.

EVALUATIONS UNDERTAKEN

Since the programme was partially funded by IFAD, there are supervision reports by IFAD which evaluate implementation aspects of the scheme and make important observations. The report from 2017 rates the scheme's implementation as 'satisfactory', with a score of 5 out of 6.⁸⁰ The primary observation of the report is about the establishment of MAVIM's 'effective service delivery mechanism to the poor with least burden to the state exchequer' and creation of sustainable structures. The report asserts that the effectiveness of the scheme rests on the following vital components:

- No-subsidy for household level investment;
- Focus on disciplined financial behaviour leading to repeat and higher order credit linkage;
- Payment by the community for the services received from CMRCs, thereby creating a self-sustaining business model at the community level;
- Provision of services for enterprise and livelihood activities using programme support.

The report highlights that some of these elements can be more strongly incorporated into NRLM to strengthen its delivery.

CONCLUDING NOTE

The analysis above suggests that Tejaswini's focus on creating sustainable structures can lead to the development of institutions that have long-lasting benefits for their members. Incentives should, therefore, be re-designed to focus on sustainability. This is likely to generate better outcomes with respect to WEE.

⁷⁹ Economic Survey of Maharashtra 2017-18, Directorate of Economics and Statistics, Planning Department, Government of Maharashtra, https://mahades.maharashtra.gov.in/files/publication/ESM_17_18_eng.pdf

⁸⁰ Tejaswini: Maharashtra Rural Women's Empowerment Programme Supervision report, International Fund for Agriculture Development, 24/03/2017, <https://operations.ifad.org/documents/654016/539446c4-6672-4120-9598-a2dc8d57ae30>