



FLAGSHIP PROGRAMME IN ALLEVIATING POVERTY IN INDIA: AN OVERVIEW OF NRLM

Seema Ahlawat

Ph. D. Scholar,

Department of Economics,

Maharshi Dayanand University Rohtak.

Abstract

NRLM is the comprehensive poverty alleviation scheme launched by the government of India in June 2010 for participation of the poor in the socio-economic development of the country. It aims to reach out to the poor households and connect them to sustainable livelihood opportunities and nurture them to come out of poverty and to lead a good standard of life. The study is based on secondary data. The data has been sourced from the reports of NRLM mission documents, NRLM mission framework for implementation, five year plan documents have been used to prepare the research paper. It functions on some edifice like earning options for the poor, skills development for the job market and encouraging them for self-employment. It concludes that the government was able to control the poverty center as well as state levels through Self Help Groups (SHGs). However there are huge challenges before the center and state government that need to be addressed carefully so that the objective of sustainable livelihood opportunities can be achieved. The success of this program actually relies on right thinking, quality management as well as social responsibility of all levels of government.

Keywords: National Rural Livelihood Mission, Poverty Alleviation, Self Help Groups (SHGs), Non-Government Organisation (NGO), Social Inclusion.

Introduction



Poverty is a social problem where a section of society is not capable of getting the basic needs of life fulfilled. Such needs are food, clothes, shelter, education etc: such people lead miserable lives in the society. As per the World Bank report, 872.3 million people are below the new poverty line in the world and 179.6 million of them are in India. A large percentage of the poor are in rural areas who depend, more or less, on the daily wages they earn as manual laborers. Main causes of poverty are unemployment, poor wages in the unorganized sector, lack of infrastructure in rural areas, insanitation etc.

Poverty is a multi-facet problem and various programs started by the government could not yield much results. For example the Swarnajayanti Gram Swarozgar Yojna (SGSY) is a scheme launched by the government of India to provide sustainable jobs to poor people of rural areas. But the scheme failed to mobilize the rural poor due to lack of capacity building, poor credit facilities and as well as poor expertise in its execution. Moreover, it could not co-ordinate the intra-departmental as well as sectoral links to provide a modified economic package to the poor.

Thereafter, the government of India renamed it to the National Rural Livelihoods Mission in 2010 to implement the new strategy of poverty alleviation again in 2011; the government of India changed its name to “Aajeevika”. It is the biggest poverty alleviation scheme in the world mainly for women, with its goal of reaching nearly 70 million rural households. Its aim is to provide self-employment to villagers through self-help groups. It is a Centrally Sponsored Scheme, implemented in all states & UTs except in Delhi and Chandigarh. The financing of the scheme is to be shared between the Centre and the States/UTs on the basis of the incidence of poverty there. NGOs, banks and financial institutions are involved.

Objective of the study

To study the strategy and ways of poverty alleviation adopted in the execution of NRLM.



Research Methodology

The present study is based on the secondary data. Various references like NRLM mission documents, NRLM mission framework for implementation, Budget Documents have been used to conduct the study.

Vision and Strategies of NRLM

Its focus is to eradicate poverty by enabling the poor households by making their access to self and skilled employment opportunities for enhancing their livelihoods on a sustainable basis, through creating grassroots institutions for the poor. It is to reach all the poor families and to link them to sustainable livelihood opportunities so that they come out of poverty and enjoy a good standard of life. It has targeted to mobilize and support about 6.697 million households across 600 districts, 6000 blocks, 2.5 lakh gram panchayats, in 6 lakh villages through 2.25 million SHGs with an investment of Rs. 14403 crores in the country. To aid, the poor would be helped to reach a position where they can use their rights, entitlements of public services and better social conditions for women empowerment.

Principles of NRLM

The main principles of the program are:-

- ☐ Poor have a strong will to come out of poverty, and they have capabilities for this purpose.
- ☐ Social mobilization and creating institutions for the poor are essential for searching out their capabilities.
- ☐ A responsive support structure and committed cadre is required to enhance the social mobilization of the poor including women.
- ☐ To disseminate knowledge, skill development, access to credit and marketing and other livelihood services.

Values of NRLM



The values of the NRLM are:-

- ☐ Economic inclusion of the poor and their participation in all processes of progress.
- ☐ Transparency and accountability of all administrative institutions.
- ☐ Community Ownership and role of the poor in institutions at all stages such as: planning, implementation and monitoring of various programmes.
- ☐ Community self-reliance and women empowerment.

Methods and Key Features of NRLM

Targeted beneficiaries of NRLM are SHGs of the poor, their federations, women, small and marginal Farmers, scheduled castes and tribes , STs and other marginalized and vulnerable sections of the society. Through NRLM, the interested rural BPL youth would be trained skillfully in accordance with the job requirements. Self-employed and entrepreneurial oriented poor are to be imparted skills and financial linkages to establish and grow as micro-enterprises. It is expected to provide institutional support to built-up human and social capital and to offer a variety of livelihood services to the poor like financial and capital services, production and productivity enhancement services, technology, knowledge, skills and inputs etc. Moreover it is to provide space for convergence and partnerships with a variety of stakeholders by building an enabling environment for the poor for making their access to rights and entitlements, public services and innovations. The aggregation of the poor, through their institutions reduces transaction costs of the individual members, makes them capable of coming out of poverty.

❖ Rotating Fund and Capital Subsidy

The SHGs are to be provided a revolving fund as an incentive to ingrain a habit of saving and build up their own funds towards meeting the credit and consumption needs. SHGs which have more than 70% members from BPL households are only eligible to receive revolving funds. Moreover,s capital subsidy fund would be given directly to the SHGs or through the SHGs federations, wherever the SHGs desire such an arrangement. For coming out



of poverty there is a need of continuous and easy access to finance at reasonable interest rates till they manage their own funds.

❖ **Provision of Interest Subsidy**

The need is to provide credit at a low rate of interest and in multiple doses to the poor to make their investment economically feasible. In order to ensure affordable credit, NRLM has a provision for subsidy on interest rate above 7% per annum for all eligible SHGs, who have availed loans from mainstream financial institutions based on prompt loan repayment. However, this would not be applicable when a SHG avails capital subsidy. Interest subsidy would be provided to the SHGs when they avail a fresh loan after repaying the capital subsidy linked loan. This subsidy would be available to SHGs, where at least 70% of the members are from BPL households, till a member accesses credit, through repeat cumulative loaning, up to Rs 1.00 lakh per household.

❖ **Widespread Financial Inclusion**

The NRLM focuses on achieving universal financial inclusion, beyond basic banking services to all the poor households, SHGs and their federations. It works on both the demand and supply side of financial inclusion. On the demand side, it is to promote financial literacy among the poor and provide catalytic capital to the SHGs and their federations. On the supply side, it is to coordinate with the financial sector and encourage use of information, communication and technology based technologies, business correspondents and community facilitators like 'Bank Mitras'. It is also to work for universal coverage of rural poor against loss of life, health and assets. Further, it works for remittances, especially in areas where migration is endemic.

For widespread financial inclusion, the focus on the following is required:-

(i) Social Mobilization



NRLM ensures that at least one member from each identified rural poor household is brought under the Self Help Group (SHG) network in a time bound manner. Accordingly, both women and men are to be organized for addressing livelihood issues i.e. farmers organizations, milk producers' cooperatives, weavers associations, etc. All these institutions are inclusive and no poor is to be left out of them. NRLM ensures overall coverage of weaker sections of the society so that 50% of the beneficiaries are SC/STs, 15% are minorities and 3% are persons with disability.

(ii) Strengthening the Institutions of the Poor

The institutions like SHGs and their village level and higher level federations are necessary to provide resources to the poor for reducing their dependence on exterior agencies. They make them powerful and also act as tools of knowledge and technology dissemination, and center of production, collectivization and business. The NRLM, therefore, focuses on setting up such institutions at various levels. In addition, It strengthens all existing institutions of the poor in a partnership mode. The self-help promoting institutions both in the government and in the NGO sectors are to be supported. Further, existing institutions and their leaders and staff are to support the processes of forming new institutions.

(iii) Training, Capacity and Skill Building

For making the institution effective, it is necessary to provide training to their functionaries, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit ability etc. So, a multi-dimensional strategy is required for capacity building of the targeted families, SHGs, their federations, government functionaries, bankers, NGOs and other key stakeholders. However, a focus should be on developing and engaging community professionals and community resource persons for capacity building of



SHGs and their federations and other collectives. The NRLM should make broad use of ICT to make knowledge dissemination and capacity building more effective.

(iv) More Livelihoods

Generally, the main livelihoods of the poor are: small and marginal cultivation, daily wages, cattle rearing, tree produce, fishing, and other traditional non-farm works. The incomes and working days from such livelihoods are inadequate to meet their basic needs. Therefore, the NRLM should look at such needs of livelihoods of each poor household, and should stabilize and enhance the existing livelihoods apart from their diversification.

(v) Creation of infrastructure with Marketing

Lack of proper infrastructure is the main obstacle in the progress of society. The NRLM should ensure adequate infrastructure for the livelihood activities of the poor. Moreover, it should provide marketing for the produce of the poor. The activities in marketing support are market research, market intelligence and technology extension, developing backward and forward linkages, building livelihoods collectives and supporting their business plans. The NRLM should promote partnerships with public and private organizations and their relations for these activities, for this purpose. 20% of the state's programme outlay and 25% in case of North-Eastern States and Sikkim is reserved.

(vi) Partnerships with NGOs and other CSOs at different levels

It should go for partnerships with Non-Government Organizations (NGOs) and other Civil Society Organizations (CSOs), for strategic and implementation purposes. The partnerships are to be guided by the core viewpoint, values, and mutual agreement on processes and outcomes. It should develop some national framework for such partnerships with NGOs



and other CSOs of the mission. Further, it should promote partnerships with other stakeholders at various levels directly or through the institutions of the poor.

(vii) Partnership with various Institutions

It should make the existing skill and placement projects more expanded by partnership mode and provide speed to livelihood opportunities in emerging markets. For this various models of partnerships with public, private, non-government and community organizations should be evolved. A strong bond should be created with industrial employers' associations. The National Skill Development Corporation (NSDC) should be given a leading role in this process.

(viii) Research and Innovations

It is assumed that more innovations are helpful in reducing the curve of poverty. More and more funds should be granted for this purpose. Innovations capable of reaching out to the poor should be preferred.

(ix) Convergence with other Agencies and Contact with Local Rural Bodies

It places much stress on convergence with other schemes and projects of the Ministry of Rural Development, central and state governments for developing some mechanism to alleviate rural poverty. It is essential to create structures and agencies to have continuous contact with local related bodies in the progress of planning, implementation and monitoring of poverty alleviation schemes. There should also be a sharing of chive support, acumen and resources.

Conclusions

The NRLM is a comprehensive poverty alleviation program for providing an opportunity to the poor in the socio-economic development process of the country. Its aim is to reach out to all the poor families, link them to sustainable livelihood opportunities and help them to come out of poverty. The conceptualization and design of the NRLM also covers capacity building, financial inclusion, social mobilization and marketing services for enhancing



the incomes of the poor. For the effective implementation of NRLM, dedicated human resource and sensitive as well as dedicated support arrangements are required.

REFERENCES:

- www.rural.nic.in (Ministry of Rural Development, Krishi Bhawan, New Delhi).
- Economic Survey of India 2014-15, Government of India, New Delhi.
- Ministry of Rural Development "NRLM framework for implementation" , October 26 2015 <<http://rural.nic.in/sites>>
- **Kumari. Lalita. (2013):** "Poverty Eradication in India: A study of National Policies, Plan and Programs", *International Refereed Research Journal*, Vol.4, No. 2.
- **Surendran. A. (2013):** "National Rural Livelihoods Mission-Progress towards Rural Upliftment In India", *Journal on Rural Development*, Vol.59, October 2013.
- **Gautam, A. (2012):** "Grassroots-beneath the topsoil: A critical assessment of the national rural livelihood", *CCS working Paper No.263*.
- Report of working group on National Rural Livelihood Mission (NRLM), planning commission, Government of India, September 2011.