

FINAL DRAFT

**SOCIAL MOBILISATION AND
INSTITUTIONAL DEVELOPMENT
A TRAINING MODULE**

Contents

LIST OF ACRONYMS	VI - VIII
Preface.....	IX-X
Introduction.....	XI-XII
Session Plan.....	XII-XIV
Chapter 1: Introduction to Social Mobilisation and Institutional Development	1
1.0 Learning Objectives.....	1
1.1 Scope of the Session.....	1
1.2 Process.....	1
1.3 Relevance of Social Mobilisation in UPA initiatives especially NULM.....	2
1.4 Social Mobilisation & Institution building – certain insights.....	5
1.5 Social Mobilisation as the fulcrum of all components under NULM	7
1.6 Empowerment of women through SHG and higher federations –.....	7
Chapter 2: NULM – An overview and SM & ID Norms	9
2.0 Learning Objectives	9
2.1 Scope of the Session	9
2.2 Process.....	9
2.3 Addressing the issues: Need for NULM	10
2.3.1 Social Mobilisation & Institution Development (SM&ID).....	12
2.3.2 Capacity Building and Training (CB&T).....	12
2.3.3 Employment through Skills Training and Placement (EST&P).....	12
2.3.4 Self-Employment Programme (SEP).....	12
2.3.5 Support to Urban Street Vendors (SUSV)	12
2.3.6 Scheme of Shelter for Urban Homeless (SUH)	13
2.3.7 Innovative & Special Projects (I&SP)	13
2.4 Detailed description of the Social Mobilisation and Institution Development (SM&ID) component along with sub-components	13
2.4.1 Sub-Component – Building Community Institutions: SHGs and their Federations	14
2.4.2 Sub-Component – Universal Financial Inclusion (UFI).....	14
2.4.3 Sub-Component – Revolving Fund Support to SHGs and their Federations.....	15
2.4.4 Sub-Component – City Livelihood Centres (CLCs).....	15
2.4.5 Sub-Component– Training & Other Capacity Building Programmes for SHGs and their Federations... ..	15
2.5 SM & ID Tools (Annexure I to VII)	16
Chapter 3: Engaging the community for poverty alleviation	19
3.0 Learning Objectives	19
3.1 Scope of the Session	19
3.2 Process.....	19
3.3 Introduction	21
3.4 Defining Community	21
3.5 The Participation Continuum	22
3.6 The 7 Steps of Community Participation.....	22
3.7 Community Participation through community mobilisation in NULM.....	24

3.8 Community – Mission Interface through Community Organiser.....	25
3.8.1 Roles & Responsibilities of Community Organisers.....	25
3.8.2 DOs and DON'Ts for Community Organisers while engaging the community	26
3.9 Slum Immersion Program.....	26
Chapter 4A: Building community level structures (SHGs)	28
4A.0 Learning Objectives.....	28
4A.1 Scope of the Session	28
4A.2 Process.....	28
4A.3 Origin of groups in the rural and urban sectors – role of pioneer institutions	29
4A.4 Models of Groups based on scope and function.....	29
4A.5 SHGs defined.....	30
4A.6 SHG Membership and other Norms.....	30
4A.7 Structure of SHGs.....	31
4A.8 SHG management – some non-negotiable.....	31
4A.9 SHGs under SJSRY and their transition into NULM.....	32
4A.10 How are groups formed.....	33
4A.11 How are group meetings organised.....	33
4A.12 How do SHGs take shape.....	34
4A.13 Membership.....	34
4A.14 How do SHGs function.....	35
4A.15 - SHGs rating Index.....	35
Chapter 4B: Building community level structures (Federations)	36
4B.0 Learning Objectives	36
4B.1 Scope of the Session	36
4B.2 Process	36
4B.3 Federation structure and its formation with representatives of respective SHGs	38
4B.4 Legal process of registration	38
4B.4.1 Structure of SHG Federations.....	38
4B.4.2 Representation of SHG members in Federations	39
4B.4.3 Membership of Area Level Federation	39
4B.4.4 Responsibilities of an ALF:	39
4B.4.5 Responsibilities of a CLF:.....	40
Chapter 5A: Bank linkage and Financial Inclusion.....	41
5A.0 Learning Objectives.....	41
5A.1 Scope of the Session	41
5A.2 Process:.....	41
5A.3 Background.....	41
5A.4 Financial Literacy:.....	43
5A.4.1 Opening of Bank Accounts	43
5A.4.2 Insurance at affordable prices.....	44
5A.4.3 Conduct of special drives for the initiation of accounts	44
5A.4.4 Revolving Fund (RF) support to SGHs and ALFs	45
5A.5 Role of RO and CLCs and COs	45
Chapter 5B: Linking SHGs to Banks.....	47
5B.0 Learning Objectives	47
5B.1 Scope of the Session	47

5B.2 Process	47
5B.3 Introduction:.....	48
5B.4 Thrift & Credit in groups, the need and advantages	48
5B.5 Basic pre-requisites of the SHGs for accessing credit	49
5B.6 Case Study of Bank Linkage in Andhra Pradesh and Telangana	49
Chapter 6: Promotion of SHGs and their Federations under NULM	54
6.0 Learning Objectives	54
6.1 Scope of the Session	54
6.2 Process:.....	54
6.3 Institutional provision under NULM for SHG promotion – Resource Organizations	55
6.4 Eligibility of Resource Organization, technical capabilities & legal status	55
6.5 Procedure for selection of RO, interface with implementing authority, monitoring and payments	56
6.6 Roles and responsibilities of Resource Organizations and milestones	56
Chapter 7 NULM: Demand-Supply Chain – Development of City Livelihoods Center	57
7.0 Learning Objectives	57
7.1 Contents / Scope of the Session	57
7.2 Process.....	57
7.3 Establishment and management of CLCs by the ULB, community level federations etc.....	58
7.4 Funding for CLC establishment	58
7.5 Steps in establishment of CLCs	58
Chapter 8: Social Mobilisation plan and convergence with other components of NULM	59
8.0 Learning Objectives	59
8.1 Scope of the Session	59
8.2 Process:.....	59
8.3 Urban Poverty as an incidence of socio-economic deficiencies.....	61
8.4 Convergence: Poor family Vs other stakeholders.....	61
8.5 provision of 74 th Amendment.....	62
8.6 State Urban Development Agency (SUDA).....	63
Chapter 9 SM & ID – Way Forward.....	64
9.0 Learning Objectives	64
9.1 Scope of the Session	64
9.2 Process.....	64
9.3 Background	65
9.4 Plan preparation and implementation techniques.....	65
9.5 Project cycle and stakeholders	67
9.6 Project development cycle	68
9.7 Principles of Project Cycle Management	68
9.8 Financial commitments and accountability	69
9.9 Periodical review and monitoring	69

<i>Annexure I Model SHG Rules and Regulations</i>	<i>71-75</i>
<i>Annexure II Model Bye-Laws for ALFs</i>	<i>76-81</i>
<i>Annexure III Checklist for a functional SHG.....</i>	<i>82</i>
<i>Annexure IV Model Framework for Engagement of Resource Organisations (ROs) for the formation of SHGs under NULM</i>	<i>83-87</i>
<i>Annexure V Application for Revolving Fund Support to SHGs under NULM.....</i>	<i>88-89</i>
<i>Annexure VI Application to Revolving Fund Support to ALFs under NULM.....</i>	<i>90-91</i>
<i>Annexure VII Proposal Details for Establishment of CLCs</i>	<i>92</i>
<i>Annexure VIII Best Practices in UPA</i>	<i>93-95</i>
<i>Annexure IX STHREENIDHI – A Case Study.....</i>	<i>96-98</i>
<i>Annexure X RBI Circular RBI/2011-12/590.....</i>	<i>99 -101</i>
<i>Annexure XI RBI Circular RBI/2012-13/408.....</i>	<i>102-108</i>
<i>Annexure X – SHG rating tool.....</i>	<i>109-116</i>
<i>Annexure XI - Summary of Training Manual of SMID.....</i>	<i>117-122</i>

LIST OF ACRONYMS

AABY:	Aam Aadmi Bima Yojana
ADS:	Area Development Society
ALF:	Area Level Federation
APUSP:	Andhra Pradesh Urban Services for the Poor
AWW:	Anganwadi Workers
BPL:	Below Poverty Line
BSBDA:	Basic savings bank deposit accounts
CAO:	Community Affairs Officer
CB & T:	Capacity Building And Training
CBRM:	Community based recovery mechanism
CDS:	Community Development Society
CLC:	City Livelihood Centres
CLF :	City Level Federation
CMMU:	City Mission Management Unit
CRP:	Community Resource Person
DWCRA:	Development of Women and Children in Rural Areas
DWCUA:	Development of Women and Children in Urban Areas
EST & P:	Employment through Skills Training and Placement
FLC:	Financial Literacy Centres
JBY:	Janasree Bima Yojana
KAP:	Knowledge, Attitude and Practice
KYC:	Know Your Customer
LDM:	Lead District Manager

MEPMA:	Mission for the Elimination of Poverty in Municipal Areas
MMU:	Mission Management Unit
MPHW:	Multi Purpose Health Workers
NHC:	Neighbourhood Committee
NHG:	Neighbourhood Group
NULM:	National Urban Livelihood Mission
O&M:	Operation & Maintenance
RCV:	Resident Community Volunteer
RO:	Resource Organisation
SEC:	Socioeconomic and Caste
SEP:	Self-Employment Programme
SERP:	Society for Elimination of Rural Poverty
SHG:	Self help group
SHPA:	Self Help Promoting Agencies
SJSRY:	Swarna Jayanthi Shahari Rozgar Yojana
SLBC:	State Level Banking Committees
SM&ID:	Social Mobilisation and Institution Development
SSA:	Sarva Siksha Abhiyan
SUH:	Scheme of Shelter for Urban Homeless
SUSV:	Support to Urban Street Vendors
T&C:	Thrift And Credit
UCD;	Urban Community Development
UCDN:	Urban Community Development Network
UFI:	Universal Financial Inclusion
ULB:	Urban Local Bodies
UPA:	Urban Poverty Alleviation
USHA:	Urban Statistics for HR and Assessment

Preface

Poverty is a huge challenge to any form of development planning in India. It creates multiple deprivation leading to a poor quality of life. Therefore, measure taken to alleviate poverty should aim at empowering the poor in order to prevent intergenerational transmission of poverty. Therefore, mobilization of urban poor households to form their own institutions is an important investment for an effective and sustainable poverty reduction program.

In the rural scenario, formations of self-help groups (SHGs) have strategically proven to be beneficial for the poor. These groups are usually formed of 10 to 20 members and these group members collectively improve their living conditions through thrift and credit activities. Economic resources in the hands of women have proven to be beneficial for the poor households. Studies have indicated that women tend to spend on the nutrition and education of the family which improves the situation of their poverty.

Accordingly, Social Mobilization and Institution Development (SM&ID) is an integral strategy to deal with urban poverty under NULM. NULM envisages universal social mobilization of urban poor into SHGs and their federation. These institutions of the poor would partner with local self-governments, public service providers, banks, private sector and other mainstream institutions to facilitate delivery of social and economic services to the poor.

Accordingly all States/UTs need to embark on a Mission mode approach to promote social mobilisation and institution development. Field functionaries including key officials and technical experts from State Mission Management Units (SMMU) and City Mission Management Units (CMMU) have major responsibility to motivate the poor into forming and sustaining self help groups and further federate them into Area level federations (ALFs) and City level federations (CLFs). Mobilising the urban poor is a much bigger challenge than the rural poor as they do not form a homogenous group like their counterparts in the rural sector.

To encourage the poor into forming SHGs, the field functionaries of NULM need to build their own capacity. Firstly, they would have to develop the right kind of attitude to help the poor as this is a tenacious job where there would be many obstacles. Handholding these SHGs over a prolonged period needs sustained efforts. Secondly, they would have to build the capacity of the SHG members to maintain the various registers. Thirdly, they must be in a position to associate with the problems of the people. Fourthly, they need to support the members in procuring and sharing information on the various government and private initiatives in livelihood and employment.

This training modules have been developed by RCUES, Hyderabad. The training module will be useful for all the stakeholders who are involved in the promotion of SHGs for the urban poor.

The training modules describes in detail, all the sessions to be taken by the trainers to build capability of NULM field functionaries for promoting and supporting social mobilisation and institutional development. It vividly illustrates the purpose of each session, preparations to be made and procedures to be followed in conducting each session. Besides training, it also describes the type of support they need to offer as a follow up. It is envisaged that this training module would enhance knowledge in SM&ID. These guidelines are framework for implementation of SM&ID at the grass root level. While they are important tools to be used but they should be manoeuvred to suit the requirement in a field situation.

The module can be used for the training of functionaries involved in urban poverty alleviation at the National, state and City levels, particularly the National Mission Management Unit (NMMU), State Mission Management Unit (SMMU) and the City Mission Management Unit (CMMU) to understand the details of SM & ID as a component under NULM, as well as, other developmental actors interested in the important role of Social Mobilisation in development programmes. Resource Organizations, Field Coordinators and Community Organisers can also be trained using the module to enable them understand their role in building up and strengthening community level structures of the urban poor communities to play an important role as stakeholders in the implementation of NULM in the ULBs.

Most importantly, the module contains relevant information that can be used to train representatives of community level institutions to understand not only the basic tenets pertaining to Social Mobilisation & Institution Building against the backdrop of NULM, but draw from the rich resources on vision and philosophy behind the development of these people's institutions to effectively tackle urban poverty and livelihoods for their empowerment and self-actualization.

It is hoped that all technical specialists and key officials of NULM will take advantage of this training module in assisting the urban poor in familiarisation and implementation of the NULM in their respective realm of work.

Introduction

The National Urban Livelihood Mission (NULM) launched by the Govt. of India is built on the fulcrum of Social Mobilisation and Institution Development (SM&ID). The vision of NULM is **“to reduce poverty and vulnerability of the urban poor households by enabling them to access gainful self-employment and skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots level institutions of the poor.** The relevance of social mobilisation in any development activity particularly urban poverty alleviation plays a vital role for the success and NULM is no exception.

“We walk together, we move together, we think together we resolve together and together we take the country forward”

Social mobilisation is **an attempt to bring both, human and non human resources together** to achieve sustainable development. The primary objective of SM&ID is to have **strong institutions at community level where people can organise themselves** to take action collectively by developing their own plan and strategy rather than being imposed from outside. Social mobilisation can be defined as a broad scale movement **to engage people’s participation and achieving** a specific development goal through self reliant efforts. It involves every relevant segment of the society: decision and policy makers, opinion leaders, bureaucrats and technocrats, professional groups, religious associations, commerce and industry, communities and individuals. It is a **planned decentralized process that seeks to facilitate change** for development through a range of players engaged in interrelated and complimentary efforts particularly in addressing the felt needs of people. It embraces the critical principle of community involvement and seeks to empower individuals and groups for action. Thus social mobilisation in totality **aims**

Social mobilisation is a planned decentralized process that seeks to facilitate change for development by mobilizing the poor into groups and higher federations

at a continuum of activities in a broad strategic framework. The process encompasses a dialogue and partnership with a wide spectrum of societal elements.

Social mobilisation is a mass movement to engage people's participation in a process and is used by grass root organizations **to achieve a common goal**. The process of social mobilisation under NULM has a **definite objective of mobilizing the poor to form into groups and higher federations** at grass root level with a view to achieve savings mobilisation, bank linkage, mutual help and economic uplift through income generating activities. NULM has taken considerable care to address the domain challenges.

The present module is developed for the purpose of building the capacities of functional specialists of SM&ID working at National, state and ULB level with a perspective of monitoring and development of viable strategies amongst the nodal agencies, who would implement NULM.

Session Plan - Capacity Building of NULM Staffs on Social Mobilization and Institution Building Component

Sl.No.	Chapter Detail	Session Description	Duration	Resource Person	Methodology
Days – 1					
01.	Chapter 1	Concepts of Social Mobilisation	10.00 AM – 10.25 AM		Ice breaking session and interaction on lead questions , PowerPoint presentation, Focused discussion, etc
02.		Social Mobilisation in development initiatives: Historical perspective	10.25 AM – 10.50 AM		
03.		Empowerment of women through SHG and higher federations – different strategies	10.50 AM – 11.15 AM		
TEA BREAK			11.15 AM – 11.30 AM		
04.	Chapter 2	Brief reflection on NULM components	11.30 AM – 11.40 AM		PowerPoint presentation, Interaction with participants, Film clip on SHG functioning
05.		Key sub components of SM&ID under NULM <ul style="list-style-type: none"> - Building Community Institutions – SHG & Federations - Universal Financial Inclusion - Revolving Fund Support - City Livelihood Centres - Training For Community Institutions 	11.40 AM – 12.30 PM		
06.		SM & ID Tools (Annexure I to VI)	12.20 PM – 12.35 PM		
07.		Chapter 3	Community Participation and its relevance's – Principle and Concept	12.35 PM – 1.30 PM	
LUNCH			1.30 PM – 2.30 PM		
08.	Chapter 4	Origin of groups (rural and urban)	2.30 PM – 2.45 PM		PPT, discussion generated through asking focused questions, GD and presentation
09.		Various models of groups based on scope of functioning	2.45 PM – 3.00 PM		
10.		Self Help Groups - Relevance, Structure & Importance	3.00 PM – 3.30 PM		
11.	Chapter 5	Federation Structure - Relevance, Structure & Importance	3.30 PM – 4.15 PM		
TEA BREAK			4.15 PM – 4.30 PM		
12.	Chapter 6	Financial Inclusion	4.30 PM – 5.00 PM		Lecture with PPT Discussion with participants at various stages of session
13		Revolving support to SHGs and ALFs	5.00 PM – 5.15 PM		

14		Role of NULM supported institutions in UFI	5.15 PM – 5.30 PM		
Days - II					
15	Chapter 7	Familiar with process of opening of Savings Bank A/c for SHGs	10.00 AM – 10.25 AM		Lecture with PPT, Discussion with participants at various stages of session
16.		Understanding of revolving fund processes to SHGs/ ALFs	10.25 AM – 10.50 AM		
17.		internal lending and the assessment of SHGs for external loans and credit, Interest Subsidy	10.50 AM – 11.15 AM		
TEA BREAK			11.15 AM – 11.30 AM		
18.	Chapter 8	Understand the functioning and roles of Resource Organisation	11.30 AM – 12.15 PM		PPT & Discussion
19.	Chapter 9	Understand the concept & management of CLC	12.15 PM – 1.30 PM		Lecture, PPT & Discussion
LUNCH			1.30 PM – 2.30 PM		
20.	Chapter 10	Social mobilization plan & convergence with other components of NULM along with provision of 74 th Amendment, SUDA objective	2.30 PM – 3.30 PM		Lecture, PPT & Discussion
21.	Chapter 11	Prepare a viable plan of action for their respective roles in SM&ID	3.30 PM – 3.45 PM		Lecture, PPT & Discussion, Group Work
22.		Identify the stakeholders to be involved for implementation of SM & ID with timeframe	3.45 PM – 4.00 PM		
23.		Develop a check measure to cross verify the progress from time to time and to extend support to overcome challenges	4.00 PM – 4.15 PM		
TEA BREAK			4.15 PM – 4.30 PM		
24.		Concluding Session – Feedback	4.30 PM – 5.00 PM		

Chapter 1: Introduction to Social Mobilisation and Institutional Development

1.0 Objectives

At the end of this session, participants will

- Understand the concept of SM and its relevance for community awareness, empowerment for poverty alleviation, especially women;
- Various approaches to social mobilisation;
- Evaluation of SM concept in India over 20 years
- Implementation and impact of SHG model in urban areas

1.1 Scope of the Session

- Concepts of Social Mobilisation
- Social Mobilisation in development initiatives: Historical perspective (NABARD and MYRADA experience)
- Empowerment of women through SHG and higher federations – different strategies

1.2 Process

The Resource Person will initiate the session with a discussion on “**What is Social Mobilisation?**” to stress the point that it involves all sections of urban community and not just the poor. Then the point that Social Mobilisation is all about working with various sections of the community. This would refer to the background knowledge that it is more the network of relationships that exist in a community, between groups as much as within a given group that is focused. The Resource Person then will relate the process of Social Mobilisation as accomplished through groups and federations. This is exemplified by giving examples of MEPMA in Andhra Pradesh and Kudumbashree of Kerala. Example of Sthreenidhi Cooperative Bank of AP is given to show how group development can enable higher end activities. The session will conclude with a discussion on the KEY success factors of each of the examples given in Annexure 1.

Duration

75 minutes

Training Techniques

Ice breaking session and interaction on lead questions
PowerPoint presentation
Focused discussion

Reading Material

1.3 Relevance of Social Mobilisation in UPA initiatives especially NULM

Urban Poverty Alleviation initiatives have moved to the third generation in terms of focus across different programmes. From UCD to the NULM, the programmes have come a long way – in design, allocation of funds, implementation and post-project activities. The programmes related to poverty reduction for urban poor are listed in table below –

NULM recognizes community involvement and their participation in different stages of the project cycle as an important element in the process

Year	Program	Key focus
1958	Urban Community Development Pilot Project (UCD)	Area Oriented Approach
1972	Environmental Improvement of Urban Slums (EIUS)	Provide basic physical facilities to urban poor like safe drinking water, sewerage, storm water drains, community baths and latrines, street lighting, etc
1985	Urban Basic Services (UBS)	Catering to the basic physical and social needs of the urban poor with a view to improving their living conditions
National Commission on Urbanization (NCU), the first major comprehensive intervention at addressing the issues of growing incidence of poverty in urban areas, was started in 1989, when the Government of India adopted a four pronged strategy comprising (a) employment creation for low income communities through promotion of micro enterprises and public works; (b) housing and shelter up-gradation; (c) social development planning with special focus on development of children and women; and (d) environmental up-gradation of slums.		
1989	Nehru Rozgar Yojna	Cater to the economic needs of the urban poor by providing them employment opportunities through skill up-gradation and assistance by setting up their own micro enterprises
1990	Urban Basic Services for the poor (UBSP)	Program envisaged fostering community structures comprising urban poor for ensuring their effective participation in their developmental activities
1995	Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP)	Scheme was effective achievement of social sector goals, community empowerment, employment generation and environmental improvement

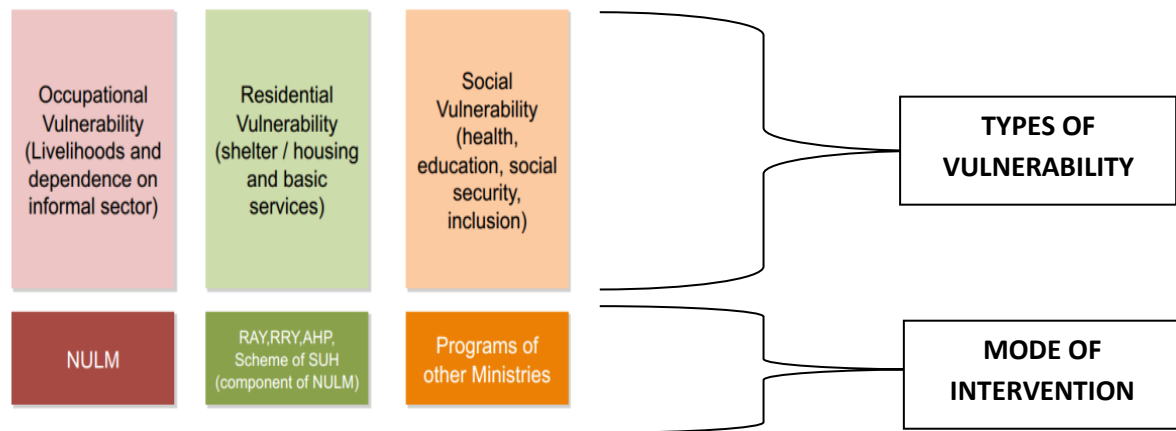
It may be observed that the NRY, UBSP and the PMIUPEP were launched at different times having overlapping features. The PMIUPEP incorporated within itself, all the components of UBSP as also the self-employment, physical infrastructure creation component and the shelter upgradation components of NRY. However, the PMIUPEP applied only to Class II urban agglomerations whereas NRY applied to all other towns and the UBSP applied to selected towns only. The abysmally low allocations for these programmes to States and Urban Local Bodies ensured that these programmes got the minimum priority both in the State Governments as well as with the Urban Local Bodies.

1997	SJSRY (Swarna Jayanti Shahari Rozgar Yojana)	Based on the recommendation of Prof. S. R. Hashim, SJSRY program has been launched on Dec. 1 st 1997. The program focused on seeks to provide gainful employment to the urban unemployed or underemployed through encouraging the setting up of self-employment ventures and relies on creation of suitable community structures and delivery of inputs through engagement of ULBs. The Programme is applicable to all urban towns in India.
2013	NULM (National Urban Livelihood Mission)	<ul style="list-style-type: none"> a. Ownership & productive involvement of the urban poor & their institutions in all process b. Transparency in program design implementation, including institution building & capacity strengthening c. Accountability of government functionaries & the community d. Partnership with industry & other stakeholders, and e. Community self-reliance, self dependence, self-help & mutual-help

The most significant of all these factors has been the recognition of community involvement and their participation in different stages of the project cycle. Initially starting with development of urban infrastructure, the programme gradually started including environment as an important element in the process followed by laying emphasis on involving the community level users in the creation /development of these facilities and services. This was followed by a period where the urban poor were perceived as the target persons to be taking up these activities / monitoring the activities thereby benefiting from doing the activity as wage earners at the same time keeping a close check to ensure the quality of the works carried out.

Organising the poor communities for better representation and accessing the available services etc.; and building the capacities of these collectives in various areas is of paramount importance in social mobilisation. The twin concept of promoting Thrift & Credit in the groups, dovetailing with facilitating credit links, and development of livelihoods through skill and employment generation have been the latest additions in the UPA approach. The NULM has taken the best practices and the learnings from past programmes, that has characteristics to tackle poverty, not just as an isolated issue but as conjoined issues. Poverty is looked at as tri-dimensional in nature that includes occupation, tenural housing and also social causes. NULM seeks to tackle it through a package of

initiatives that includes direct implementation, convergence with other UPA programmes and through advocacy as shown below:



India has an onerous task ahead to build employable skills not only to the unemployed but also to the marginalized groups working in the unorganised sector. Social mobilisation is **the cornerstone of participatory approaches** in poverty alleviation programmes. It strengthens participation of poor in local decision making, improves their access to social and production services and **efficiency in the use of locally available resources**. It also enhances **opportunities** for asset building in the form of institutions.

Social sector development activities indicates the importance of social mobilisation as key to success and its need for the

The World of Work Report (2014) indicates that **1.2 billion people live on less than \$1.25 and 1.5 billion in multidimensional poverty**. The whole community regions, the poor, informal workers, socially excluded, women, people with disabilities, migrants, minorities, children and the youth will be **more vulnerable to economic and health shocks, conflicts and civil unrests and industrial hazards**. The reasons for such vulnerabilities were identified to be limited capabilities, their location and position in society, low social cohesion, unresponsive institutions and poor governance. The situation in India may be similar to this finding which calls for action. Despite the efforts of government to address poverty through different programmes, the percentage of persons below poverty line (BPL) **has been estimated as 25.7% in rural and 13.7% in urban areas in 2011-12** (Poverty estimates for 2011-12, PIB, Govt. of India) which is a matter of concern that calls for strategic intervention. The other challenge which calls for attention is the potential youth of India being placed on top of the world but the work force is mostly involved in unorganised sector, vulnerable to various social challenges. Therefore, Social mobilisation and Institution building has to be dealt with greater commitment in a holistic manner.

1.4 Social Mobilisation & Institution building – certain insights

The *Social Mobilisation* process engages and motivates a wide range of partners and allies (collectives) at national and local levels to raise awareness and demand for a particular development objective through face-to-face dialogue. Leadership, communication channels, organising capacity, assessment, problem solving, are some of the common resources that need to be embedded into social mobilisation in any

The activity of bringing together of all these stakeholders in a society on a common frame of understanding with convergence of concern and focus on the achievement of any objective is the success of Social Mobilisation.

The process of social mobilisation begins with identifying particular communities of common interest as the target for common good rather than involving the whole society..

sector. An important factor is that **the collectives operate** in an overall societal context and become integral part of the societal network. The stakeholders include other non-targeted citizens, service providers, individuals and institutions that represent the bureaucratic, political and economic realms of the community. The **solidarity of all stakeholders** particularly government and non-governmental organisations is also equally critical for the attainment of any change. It calls for journey among partners and results in successful transformation of developing goals into societal action. Therefore, social mobilisation may be viewed as the process of enlisting the participation of all stake holders for accomplishment of a common goal.

The NULM would target **poor families**, to organise them to enhance their capacity and enables them to identify their needs. They would plan the set of activities to address and prioritize the needs and target for phase-wise implementation and fix responsibility. They will participate in implementation, management and post-project ownership including O&M. The process of social mobilisation begins with awareness campaign. The community becomes mobilised when a particular group of people becomes aware of **shared concern/common need** and decides together the course of action for shared benefits. Social Mobilisation is looked at as “the primary step of community development. It allows people to think and understand their situation and to organise and initiate action for their recovery with their own initiative and creativity”. Through mobilisation, people can organise themselves to take action collectively by developing their own plan and strategy. Social Mobilisation is founded firmly on the view of community as not merely a group of individuals but a complex network of inter-relationships and transactions that define the community in totality and places it vis-à-vis other communities to which it is connected geographically, or at higher levels of existence and movement. Social mobilisation as an approach, attempts to understand various patterns of inter-relationships, the collectives involved and hand-hold these collectives of actors to re-align their activities to make them more beneficial to everybody.

Social mobilisation is normally built on four pillars: **community engagement, defining the need, choice/decision and action**. However there are four Meta - issues that

may commonly arise in the process which need to be kept in mind by the project implementers for ensuring success.

- 1) **Community investment** – In a society, both the rich and poor live together and though the process of social mobilisation involves the society as a whole, investing more in understanding and supporting specific communities rather than whole population helps better for its success. Though the problem pertains to a particular group or community, understanding the broad panoply of challenging issues has to be understood by the whole society to ensure convergence of various stakeholders.

“different strokes for different folks” holds good in this situation also. Therefore flexibility is an essential component in grass root approach of community centric governance .

- 2) **Whole person** – An individual may be facing a constellation of needs and each of them will be competing for his attention. But the priority need may vary on daily basis. It can be food, shelter, safety, among others, than the problem of unemployment which is immediately manifested. Therefore looking at the whole persons and his needs, are to be addressed as a whole person in social mobilisation and this would help develop a strong network.

The Govt. of India as part of urban poverty alleviation have launched different programmemes like Housing for All to address residential vulnerabilities, under Credit Link subsidies (CLS) Scheme of Housing for All to facilitate the poor to own their own homes by getting subsidy on the housing loans, Prime Minister’s Jan Dhan Yojana as part of financial inclusion, Sarva Siksha Abhiyan, JBY, RSBY, total sanitation programme etc. to be converged and addressed holistically. Thus the whole person approach of understanding not only the problem but also understanding the impact on persons. For an example providing placement linked employable skills to a person is the agenda. But such placement has certain connotations on various issues like his place of stay, family, travel to the place of work, children’s education, health issues, etc. As such, a whole person approach is to be taken in the process of social mobilisation.

NULM is one such converged set of initiatives not only to provide placement linked employment skills but also facilitated advocacy and convergence of various other social welfare development programmemes

- 3) **Flexibility** - Every social development programme requires domain knowledge. Every community consists of different castes, creed, religions, regions, desires, challenges, etc. Having a rigid approach with such multidimensional community may straightjacket the scope. Though the Govt. of India issued guidelines under NULM, it also gave opportunity to the states and urban local bodies to formulate their own suitable and viable plans with required flexibility to increase the scope and to optimize the coverage.

Social Mobilisation as an approach yielded positive results in organizing the poor into Self-Help Groups and linking them to banks for small credit and thus enabling them to improve their livelihoods.

Socioeconomic and political factors play a vital role in identifying the beneficiaries, building community level institutions, arranging bank linkage, organising capacity building programme, etc.

- 4) **Small is ideal** – The National Urban Livelihood Mission envisions to build three tier structures of community institutions, one at the national level, second at the state level and third at the city level. A mega city/ metropolitan city may have larger jurisdiction



with a varied socioeconomic and political ethos. Especially in the Indian context, such differences may be found within a smaller spread. In this context, it is very important to suitably modify or tailor the implementation details and operationalise some of the generic aspects in the guidelines to suit the specific community in question. In livelihoods for example, the demand for certain products, may have varying degrees of success in terms of marketability within the

vicinity making it necessary to make more relevant choices. The maxim ‘small is beautiful’ may well be suited here. The advantage of adopting such a strategy of smaller, community relevant choices, is that the risk of ‘spreading too thin’ where smaller innovations get compromised in the huge spread of the initiative will be avoided. The scope of building best practices and catalyzing on community-centric action will be augmented. Such an approach will also encourage innovations and promotes healthy competition in the market from the grassroot level.

1.5 Social Mobilisation as the fulcrum of all components under NULM

NULM strongly believes that communities that take charge of their own recovery will make informed decisions, reach sustainable solutions, and achieve better results faster and enhance their capacity to undertake development initiatives. Every component of NULM has a bearing on the SM&ID which is discussed in detail in the chapter of Convergence. Social Mobilisation involves initial work with the community and delineating the boundary of activity, followed by the formation of primary groups and Community structures.

Social Mobilisation its broadest sense is this collectivization and linking up of primary groups and Community structures with initiatives under urban poverty alleviation

1.6 Empowerment of women through SHG and higher federations – different strategies

In the area of urban poverty alleviation (UPA), the formation of SHGs started with the UBSP wherein the concept of Community Development Society (CDS) as a viable structure through which all activities related to the provision of basic amenities was initiated. This three tier structure representing the community (usually a slum/urban poor area or Basti) was envisioned to be initiated with the presence of a Resident Community Volunteer (RCV). She would initiate the process by formation of groups called as Neighborhood Groups (NHGs) that may also function as Thrift and Credit (T & C) Groups which would take up various works / supervision related to the provision of basic services. The NHGs were further federated at the ward or area level into Neighborhood Committees (NHCs) and further at the ULB level into Community Development Society (CDS). In case

of large municipalities, an Area Development Society (ADS) was also envisioned at the intermediary level of the ward. This concept found huge response from the southern states particularly Andhra Pradesh, Kerala and Karnataka and a number of groups and federations were formed.

One of the positive ways the provision of groups and federations has been used is in the state of Andhra Pradesh¹. The formation of Mission for the Elimination of Poverty in Municipal Areas (MEPMA) in 2009, is the mission mode approach and number of groups in the first year was more than a lakh women. In Kerala, the Kudumbashree programme was initiated in rural and urban areas and the CDS development took up momentum in the state with intensive focus on individual and group enterprises and the development of thrift and credit. This has resulted in the development of many models in individual and group enterprises. Many studies have shown overall positive impact of SHG bank linkage programme on the socio-economic conditions of poor (Puhazhendi and Badatya, 2002; MYRADA, 2002). A perceptive study reported about Andhra Pradesh that there have been significant change in the living standards of SHG members in terms of increase in their income levels, assets, savings, borrowing capacity and income generating activities.

Social Mobilisation in NULM in its design has rightly given utmost priority to people as being at the center of the Mission. The ultimate goal of all initiatives that have to do with communities especially the vulnerable, is to empower them to involve in, participate and benefit from the programme; in NULM this has been well factored in. Second, the scope for the involvement of the community collectives in the various sub-components under NULM have the potential for community to participate in the programme as individuals and as groups. This is not only as beneficiaries, but as partners or as teams to reinforce the feeling of ownership in the community. Third, social mobilisation within the mission as the first component that invests in the building up of people's strength, voice and credibility for all other inputs, helps above all, in enhancing the feeling of group cohesion and reinforcing the myriad advantages of operating as groups rather than as individuals.

Additional Reading Material

1. MEPMA portals at www.apmepma.gov.in and www.ikpurban.telangana.gov.in
2. Understanding Community Mobilisation Within Communities of Color In Los Angeles County - *Terance J. Wolfe, PhD, AE2GIS Group February 11, 2009*
3. Community Mobilisation - Sector Approach *Mercy Corps, 2009*

¹ In this document wherever the term Andhra Pradesh is used, it is with reference to the erstwhile integrated state of Andhra Pradesh before it has been reorganised to carve out the Telangana as a separate State. Wherever deemed necessary, separate reference is made to the states of Andhra Pradesh and Telangana.

Chapter 2: NULM – An overview and SM & ID Norms

2.0 Learning Objectives

At the end of this session participants will

- Be familiar with all the key NULM and SM&ID norms for implementation of SM & ID
- Understand the key differences between SJSRY and NULM

2.1 Scope of the Session

- Brief reflection on NULM components
- Key sub components of SM&ID under NULM
 - Building Community Institutions – SHG & Federations
 - Universal Financial Inclusion
 - Revolving Fund Support
 - City Livelihood Centers
 - Training For Community Institutions
- SM & ID Tools (Annexure I to VI)

2.2 Process

The process will begin initially to refresh all components of NULM and would mainly focus on SM & ID. The Resource Person will make a PowerPoint presentation on components of NULM in brief stressing on the components of SM&ID in detail and would also focus on each of the Annexures (I to VI) explaining as to how they will be useful tools for implementation of SM&ID. This session requires examples as much as possible with indepth domain knowledge.

The RP will facilitate active discussion at various points to elicit the experiences of participants' realm of work and draw out examples of how each experience would strengthen the present programme.

The RP will stress on the guiding principles, the overarching points of focus on the community-centeredness and concomitant requirements from the practitioners.

Though there is a separate module on NULM, this session is inducted to refresh on components of NULM since SM&ID is the foundational sub-component for implementation of every component under NULM. The primary focus however will be to understand the component of SM&ID.

Duration

75 minutes

Training Techniques

PowerPoint presentation

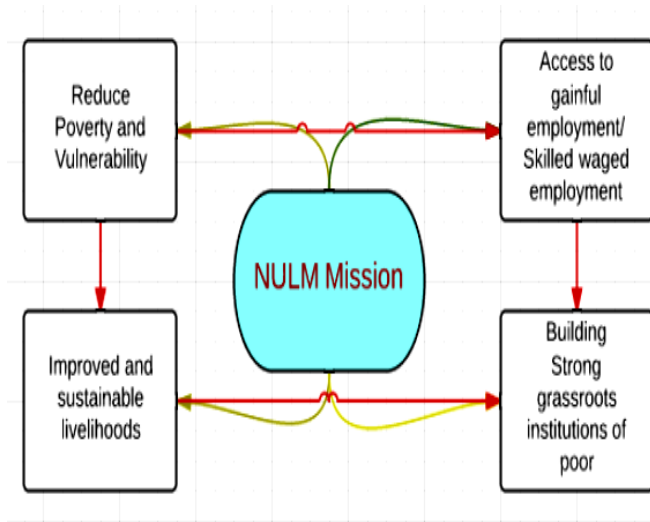
Interaction with participants

Film clip on SHG functioning

Reading Material

2.3 Addressing the issues: Need for NULM

- Address livelihoods concerns of the urban poor in convergence with other programmes to tackle multiple vulnerabilities: occupational, residential and social;



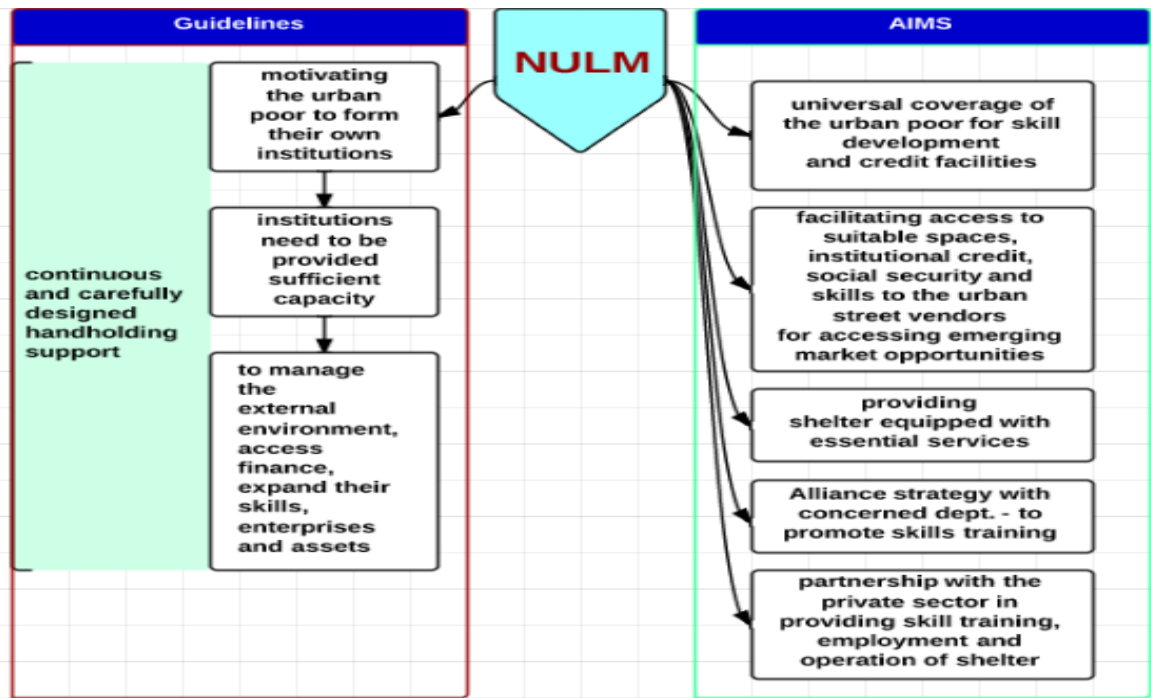
- Focus on tangible poverty reduction outcomes, time-bound targets and monitoring of the achievement of such targets;
- Facilitate the building of key institutions of the poor and their capacity so that they can implement programme by themselves with sensitive

support.

- Address key structural deficiencies in implementation, especially the lack of dedicated manpower and professionals.

Urban poverty is different from rural poverty; The livelihoods issues, especially skill development for market-based employment as well as self employment of the informal and unorganised sector workers who constitute bulk of the urban poor, are critical and of immediate importance. Urban poverty alleviation programmes need to include skill development and easy credit access.

The following diagram depicts the various components under NULM



There are seven components under NULM which address various dimensions of urban poverty alleviation through different activities. The total number of components within NULM are listed below:

- Social Mobilisation and Institution Development (SM&ID)
- Capacity Building And Training (CB&T)
- Employment through Skills Training and Placement (EST&P)
- Self-Employment Programme (SEP)
- Support to Urban Street Vendors (SUSV)
- Scheme of Shelter for Urban Homeless (SUH)
- Innovative and Special Projects (I&SP)



2.3.1 Social Mobilisation & Institution Development (SM&ID)

This is the first component in NULM which the current module is devoted to. The details of SM&ID component along with its sub-components are dealt as Item 2.4

2.3.2 Capacity Building and Training (CB&T)

The key objective of this component is to transform the role of the Ministry of Housing & Urban Poverty Alleviation and State Agencies in charge of urban poverty alleviation into providers of high quality technical assistance in the fields of urban livelihoods promotion and urban poverty alleviation. **The different Sub-components under CB&T are: Technical Support at National, State and City Levels; Training & Other Capacity Building Programmes for MMUs**

2.3.3 Employment through Skills Training and Placement (EST&P)

This component will focus on providing assistance for development / upgradation of the skills of urban poor to enhance their capacity for self-employment or salaried employment. EST&P intends to provide skill training to the urban poor in skills that match the market demand, so that they can set up self-employment ventures or secure salaried employment. EST&P will target the urban poor, subjected to occupational vulnerability. No minimum or maximum educational qualification is prescribed for the selection of beneficiaries under EST&P.

2.3.4 Self-Employment Programme (SEP)

The SEP component focuses on provision of financial assistance to individuals and urban poor groups to set up self employment /micro-enterprises based on viability in terms of skills, training, aptitude and local conditions. The second dimension of this component is the support to SHGs to access credit from banks and interest subsidy on SHG loans. Apart from this, support will also be provided to individual/group entrepreneurs, SHG members and Urban street vendors / hawkers engaged in micro enterprises. This component will also facilitate credit cards for working capital requirement of the entrepreneurs. **The different Sub-components strengthening SEP component are: Individual Enterprises (SEP-I)-Loan & Subsidy; Group Enterprises (SEP-G); Interest Subsidy on SHG Loans (SHG-Bank Linkage); Credit Card for enterprise development; and Technology, Marketing and Other Support**

2.3.5 Support to Urban Street Vendors (SUSV)

This component aims at skilling of street vendors. It supports micro-enterprise development, credit enablement and pro-vending urban planning. This component also provides for the creation of social security options for vulnerable groups such as women, SCs/STs and minorities. Up to 5 percent of the total NULM budget will be spent on this component. **The sub-components under SUSV are: Pro-vending urban planning; Skill Development and Micro-enterprise Development support for Street Vendors; Credit-enablement of Street Vendors; Development of Vendors' Markets and; Social Security Convergence**

2.3.6 Scheme of Shelter for Urban Homeless (SUH)

The main objective of Scheme of Shelter for Urban Homeless (SUH) is to provide shelter and all other essential services to the poorest of the poor segment of urban society. The shelters should be permanent, all-weather, 24 x 7 shelters for the urban homeless. For every one lakh urban population, permanent community shelter for a minimum of one hundred persons is proposed. Depending upon local conditions each shelter could cater to between 50 and 100 persons.

The operational guideline (Clause no. 3) of SUH has been amended as “depending upon the local conditions, each shelter should preferably cater for 50 or more persons. **In exceptional situations, shelters with lesser capacity could also be approved**”.

2.3.7 Innovative & Special Projects (I&SP)

The objective of projects under this component is to implement time-bound programmemes to demonstrate approaches that may have wide implications for sustaining urban poverty alleviation efforts. Projects may include pioneering approaches, innovations to strategies under NULM, or catalysing efforts in geographical areas. The component also promotes special projects to address livelihood issues of most vulnerable sections like physically-challenged, rag pickers, domestic workers, rickshaw pullers, sanitation workers and other such vulnerable groups.

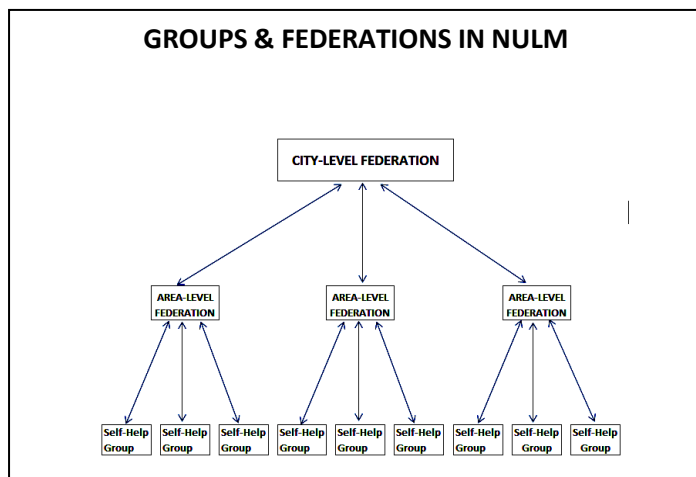
Innovative / special projects may be undertaken on a partnership mode involving CBOs / NGOs / semi-government Organisations / private sector / industry associations / government departments/ agencies / urban local bodies, national/state/city resource centres or international organisations.

2.4 Detailed description of the Social Mobilisation and Institution Development (SM&ID) component along with sub-components

Social Mobilisation under NULM is deemed as an investment for sustaining urban poverty alleviation. The Mission views the mobilisation of urban poor into groups with representation of at least one member preferably a woman from each household. These groups are further federated at two levels – at the area, and the town/city. These groups are viewed as the basic unit of the poor. While the norm is the formation of women’s groups, groups of handicapped persons will also have male members.

*Social Mobilisation & Institution Building is operationalized through Five Sub-Components of: **Building Community Institutions, Universal Financial Inclusion, Revolving Fund Support to SHGs and ALFs, City Livelihood Centres (CLCs) and; Training & Capacity Building Programmes for SHGs and Federations***

The structure envisaged under NULM is three-tiered; with the SHGs at the basic



neighborhoods level, which are further federated at the Area level, called Area Level Federations (ALFs) and at City level, called City Level Federations (CLFs). The federations will be registered bodies. The focus of NULM will be on the vulnerable sections in various forms, including SCs, STs, minorities, female-headed households, persons with

disabilities, destitute, migrant laborers, and especially vulnerable occupational groups like street vendors, rag pickers, domestic workers, beggars, construction workers, etc.

Existing area-based structures created under SJSRY – Neighborhood Groups (NHG), Neighborhood Committees (NHC) and Community Development Societies (CDS) or christened differently in any other state/UT will be transformed into SHG-based structures.

The tools pertaining to groups and federations, (Model SHG Rules and Regulations, Model Bye-Laws for ALFs and Checklist for a functional SHG) are annexed to this document as **Annexures I, II & III** respectively.

2.4.1 Sub-Component – Building Community Institutions: SHGs and their Federations

Under this sub-component, there is provision for the engagement of Resource Organizations (ROs). The ROs would facilitate the formation of SHGs and federations at the area and city levels, training and capacity building, and establishing links to banks and ULB and enable them to mitigate social, occupational and residential vulnerabilities. Norms for engagement of ROs are given in Chapter 6 of this module. The Model Framework for Engagement of Resource Organizations (ROs) for the formation of SHGs under NULM is provided in Annexure IV.

2.4.2 Sub-Component – Universal Financial Inclusion (UFI)

In a decisive step towards financial inclusion of the poor as a step towards poverty alleviation, the UFI sub-component is envisioned. This includes the following: offering financial literacy to familiarize the poor with basic banking concepts and facilities; enabling every family to open basic savings bank account, thereby opening the avenues for their access to credit, affordable insurance, and remittance facilities as individuals and as institutions, and; facilitate coverage of urban poor households under schemes such as Rashtriya Swasthya Bima Yojana (RSBY), Aam Admi Bima Yojana (earlier the Janasree Bima Yojana JBY) and similar programmes.

2.4.3 Sub-Component – Revolving Fund Support to SHGs and their Federations

NULM envisages that Thrift and Credit (T&C), functional literacy and basic skills training would be the main trinity of activities of Self-Help Groups (SHGs). Under NULM, SHGs and ALFs are incentivized to become pro-active in their initiatives by offering them Revolving Fund which is on a one-time-basis. A Revolving Fund support to the tune of Rs.10,000/- per SHG will be provided to SHGs with more than 70 percent urban poor members and those, which have not availed such support earlier. Similarly, Revolving Fund of Rs.50,000 is made available to ALFs to sustain their activities.

The detailed discussion on the Revolving Fund to SHGs and ALFs is given in Chapter 5A. The Application for Revolving Fund Support are given as tools under Annexures V and VI respectively.

2.4.4 Sub-Component – City Livelihood Centres (CLCs)

The concept of City Livelihoods Centers is envisaged to build the livelihoods related gaps that account for the poverty of the urban poor. The CLCs are designed to serve two important functions. One, providing for the marketing of services and products to the citizens. Emphasis will be on those services that are difficult to access by the citizens, like carpenters, plumbers and a host of other services like payment of bills, etc., that are vital to an urban citizen. Second, the CLCs will serve as a facilitation centre where all information relating to services, availability of skill related trainings and other vital information is made available. Therefore it will be a “One-stop-shop” for the promoters and seekers of urban services, as well as being a platform for Information Education & Communication (IEC) on livelihoods.

The opportunities pertaining to the CLCs under NULM are tremendous and have the potential for providing employment to the skilled individuals and groups including technical and advisory (like method of getting licenses for products, organizing and coordinating trainings, etc.), which will be discussed in detail in Chapter 8. Under Annexure VII proposal details for establishment of CLCs is furnished.

2.4.5 Sub-Component– Training & Other Capacity Building Programmes for SHGs and their Federations

This component is an important component that ensures the strengthening of groups and federations in various dimensions related to group management, livelihoods management, bank linkage, roles and responsibilities of members, etc.. This component will also deal with the development of community-level resource persons, train sub-committees looking after various subjects like health and sanitation, disability, conduct of survey and enumeration, etc.. For formation and sustainability of groups this may be considered as an important sub-component under SM & ID.

The Social Mobilisation and Institution Development Sub-component has a lot of importance in NULM. The whole Mission is viewed as firmly resting on strong grass-roots

level Organizations of the urban community and strengthened through a variety of inputs ranging from capacity building to financial inclusion and bank linkages.

2.5 SM & ID Tools (Annexure I to VII)

With a view to building groups and for their empowerment both in structure and functioning, tools have been developed. They give the format and a comprehensive and well thought-out set of information requirements that may be taken as the minimum requirements. The operational guidelines also clearly mention the “indicative” nature of the tools and encourage adding on of features based on need.

There are 7 different tools available as annexures. These are as follows:

Annexure I: Model SHG Rules and Regulations

Each SHG is expected to develop its own set of rules and regulations that govern the structure and functioning of the group. The first section of the annexure gives the identification data of the group; objectives; membership; savings; meetings; maintenance of group records; management of group funds; norm for management of group account; withdrawal of membership; disqualification of membership; change in rules and regulations and; dissolution of group.

Annexure II: Model Bye-laws for ALFs

Federations are constituted within a pre-determined boundary called the area and they are registered as per the rules prevailing in respective States. There is a necessity for ALFs to have a set of bye-laws governing the structure and functioning with delineated norms as well as set of roles and responsibilities for its members. The Operational Guidelines for SM&ID contain the Model Bye-laws for ALFs. The byelaws for ALF are similar to the Rules and Resolutions for SHGs with changes as mentioned below:

1. The ALF is constituted by member SHGs that share common place of location
2. The objectives of ALF are designed to enable them to strengthen, form new SHGs where necessary, enable their capacity building and their benefit under NULM. It would also be the conduit for information sharing, monitor their transactions including financial, and represent them in higher forums.
3. ALFs corpus is constituted through contributions of member SHGs by way of membership fee and annual subscription
4. The management of ALF is through the Management Committee with 6 members instead of 3 members as in the case of SHGs. The balance 3 are, technical volunteers for Livelihoods, Social Security and Financial Inclusion

Annexure III: Checklist for a functional SHG

THE Checklist for Functional SHGs is a detailed list of 11 parameters. It relates to group membership, periodicity of meetings, thrift and credit activity (along with the loan access), maintenance of required records and books of account, rotation of leadership and capacity building of its members. This checklist is to be updated every month.

Annexure IV: Model Framework for Engagement of ROs for SHG formation under NULM

The framework for engagement of Resource Persons gives the basic requirements pertaining to the eligibility criteria and the process of recruitment of ROs. The ROs are responsible to facilitate the formation of SHGs, their development and bank linkages, their federation at the area and city levels, training and capacity building, establishing links to ULBs, and to mitigate social, occupational, and residential vulnerabilities.

The framework deals with the following:

a. Outcomes of the engagement of ROs

Elaborated as formation of SHGs and Federations with all characteristics detailed in the Guidelines; possession of bank account by all SHGs and accessed credit and Revolving Fund Support

b. Principles of partnership with ROs

Mapping of the urban poor areas for status of SHG formation; adherence to criteria pertaining to organization's strength and technical knowledge; plan for the election of RO evolved by the SULM for respective state; ULB to evolve deliverables for concerned city; RO to be assigned a compact geographic area for work and assigned minimum of 50 SHGs – based on which RO may be assigned trans-city expanse also, and; regular reporting to be done by the RO

c. Selection Criteria for ROs

Government institutions like MEPMA and KUDUMBASHREE may be considered as ROs; organization should be registered and also a reputed one; professional approach in book-keeping, etc, philosophy of potential organization must synchronize with the NULM features; experience of working in the area geographic; prior experience of forming at least 100 SHGs; RO must utilize community based CRPs etc in their teams but not sub-contracting work to them; be secular in nature and; be willing to sign an MoU with SULM for engagement

ROs which are already empanelled with NRLM, NABARD or any other government organizations with track record of good performance may be directly engaged as RO.

d. Scope of ROs' work

Implementing the model of institution building as envisioned by NULM; selecting SHGs in participatory method; ensure 70% representation of the poor; capacity building through training to all the SHG members on NULM tenets and sub-components like financial inclusion, skill development, etc. ; handholding of SHGs for at least 15 months and regular support in meetings and convergence for 2 years; withdrawal of support between 15-24

months with increasing monitoring support and facilitate SHGs to form ALFs for further handholding support – based on evaluation of the status of the SHGs promoted and; orchestrating convergence

e. Monitoring & Evaluation

To be done on the basis of robust IT based M&E MIS put into place by the SULM that takes into account input-output-based monitoring, accountability; third party evaluation and impact assessments, etc.

Annexure V: Application for Revolving Fund Support to SHGs under NULM

and Annexure VI: Application to Revolving Fund Support to ALFs under NULM

These are tabular formats with similar entries containing identification and performance details of the SHG/ALF, details of office bearers, remarks of RO/Field Coordinator / CMMU, overall remarks of competent authority from ULB, whether application is approved or rejected and; date of transfer of Revolving Fund to the SHG/ALF

Annexure VII: Proposal Details for Establishment of CLCs

This format contains the details that need to be submitted for the setting up of a City Livelihoods Center. Following the identification details, include; total population and total poor in the area, members expected to be covered by the CLC and the type of services proposed to be extended through the Center. The proposal should also contain details of the area given by the ULB for CLC setting up, the agency to facilitate the CLC and; a business plan for CLC, all of which are forwarded by a competent authority.

The operational guideline (Clause no. 42) of SMID has been amended as, Central share released for CLCs should not be used for construction of physical infrastructure. However, funds could be utilized for renovation of existing infrastructure provided it does not adversely affect the funds required for other activities of the CLCs.

Additional Reading Material

1. NULM Mission Document
2. Social Mobilisation & Institution Development Operational Guidelines

Chapter 3: Engaging the community for poverty alleviation

3.0 Learning Objectives

At the end of this session:

- Participants will be able to identify and prioritise areas for social mobilisation
- Participants will learn how to approach local communities especially women and conduct local meetings to develop a rapport
- Participants will develop an understanding of the 'urban poor' as clients of NULM
- The session will also include field visits / experiences
- Understand the importance of trusting the knowledge and ability levels of the community and their role in creating an enabling environment for community participation
- Understand the role of various community- and Mission-level functionaries in facilitating community participation

3.1 Scope of the Session

- The participation continuum
- Types of participation – from passive to active in various stages of a project cycle
- 7 steps for community participation
- Community Participation Law and Public Disclosure Act – best practices facilitating Community participation, e.g. Citizens' Charter, Grievance Cells, invitation of community representatives to Bankers' meetings, etc.
- Community participation strategies in NULM
- Community – Mission interface through the Community Organisers, ULB, District and State-level resource persons
- Tips on community participation - Dos and Don'ts to Community Organisers

3.2 Process

The session will be a lecture aided with PPT to explain the concepts of community participation including the continuum of participation. This will be followed by a short session of interaction with community representatives/ facilitators like CRPs or any other peer learning method. Wherever possible, it may be stressed to understand how focused inputs can help develop strong community level capacities. The participants may be provided with sufficient understanding of how to approach the community and initiate the process of building community institutions. The field visit also need to be organised, to give an exposure.

The 7 steps for community participation will be shown and the participants will be explained on the important precautions to be taken while interacting with the community in order to ensure pro-active participation stressing on the point of the unflinching trust on the capacities of the community and their abilities which would create the feeling of ownership of the programme. The need for developing a document that reflects the community's perception of its vulnerabilities and strengths as a frame of reference will be stressed.

The Resource Person will use various quotes and experiences related to community participation particularly helpful to the participants to clarify beneficiary doubts and frequently asked questions and explain ways and means of addressing domain challenges.

Duration

75 minutes

Training Techniques

PowerPoint presentation

Field visit & Slum Immersion Program to understand community situations and reactions followed by interaction

Framework of Interaction with the CRPs and other community representatives (wherever possible)

Short film show

Reading Material

3.3 Introduction

There are three important factors that impact the performance of any programme which stand to explain almost every phenomenon related to development. Excessive dependence on the government curtailed people's initiative. Obsessive preoccupation with capital accumulation results in neglecting the capacity of the poor. Concentration on industrialization / modernization builds wide gaps in the skill and other requirements from the employable individuals and the possession of such pre-requisites among the poor and vulnerable.

It is also to be stated that there are few overarching factors that have a strong bearing on all subsequent urban poverty alleviation initiatives:

- Where poor participate as subjects and not as objects, it is possible to generate growth, human development and equity
- Poor have contributed to growth and human development under varying socio-political circumstances
- Building organisations of the poor is an essential prerequisite of poverty alleviation
- Empowerment of the poor especially women is the means to poverty reduction
- Need for sensitive support mechanism
- Participatory monitoring and evaluation

The firm conviction that the success of any programme is measured by the level of participation of the community has resulted in incorporation of community centeredness of every development initiative. This is especially true in the realm of accessing various services and amenities made available through the urban local body. The involvement of the community at all the stages of programme from planning to post-project period results in an effective utilisation. It is shared between all sections of the community especially the urban poor, for improvement in their quality of life.

3.4 Defining Community

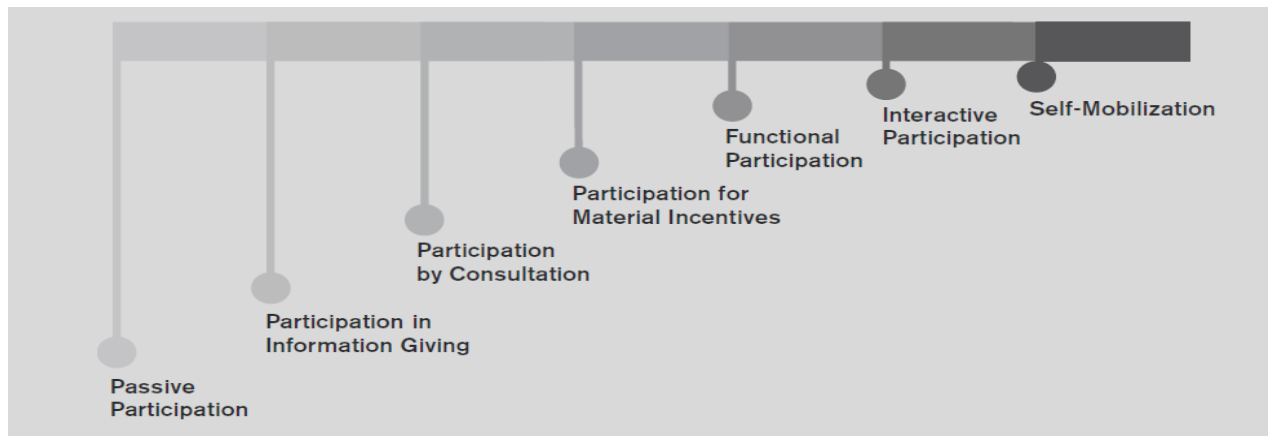
The definition of community took into its ambit the network of relationships by which a community is bound – various caste, class, religious and socially exclusive groups, providers of goods and facilities and their users. The characteristic here is the inter-relatedness of various institutions (like religion, commerce, etc.) that binds them into a network.

A social group of any size whose members reside in a specific locality, share government, and often have a common cultural and historical heritage.

- A geographic area whose size should be determined by members
- Includes economic, environmental, and social/cultural features of that area

3.5 The Participation Continuum:

It is contended that participation always follows a continuum with no participation and total participation at different ends with increasing levels of participation in between in a continuum. As shown in the diagram continuum, participation has different levels: Passively receiving benefits of a programme e.g.: health services or education; by contributing - land, labour or money for the programme; assuming in the programme; involving in monitoring and evaluation and ; actually deciding on the programme, mobilising the resources and implementing it.



In terms of participation, it can be progressively incremental as follows:

- As contributive – contribution of labor, cash or materials in pre-determined programmes
- As an organization – creation of structures to facilitate participation
- As empowerment – developing power to make choices or having control over the programmes

From the above, the type of community participation envisioned in the implementation of NULM, is to develop an organization that facilitates participation through a host of ways. It includes capacity building and long-term hand-holding to upgrade the level of participation of each of the individual members within the group and the federation.

The aim of Community Participation is to facilitate participation to affect changes in the KAP levels as individuals and organizations leading to their self sufficiency and movement towards self actualization

Second, the ultimate aim of participation is empowerment where deeper changes in the Knowledge, Attitude and Practice (KAP) levels of the individual to make choices and effectively have control over and manage programme results in growing self-sufficiency and self-actualization of the members.

3.6 The 7 Steps of Community Participation

"Community participation is a planned process whereby local groups are clarifying and expressing their own needs and objectives and taking collective action to meet them."

"A planned process" is the means by which one moves from a given starting point to a desirable end. The facilitator is aware of the importance of identifying the level of knowledge and experience of the community members (as well as the participants in training). The intention of community participation is then a planned the community to "express their own problems and needs" and "take collective action to meet them". It emphasises the involvement of the people themselves in determining and meeting their own needs.process of change.

Though there are no set rules on the steps to be followed for community participation in an effort to presents broad outline, the following seven steps have been identified as being crucial as an effective process.

Step 1: Introductory/preliminary meeting with all stakeholders at ULB level.

Community Participation is based on 7 broad steps that focus on understanding the existing geo-demographic and socio-political status and involve the community through application of participatory methods to analyze the above to develop a Community Development Plan

This process will be an introduction with the prominent persons who can influence the community. They may be elected representatives, municipal functionaries, CSOs, NHG representatives, religious heads and other stakeholders. This is the first step, the agenda need to be carefully drawn out. Some of the important issues discussed in the preliminary meeting would be an objective and the scope of activity/sub-activity. The extent of Community involvement, roles of each stakeholder, details of activities (e.g. Issues like house ownership; monthly income; community representation during Micro-planning), eliciting deliverables of activities, etc. are discussed

Step 2: Building rapport

Team members (who are involved in the facilitating the process of community engagement) will meet important persons – Councillor, Anganwadi workers, school HM/ Teachers / MPHWS / Prominent Local Leaders / Elders. The members of the team should meet them in *their* houses – Spend considerable time. However, they should avoid being treated as guests during such visits.

Step 3: Understanding the target area

This is accomplished by taking up the participatory method called a transect walk in the area along with prominent / knowledgeable persons. This helps those involved to gain first hand knowledge of the details, approach roads, basic services, infrastructure, housing / lifestyles / livelihoods pattern, etc. The transect walk may be followed up by resource mapping, preparation of Venn diagram, etc. It would provide details of people's access to services, regularity of availing services and a host of socioeconomic factors prevailing in the community.

Step 4: Household mapping

This step involves triangulation of the information gathered during visits. This is akin to the social mapping employed in participatory appraisal methods. This activity is carried out in the presence of a sizeable number of residents. This also involves gathering family information including education, occupation, disability status, etc.

Step 5: Ongoing meetings with the community

There is a need to organise regular meetings, weekly or fortnightly with the community and stakeholders, at different phases of the implementation. This helps to keep the community standing on a common platform and arrive at a common frame with reference to the information and sharing responsibilities. Regular interaction also helps in constant review of activities underway and helps course correction, if required. These interactions also help in straightening out any dynamics and facilitates community audit

Step 6: Situational Analysis and Needs Assessment

In this step the team conducts a situational analysis of groups within the target community. It helps to understand the situations, pattern of occupation, migration, occurrence of diseases, different dimensions of poverty, coverage under SHG system, coverage under skill trainings, etc. Another important exercise is needs assessment i.e, the kind of support the community feels it needs to overcome poverty. These needs could further be prioritized with common consent of the community.

Step 7: Debriefing session with the community

In this step, the team of organisers will sum up the entire feedback based on the activities taken up from Step 1 through 6 and present the same to the community and get their acceptance on the major findings. Based on this, a draft community development plan is prepared and implemented.

This set of steps will ensure that the initial entry point activities are accepted and secondly, the ground is set for taking up other activities. The most important accomplishment that can be attributed to this approach is the sense of ownership of activities within the community and their active contributing participation.

3.7 Community Participation through community mobilisation in NULM

NULM firmly believes in the concept of community participation, precipitated through community mobilisation towards self-actualization. A provision is made within the mission for sensitive support in the form of State Urban Livelihoods Mission, engaging Resource Organizations to take up the formation of SHGs and their federations.

3.8 Community – Mission Interface through Community Organiser

It is very important for the official engaging in community participation for UPA, be (s)he a Community Organiser (CO) or Community Affairs Officer (CAO) or Community Mobilizer(CM) to check the adequacy of their innate qualifications for this most demanding profession.

Community Organiser's eligibility rests primarily in the ability to empathize with the dimensions of vulnerability of the poor and the commitment that transcends sense of duty to address these, complemented with domain knowledge and the skills of a development professional

3.8.1 Roles & Responsibilities of Community Organisers

- Facilitating and **promoting voluntarism** and organising community structures/groups;
- Guiding and **assisting the community in assessing its needs**, developing a community vision, and **formulating community development action plans**;
- **Coordinating the conduct of** Slum, Households and Livelihoods surveys and maintaining database on the urban poor and their needs;
- **Working with the community** to implement/monitor NULM / related programmes/activities;
- **Assessing skill needs** of the urban poor and facilitating skill development training and post-training handholding;
- **Liaising with the sectoral departments** to establish initial contacts with the community in support of their programmes;
- **Facilitating community empowerment** through community level training, information sharing, exchange of experiences, community skills enhancement programmes, etc;
- **Identifying suitable beneficiaries** for self-employment ventures, preparing applications for securing bank credit after approval of the names of beneficiaries by the CDS, and taking subsequent follow up with the ULBs/Banks/Administration until final disposal of the applications;
- **Regular follow up with the beneficiaries** to monitor the progress and ensure timely repayment of loans.
- **Any other function** as may be assigned for furtherance of the target of alleviating /eradicating urban poverty.
-

3.8.2 DOs and DON'Ts for Community Organisers while engaging the community

- **Visit urban poor areas/ target areas** regularly as per demands and convenience of the groups/poor
- **Have good rapport with all** – Anganwadi teacher, peoples representatives, school teachers, municipal staff and bankers and others
- **Meet them regularly** off the work and for the work
- **Listen to the poor** more than you talk
- **Use the services of experienced** and benefitted soft group members
- **Keep time and word**
- **Invite peoples representativeness** in all important activities
- **Arrange training** for all those who obstruct/discourage you
- **Collect / document successful** stories
- **Send periodic reports** in time
- **Be courteous** with every one even if they antagonize/irritate you
- **Don't allow the failures/obstacles** to dominate your work
- **Don't give promises/assurances**
- **Don't use harsh/hard words** even in the face of irritation/humiliation
- **Don't give advices/**(suggestions- only information)
- **Don't speak in another language** or secretly in front of the poor
-

3.9. Slum Immersion Program : Immersions are a useful means for experiential learning. It will help to deepening understanding of the reality of the lives of people living in poverty.

I have asked myself what would have happened if I had spent one week per year in a village somewhere over the last decade. I am quite sure it would have made a difference to me. Ten different contexts and a number of faces and names to have in mind when reading, thinking, writing, taking decisions and arguing in our bureaucracy

- Robert Chamber

The Immersion program has been design under NULM to achieve the following objective –

1. One of the crucial factors helping an organisation achieve its goals is the knowledge of its staff. Direct, lived experience of the environment the organisation is seeking to change is an important source of such knowledge.
2. The rapidly changing realities of poor people's lives and aspirations means that direct experience of that reality fast becomes out of date. Making assumptions from knowledge based on experience from long ago can lead to erroneous conclusions.

3. Learning experiences followed by critical questioning and reflection lead to deeper levels of understanding and capacity for adaptation to complex development processes
4. Direct experience generates energy, confidence and commitment, and gives staff the authority to make a policy case derived from face-to-face encounters.

All the participants is uniformly divided into groups of 5 each, based on their own choices. The entire programme is organized in coordination with SMMU/CMMU. All the group have assigned task related to assessment of urban poverty. The Immersion Programme is characterized by visits to various blocks in the district where participants critically analyze the execution plan of numerous government schemes and survey villages to observe the actual level of implementation. Through this process, they assess the challenges that are faced in the execution of the schemes while identifying operational gaps that could possibly be bridged through better planning and management strategies. The participants submit a report of their analysis and make suitable recommendations that can prove to be helpful, not only at the NULM level but also the ULBs level.

The entire programme is oriented towards ensuring that the participants get a chance to apply their classroom learning's to a real-time environment. Additionally, the programme offers the students a chance to explore the urban poor scenario and identify implementation gaps opportunities, which can help fill these gaps. The programme also sensitizes participants towards social issues, which are prevalent in such societies and learn that the government might not always be wrong and it is sometimes about getting a different perspective.

Chapter 4A: Building community level structures (SHGs)

4A.0 Learning Objectives

At the end of this session, participants will:

- Be familiar with the concepts of SHGs, formation, meetings and functioning
- Understand the role of groups as basic units for catalyzing social change
- Understand the legal status of groups ; roles and responsibilities of members

4A.1 Scope of the Session

- Origin of groups (rural and urban)
- Various models of groups based on scope of functioning
- Self Help Groups
 - Self Help Groups defined
 - Membership and other norms pertaining to SHGs
 - Structure of SHGs
 - SHG management – some non-negotiable (Panchasutras, T&C, book-keeping, capacity development, etc.)
 - SHGs rating index for ensuring the quality

4A.2 Process

Resource Person will explain origin of groups in the rural/urban sectors and the importance of group and its federation.. The benefits of ownership of all developmental initiatives will be explained. The session will then explain groups dynamics and their overall development.

The RP will discuss the types of issues dealt at different levels, from individual to group needs and other relevant issues that have city level connotation. The discussion will then focus on the minimum conditions necessary for the group to grow into the next level. The RP will then briefly refer to the nomenclature and other related issues of NULM.

Duration

75 minutes

Training Techniques

PowerPoint presentation

Participant discussion generated through asking focused questions

Group discussion and presentation

Reading Material

4A.3 - Origin of groups in the rural and urban sectors – role of pioneer institutions

In India, Self Help Groups (SHGs) represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self-management and development of women members. SHGs are formed and supported initially by NGOs and now, increasingly by government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit and banks are increasingly willing to lend. SHGs are becoming community platforms from which women are taking active role in village affairs, stand for local election or take action to address social or community issues.

The SHGs are formed by NGOs, Government agencies or Banks, they can be divided into three types. The NGO promoted SHGs are probably the oldest. Financial activities may not be a part of operations which could be theme based like integrated agriculture and allied activities, watershed management, integrated women and child development, etc. Success of

SHGs in India were started by NGOs to achieve project goals and now being adopted by government, financial institutions etc.; Groups are seen as having the potential to grow into large movements; Groups are now proliferating to theme-based structures, T&C based and mix of both

this model has prompted the government to adopt this as an approach in all the development schemes. Some examples of this are the DWCRA and DWCUA groups, user groups, T&C Groups, women's groups, etc. where saving and credit was considered as the start of the empowerment of women within the groups. The Bank promoted groups were the ones exclusively designed for financial activities (Rashtriya Mahila Kosh and ICICI for example) and for group entrepreneurship activities. The current groups are those that have a combination of financial and non-financial activities, where capacity building skill development and individual and group activities are encouraged on the basis of group strength. These are effectively used by banks to extend various types of support in the form of micro-credit, loans for taking up small enterprises, etc.

National Urban Livelihoods Mission (NULM) has placed tremendous importance on the social mobilisation and nurturing of SHGs and federations. It is believed that social mobilisation is an essential step in programme implementation. Provisions were made for community capacity building and further strengthening through various strategies like financial inclusion, employment generation and promotion for self-employment, as precursors to its other components.

4A.4 - Models of Groups based on scope and function

The SHGs can be formed for any common cause or development activity. Normally it is found that initially the groups are formed for a specific activity then they gradually diversify and take up more than one development activity in an area. SHGs practicing

saving and credit along with other activities have been more successful and sustainable. Various types of possible groups are: (i) Savings and Credit Groups, (ii) Social Forestry Groups, (iii) Water Users' Groups, (iv) Watershed Development Groups, (v) Farmers' Interest Groups, etc., seen both in rural and urban areas.

4A.5 - SHGs defined

In its broadest sense, a Self Help Group may be defined as 'A development group for the poor and marginalized categories of society recognized by the government, not requiring any formal registration and built with the purpose of building the functional capacity of the poor and marginalised in the areas of employment and income generation where members are responsible for their own future'

4A.6 - SHG Membership and other Norms

Since the group is taken as the smallest unit of social change and empowerment, set criteria have to be followed for enrolling members. There is a criteria that make women eligible for membership in groups. More important however, is the criteria that make women ineligible for membership in groups and consequently federations. Having ineligible incumbents in a group can prove to be counterproductive and in the long run work for the large-scale divisions and ultimate dissolution of the group initiatives.

Norms for the Formation of Self Help Groups

With groups being the most basic unit in the institutional building process, considerable care have to be taken for its formation. The groups once formed are given various types of inputs. As a group, inputs are given for their role as members, group leaders or sub-committee members and for their individual capacity building. Given the significance of the right member being in the group, many methods are deployed to ensure that they truly understand the philosophy behind the SHG formation, the rights and privileges, and the protocol to be followed as group members.

SHGs are encouraged to develop their own norms governing membership, group savings, roles and responsibilities of office bearers, group meetings, group management and management of savings, group bank account and loans to SHG members, book-keeping and measures like withdrawal of membership, disqualification, penalty, etc.

The essential steps to be followed in group formation are identification of members that have commonness of need, purpose and a willingness to congregate to discuss and identify possibilities of effective address of issues. Continuity of location almost always remains as the non-negotiable in this process – close proximity, same ward, or lane are usually taken as continuity.

The NULM suggests for formation of groups to start within the area or section that is most responsive to the philosophy of group formation and gradually scale out to other areas. This allows enlisting the participation of organised members to reach out to other groups in a peer outreach method

4A. 7 - Structure of SHGs

SHGs are constituted by 10 to 20 women or men coming together to improve their life through common activities like savings, internal thrift and credit, first from their own savings and later with support from banks etc. A SHG is ideally formed

Groups are not registered bodies but held together by Thrift and Credit Activities; in NULM preference is given to SHGs with more number of poor from poor areas and women

without any registration and held together, as it were, with the thrift activity in order to differentiate it from loose groups. As per the NULM guidelines, the mandate is for 70% of members to be urban poor to qualify for funding. With respect to the gender composition, the document states female membership as an ideal, with possibility of groups of disabled male members. The guidelines specifically recommend bringing all the urban poor families into the SHG fold and preference under NULM will be given to areas where the poor are concentrated

4A. 8 - SHG management – some non-negotiable

In order to build efficacy into functioning of groups, there are some non-negotiables relating to the structure and functioning of groups. For example an ideal group is the one that is comprised of members sharing a common social and economic background. It conforms to the understanding that the group is effective

Groups in NULM should develop norms for membership, savings, group management and management of group finance, enrolment and disqualification of members

in identifying and addressing common problems. Common minimum set of norms across groups also helps in maintaining uniformity in structure and functioning. For example 10 to 20 members will be an ideal size. The norms are for the following dimensions:

- Membership
- Group savings
- Meetings (regular and special)
- Management of group bank account and finances including loans and repayments, etc.
- Maintenance of records relating to meetings, financial decisions on loans, group pass book, etc.
- Disqualification of membership.

Based on the best practices in group management, NULM has proposed 5 golden principles for the formation and continuation of good groups. These principles or Panchsutras are:

- 1) Regular Savings;
- 2) Regular Meetings;
- 3) Regular Accounting and maintenance of books of account;
- 4) Repayments, and;

5) Adherence to rules and regulations of the SHG.

4A.9 - SHGs under SJSRY and their transition into NULM

Formation of groups and federations has been the focus under UPA and has gained momentum under revamped SJSRY. The Urban Community Development Network (UCDN) facilitated formation of NHGs, NHCs and the CDS under the CDS structure. Apart from the CDS structure, Thrift & Credit Groups that had their own savings and engaged in internal lending and repayments were also in vogue. Further proliferating their financial ambit to include loans from external financial institutions for strengthening the groups' income generating activities were also encouraged.

It is worthwhile to mention that the nomenclature needs to be changed with reference to existing groups. This would enable groups to optimally utilize the provisions under NULM.

It would be useful to give a brief glimpse of the nomenclature utilized by some of the states in the implementation of the SJSRY vis-à-vis the nomenclature under NULM, in the table.

Regarding transition of community structures under

COMPARISON OF NOMENCLATURE OF COMMUNITY STRUCTURES						
Andhra Pradesh	CDS Structure under UCDN	Kerala	NULM			
Town Level Federation (TLF)	Community Development Society (CDS)	Community Development Society (CDS)	City Level Federation (CLF)			
		Area Development Society				
Slum Level Federation	Neighborhood Committee (NHC)		Areal Level Federation			
Self Help Group (SHG)	Neighborhood Group (NHG)	Neighborhood Group (NHG)	Self Help Group (SHG)			

SJSRY to NULM, the SM&ID operational guidelines states as follows: Under the Urban Community Development Network (UCDN) component of SJSRY, the community structures like "Neighborhood Groups" (NHGs), "Neighborhood Committees" (NHCs) and "Community Development Societies" (CDS) have been formed. The SHGs/Thrift & Credit Societies were also allowed to be set up separately. The SHGs/Thrift & Credit Societies formed under SJSRY may continue to function; however, the NHGs will be encouraged to transform into SHGs and do thrift and credit activities. Similarly, NHCs and CDS can gradually migrate to community structures envisaged under NULM.

The Resource Organisation engaged by the State/ULB will work with community structures formed under SJSRY to bring them in line with the three tiered structure of NULM. Also, the existing SHGs/Thrift & Credit Societies/NHGs formed under SJSRY will be given support for bank-linkages and training and capacity building etc. by the Resource Organisation.

4A.10 - How are groups formed?

When you speak to families in a locality, you will find that some kind of mutual liking already existing between many of them. Some known reasons for mutual affinities are:

- Similar experience of poverty
- Similar living conditions
- Same kind of livelihood
- Same community or caste
- Same place of origin (in the case of migrants)

It will be easy at this stage to find out which families are likely to get together better.

4A.11- How are Group Meetings organised?

Before Self-Help Groups (SHGs) are formed, hold a meeting of the community leaders and elders of the slum. Make sure there is adequate participation of the women from the community. Explain to them your plan to form SHGs. You will get support from them. This is very important.

- This is called community participation
- This will also give acceptance to your work in the area

This is also the right time to tell everyone that the meetings are not for “giving” anything, but to “enable” poor families to come together and help each other.

It will be useful if you explain the basic Panch Sutra and key operational principals of Self-Help Groups in this meeting

Panch Sutra for a good SHG

- Regular Savings
- Regular Meetings
- Regular Accounting
- Regular Repayments
- Adherence to rules and regulations of the SHG

Key operational principles of SHGs

- Agreed conditions for meetings;
- Agreed conditions for savings
- Agreed conditions for loans to be given to members
- Agreed conditions for loan repayments
- Agreed social agenda

It may help here to provide examples of how SHGs have helped other poor communities in other cities and villages. If any of the people present have experience of SHGs, let them share these with the group.

If they have any questions or concerns, it is best to honestly and patiently answer their questions – remember, this meeting is about building trust with the community you will be working in for at least the next 3 – 5 years.

4A.12 - How do SHGs take shape?

After meeting the elders and community leaders, you are now ready to call SHG members for a meeting. You can get one member from each of the identified families to come for a meeting. This can be called a “start-up meeting”. Remember that you will be working with community members who will also be working in jobs through the day, so finding an appropriate time and date that suits all members for this start-up meeting is very important. Initially when you form SHGs, you will have to work with the timings that suit the SHG members even if it is inconvenient to you. This is important so that they do not see you as a ‘government employee’, but as a trusted person who is willing to work with and for their community.

During the meeting, you will get a lot of questions. Your answers will help them slowly understand the concept further.

Please allow sufficient time for the members to understand the different aspects of group formation.

- The process of forming groups normally takes five to six months
- Once the group is formed, it takes between 1 and 1½ years to settle into a stable pattern

4A.13 - Membership

During the initial meetings, the following things may happen:

- Some members leave
- Some new members come in
- The members slowly learn to decide subjects for meetings
- They learn to conduct meetings
- They understand the value of records and documents
- They want to remain together and help each other

These are normal stages. This will give you the confidence that you are moving in the right direction.

4A.14 - How do SHGs function?

Simple rules are required for SHGs to function. The following are some important rules:

- Common agreement on when to meet
- Decision on time and place of meetings

- Agreed penalties for non-attendance
- Agreement on amount of saving
- Giving small loans to each other
- Taking loans from banks and repayment habits

Some of these have already been described in the panch sutra and operational principals of SHGs earlier.

It is important for all SHG members to have a written agreement of the rules and regulations it has agreed upon. A sample is given in Annexure I; however these are for guidance only. The SHG should be encouraged to make their own rules and regulations.

Training of the members is an important need for the proper functioning of SHGs. These areas for training could do well for SHG members:

- Basic mathematics
- Writing of books
- Scheduling of meetings
- Social aspects such as women empowerment and social security
- Basics of lending money, borrowing, and timely repayment

The most effective method of training SHG members is to take them to an already existing and well-functioning SHG and allowing them free interaction with its members. Let us now look at an SHG a little more closely and understand its characteristics and functions.

4A.15 - SHGs rating Index - NABARD Rating Tools of SHGs assumes importance for pre-appraisal as well a self evaluation. The Quality assessment of SHGs has come to be accepted as an important tool to ensure standards in SHGs. For assessing the quality of selected SHGs in the selected development block under NABARD assessment tools fifteen variables are taken into consideration as par NABARD's. The NABARD's CRI is basically consists of two sets of variables viz. governance & systems related variables & financial variables. The Governance related parameters are frequency and regularity of meetings, attendance in the meetings, decision making methods, lending norms etc. Financial parameters include frequency & regularity of savings, use of savings, regularity of loan repayments etc. CRI is the aggregate of the points scored on defined parameters. According to the aggregate score, each group is assigned grades 'A', 'B' and 'C'. Grade 'A' groups could be given loans; grade 'B' groups need capacity building & grade 'C' imply intensive capacity building is required. Thus it's may help to assess the need of the SHGs, based on that action point may be work out for the optimum utilization of resource. The details rating tool of NABARD given in **Annexue – X**.

Chapter 4B: Building community level structures (Federations)

4B.0 Learning Objectives

At the end of this session, participants will

- Understand the need for formation of federations at area and city levels beyond SHGs
- Be able to decide what 'area' works best for their respective cities/ states
- Understand the most effective means of involvement of communities

4B.1 Scope of the Session

- Need for federations; When and how to form federations
- Federation structure
- Legal process of registration
- Election process of Executive/ Management Committee and modalities of operation of federation.
- Representation to ULBs, banks and other lead agencies.
- Roles and responsibilities
 - To fulfil the higher order needs of the members- Financial and non financial
 - prioritization of area needs and opportunities
 - convergence, advocacy, coordination and liaison
 - addressing inter group issues and challenges including repayments
 - Collaborations with other civil society organizations
 - Monitoring and Evaluation

4B.2 Process

The resource person will start a discussion focusing on the need for federations and would explain how these structures contribute to the sustainability of SHGs. This session would be the centre point for understanding various key issues and challenges in the community institutions. The participants will be encouraged to identify various eligibility criteria for gaining membership into federations and also challenges in the formation of federations and their management.

The discussion will focus on the representation of lower level units (groups) in federations and registration process and legal issues. Roles and responsibilities of executive committee, formation of management committees. Liaison with stakeholders to ensure successful convergence, addressing intergroup issues on financial aspects, complaints/ allegations of various nature and the way they are addressed amicably. Sustainability of community structures.

The participants would be facilitated to identify indicators of SHG readiness for federating and develop mechanisms of measuring the same. The participants would be given an understanding to devise their own system and concept of community structures, defining "the jurisdiction of area level and city level federations" and to ensure equitable

representation. They would also be encouraged to devise the modality of developing and maintaining corpus fund and proper management of other financial resources like revolving fund under NULM or any other state government support extended so as to strengthen their smooth and accountable functioning.

Note: The Resource Person may have to select various best practices of federation system in the country, explain merits and demerits of these federations)

Duration

75 minutes

Training Techniques

Interactive session through reflection of participants

Discussion on focused questions on formation and sustainability of community structures

Group discussion and presentation

The NULM has a broader vision to build community networks. It envisions universal mobilisation of urban poor households into thrift and credit-based Self-Help Groups (SHGs) and their federations/collectives.

Reading Material

4B.3 Federation structure and its formation with representatives of respective SHGs

Federations can be defined as formal organizations formed in an area in which 10-25 SHGs are clustered within that area. There will be representation of at least 2 members from each SHG. Under NULM, the boundaries of an "Area" is not pre-determined and gives the prerogative to the ULB to decide on the number of SHGs that can go into one Area-Level Federation.

Federations in NULM are formed at Area, and City Levels to strengthen SHGs and form new SHGs, monitor SHG activities including financial, address inter-SHG issues, area-level health, nutrition and sanitation issues, skilling at area level, building pool of such skilled individuals for citizen referral, provide information on livelihoods, etc. and represent the area or city in various forums

The Area Level Federation performs the functions that include; monitoring of SHGs, providing support needed to maintain the books, providing the documentation needed for linkages with banks, implementing various programmes, the provision of risk mitigation through insurance agencies, promoting community health, nutrition and sanitation, providing training to enhance the conceptual clarity and management skills of SHG members, resolving conflicts that arise within SHGs, providing the essential monitoring needed to reduce the number of defaulters and the facilitation of additional services such as marketing and social development. It could also facilitate creation of new SHGs and expansion of their operational area to include all poor families.

4B.4 Legal process of registration

An ALF should be registered either as a Society or an Association in accordance with the prevalent law in the state. Care may be taken to ensure that the scope of its activities are optimized. As per the Operational Guidelines of SM & ID, an ALF should be registered as a society/an association under the relevant law of the State. Registration of the federation can thus be done as a Society or as an association under the Societies Act. An ALF can be registered as a Society or as a cooperative (Mutually Aided Cooperative Society) or Charitable Society

ALFs are registered based on prevalent laws after due framing of bylaws. ALF GB has 2 members from each SHG from whom Executive Committee and Officer bearers are elected. ALF will also have sub-committees for thematic areas like health, sanitation, etc. for working

4B.4.1 Structure of SHG Federations

At the ward or urban poor area (slum) level, the membership consists of 15 to 20 SHGs. In areas, which are larger and consequently there are more number of SHGs more than one federation is also formed. The membership of the federation is constituted by the two leaders of each SHG. The federation will elect from among them an Executive Committee (EC) and Office Bearers (OB). Apart from the EC and the OB there is also the nomination of

Sub-Committees, each for various functional areas like Health, Nutrition, Sanitation and Hygiene Promotion, Disability Welfare, monitoring and review, etc. These members are selected based on their interest and willingness to work within their jurisdiction. At the Town level, the membership consists of the EC and the OB of the members of federations. Thus, there is a robust system of membership at various levels of SHG and Federations. It should be mentioned that there are set criteria on the basis of which the readiness of the SHGs in the area is gauged for their federation at the urban poor area and Town levels.

4B.4.2 Representation of SHG members in Federations

The General body (GB) shall comprise two representatives per members SHGs. From the GB, five members shall be elected as the management committee who shall be responsible for strategic and day to day management of the federation. The management committee shall consist of five office bearers – Chairperson, Secretary, Treasurer, Livelihood Volunteer, Social Security Volunteer and Financial Inclusion volunteer – who shall each be elected by all members of the ALF from among the the ALF members for a period of one year. All three office bearers must be from three different SHGs.

4B.4.3 Membership of Area Level Federation: An Area Level Federation (ALF) may be formed with 10 to 20 SHGs covering an area of a ward or urban poor area or such other geographical unit with a minimum of 2 members (nominated representatives) per SHG. However the Urban Local Body (ULB) may decide the number of SHGs in a federation as per the local conditions. An ALF should be registered as a society/an association under the relevant laws of the State.

Model bye-laws for ALFs are at Annexure II. However these are only indicative and ALFs may be encouraged to make their own bye-laws.

4B.4.4 Responsibilities of an ALF:

- 1) Facilitate bank linkages for member SHGs i.e. opening of their accounts and helping them getting loans;
- 2) Providing hand-holding support in the development of loan proposals and other documentation;
- 3) Capacity building of SHGs (both new and old);
- 4) Facilitate member SHGs' to get the benefits under NULM as well as access to social assistance benefits under various other government programmes;
- 5) Support the formation of new SHGs and monitor and evaluate functioning of its member SHGs (An indicative checklist for a functional SHG is at **Annexure III**);
- 6) Resolve issues raised by member SHGs in accessing credit from banks;
- 7) Raise issues of importance at the level of the City-Level Federations (CLFs);
- 8) Regularly report to the ULB about the SHG's functioning.

The ALFs will come together to form a City-level Federation (CLF). It is expected that each city will have at least one CLF. The CLFs should be registered as societies/association under the relevant law of the State. All ALFs in a city should be represented at the CLF. Bigger cities may have more than 1 CLF based on the size and

population. The CLF is expected to work with ALFs, member SHGs, city administration and financial institutions to ensure social and economic empowerment of the urban poor.

4B.4.5 Responsibilities of a CLF:

- 1) To represent the needs of the urban poor at various levels;
- 2) Advocacy with the ULBs and state governments for pro-poor planning, master plans, vendor planning, etc.;
- 3) To facilitate access of member ALFs and member SHGs to banking services;
- 4) New group formation and support;
- 5) To identify specific training and capacity building needs of its member ALFs;
- 6) Work closely with the respective ULB to facilitate identification of beneficiaries for various government programmes;
- 7) Facilitate marketing of SHG produce/products

Chapter 5A: Bank linkage and Financial Inclusion

5A.0 Learning Objectives

At the end of this session, participants will

- Understand the need for bank linkage
- Understand the RBI circulars and other information pertaining to banking operations for the poor
- Know the provisions under NULM on UFI
- Understand opening of Basic Savings Bank Deposit Accounts (BSBDAs), health and insurance schemes.

5A.1 Scope of the Session

- Introduction
 - Pradhan Manthri Jan Dhan Yojana
 - Details of Universal Financial inclusion
 - Financial Literacy
 - Opening of bank accounts
 - Affordable Insurance
- Overview of RBI guidelines on the bank finance to SHGs and basic concepts of KYC, No-Frill accounts and opening of Financial Literacy Centers by banks
- Role of NULM supported institutions in UFI – Role of RO and CLCs and COs
- Conduct of special drives for the initiation of account
- Awareness generation on various Social Security measures (insurance, and pensions)
- Handholding of eligible groups to take up insurance activities as micro-insurance agents
- Revolving support to SGHs and ALFs as a fillip encouraging thrift & credit among SHGs

5A.2 Process:

In this session, the Resource Person will focus on provisions related to Universal Financial Inclusion in NULM, namely Financial Literacy, Opening of Bank Account and Accessing affordable insurance. This will be followed by an explanation of various circulars issued by the RBI as a relevant support to the NULM provisions as a suitable dovetailing to the SM&ID component.

The RBI Guidelines on bank finance, KYC, No-frill Account and FLCs will be mentioned briefly making reference to the Operational Guidelines

Duration

75 minutes

Training Techniques

Lecture with PowerPoint presentation

Discussion with participants at various stages of session

(Note: The RP may quote the examples of Mahila Bank, Streenidhi and SEWA Bank activities and explain them as best practices. See Annexure IX).

Reading Material

5A.3 Background

The launch of the Pradhan Manthri Jan Dhan Yojana (PMJDY) (28th August 2014) and opening of an all-time record of 1.5 crore bank accounts on a single day could well spell the beginning of the end of financial untouchability and freedom from poverty. This move sought to end, liberate the poor who 'are forced to seek loans from private money-lenders at high rate of interests.

“Financial empowerment could well spell the beginning of the end of ‘Financial Untouchability’ for freedom from poverty. This Government has accepted this responsibility (of involving people in economic activity)”
- *Hon’ble PM of India*

The issue of micro credit is a story of micro success in increasing incomes and economic welfare of the small borrowers. Micro credit has demonstrated in unequivocal terms that the poverty reduction is quite possible through small lending without any collateral. One should understand the implications and intricacies of bank linkage so as to facilitate the poor to access financial resources for livelihood enhancement.

The objective of Universal Financial Literacy is to familiarize the functionaries of urban local bodies about the bank linkage, norms and rules with a view to improving the coverage and effectiveness of the programme.

The experience of Nobel Laureate Mohammad Yunus in micro-credit made him to observe that **“Credit is the birthright of every poor”**. This has proved to be a universal truth pertinent for all urban poor. The government of India has also recognized the importance of providing micro-credit to urban poor in its previous programmes. However, only few states could get the benefit over a wide range of needs from food security to improving individual and group enterprises.

Universal Financial Inclusion aims to provide to the urban poor Financial Literacy, Opening of Bank Accounts, and access affordable insurance for addressing poverty. Further SHGs and ALFs are incentivized through provision of Revolving Fund

As per the report on Financial Inclusion 2008 by the Rangarajan Committee, financial inclusion denotes the delivery of banking services including credit at an affordable cost. These services include savings, loans, insurance, remittance facilities and advisory services. These services are not only aimed at providing the banking services but starts with the onerous task of familiarizing the urban poor regarding the basics of banking, and how they can access them. These services include the following:

5A.4 Financial Literacy:

This includes familiarizing the target groups on basic financial activities like savings, credit, remittances, insurance, etc and their requirements for accessing them through

sessions. This component also includes interface of banks and financial institutions with groups and federations on various aspects of awareness generation on financial literacy. The third activity under this, the IEC activity where information is made available at hand for all those who would like to access details on financial literacy

An important aspect within this sub-component is for the ULB to coordinate and organise Financial Literacy sessions for groups through Financial Literacy Centers set up by the lead banks as mandated in RBI guidelines. (**RBI circular RPCD.FLC. No. 12452/12.01.018/2011-12 dated June 6, 2012 and No. 7641/12.01.018/2012-13 dated January 31, 2013.**) [Refer www.rbi.nic.in)]

5A.4.1 Opening of Bank Accounts: this may be considered as an important milestone under UFI and development of urban poor. Under this, the opening of a basic savings bank account is envisaged. The Ministry of Finance has issued directions to all banks to enable each family in urban and rural areas to open a savings bank account. The Lead District Manager (LDM) in each district is expected to allocate each ward to a particular bank to enable the activity of opening of accounts by each family. Towards this the State Urban Livelihoods Mission (SULM) will facilitate the following activities under this sub-component:

- Opening of Basic Savings Bank Deposit accounts and link with UID/Adhaar Card under KYC
- Taking up this activity as priority activity, the SLBC will further
 - Represent this in all the State Level Bankers Committee meetings
 - Make available forms at all banks/branches and have Business Facilitators to promote account opening
 - Take other steps like organizing camps, etc for awareness

5A.4.2 Insurance at affordable prices: one of the significant moves under this sub-component is to bring all beneficiaries of NULM under the ambit of insurance. Here the SULM will ensure maximum coverage under the Government's Rashtriya Swasthya Bima Yojana and Aam Aadmi Bima Yojana (AABY) as well as other state sponsored insurance schemes (Arogya Shree). Further the SULM will choose the best and viable model based on the features and benefits offered. These schemes will be further deliberated among the groups in the spirit of participation to decide the scheme based on affordability and features. The SULM will also identify the possibility of nominating members of the SHGs or federations as agents and thus be able to showcase this as a lucrative business activity. Regular data-base will also be maintained at the Resource Organization / Community Organiser levels to ensure follow-up for enrolment, renewals and their utilization in situations of need.

5A.4.3 Conduct of special drives for the initiation of accounts

The RBI guidelines on Financial Literacy has provision for organizing financial literacy sessions and camps to accelerate financial literacy and subsequent opening of bank account. There is a provision for organizing camps and other drives for information dissemination and opening of accounts. SHG may be encouraged to receive training in this

field and the ULB can decide to engage its own members from groups for awareness generation, helping the community to initiate bank accounts etc.

5A.4.4 Revolving Fund (RF) support to SHGs and ALFs

This is one of the sub-components under SM&ID to encourage and incentivize thrift & Credit in SHGs, as well as to promote the formation and activities of Area Level Federations.

Under this sub-component, SHGs which have been in **existence for a period of 6 months and regularly involved in Thrift & Credit Activities and have a minimum of 70 percent urban poor are eligible for a one-time RF support of Rs.10,000/-**. Groups formed under SJSRY who have not availed such a fund earlier are also eligible for RF. The application for availing RF, (prepared with the support of the Resource Organization (RO)) is to be routed through the ULB **which will ensure the release of the amount within 15 days directly to the bank account of the concerned SHG and also report to the SULM periodically on the number of groups availing RF support.**

A one-time Revolving Fund support of Rs.50,000/- is also available to ALFs for adding to their corpus which is built on the membership fee and other accruals, to be used as seed money and for smooth functioning as well as for onward lending to member SHGs and for Awareness generation and information dissemination. The application for RF to ALF is prepared by the ALF concerned with the support of the RO and routed through the ULB for sanction of the RF amount directly into the account of the ALF.

Detailed Format of **Application for Revolving Fund Support to SHGs, and ALFs under NULM** are found in Annexure V and Annexure VI respectively.

5A.5 Role of RO and CLCs and COs

Universal Financial Inclusion being an important component under SM&ID, the role of important stakeholders under NULM assumes great importance.

The Resource Organization – a city-level institution that is closely involved in working with the community and hand-holding them on a day-by-day basis. The RO is responsible for promoting the SHG and activating them to take up T&C activities in order to establish good financial behavior among the members and facilitate them to avail higher level support for future endeavors

City Livelihoods Centers – Plays a crucial role in promoting livelihoods related activities like facilitating the marketing of products and services produced through informal sector and also being a center for

The role of Resource Organizations and Community Organisers is critical to the success of Universal Financial Inclusion. Further community Livelihoods Centers will be the hub of information on holding financial literacy sessions, bank account membership forms, information on JBY, AABY, etc. Local community members may also further officiate as agents.

information on various livelihoods related details: skill trainings, formalities for getting licenses for products, database of persons with skills to meet the citizens requirement on demand, payments, and making available various formats, etc. The CLC will also be the center for holding Financial Literacy sessions, making available forms for membership as account holders in various banks, etc.

Community Organisers /COs– acts as liaison officers between the community and ULB. They will play a range of activities to facilitate UFI amongst groups and federations in the ULB. They will organise drives, advocate for setting up of FLCs etc., and also advise the SHG members on various aspects relating to financial behavior.

The activities that the above stakeholders as well as others will take up in order to promote Universal Financial Inclusion include, but are not limited to the following:

- Conduct special drives for the initiation of accounts
- Awareness generation on various Social Security measures like insurance, and pensions for different categories of beneficiaries
- Linking members of groups and federations to avail Social security measures based on their perceived worth and affordability
- Assessment of SHGs and federations and handholding of eligible groups to take up insurance activities as micro-insurance agents

Chapter 5B: Linking SHGs to Banks

5B.0 Learning Objectives

At the end of this module, participants will

- Be familiar with process of opening of Savings Bank Accounts for SHGs
- Develop an in-depth understanding of revolving fund processes to SHGs/ ALFs under NULM
- Learn about internal lending and the assessment of SHGs for external loans and credit
- Interest subsidy under NULM

5B.1 Scope of the Session

- Thrift & Credit in groups, the need and advantages
- Why SHG – Bank linkage is important? Credit needs of the poor and the need for facilitating bank linkages
- Pre-requisites of the SHGs for accessing credit
- Norms governing the access to higher need based loans
- Case Study of Bank Linkage in Andhra Pradesh

5B.2 Process

The Resource Person will handle this session through participatory method aided by PowerPoint presentation.

The session will attempt to focus on the need for Thrift & Credit as foundation for good financial behavior and will discuss on the credit needs of the poor and importance of SHGs bank linkage.

The discussion will then focus on the norms pertaining to the management of SHGs that add to the credibility for loans. The concept of Micro-credit plans will be explained. The points will be exemplified with the Kerala experiences that have shown the achievement of bank linkage extraordinary repayment performance.

The resource person will then explain the norms relating to availing interest subsidy

Duration

75 minutes

Techniques

Lecture with PowerPoint presentation

Discussion with participants at various stages of session

Reading Material

5B.3 Introduction:

The urban poverty alleviation in India is in its transition from the infrastructural model to the community participation models. It came to a conclusion that along with collectivisation of poor communities, lending and access to credit needs accounts for concrete growth of the poor to improve their quality of life. In order to instill financial discipline among groups. They have to be encourage with group based financial activity, internal lending and own savings over a minimum period of six months.

5B.4 Thrift & Credit in groups, the need and advantages

The need for Thrift & Credit among groups for their financial empowerment and their mainstreaming cannot be over emphasized. The Hon'ble Prime Minister on the occasion of the initiation of the Prime Minister's Jan Dhan Yojana (PMJDY) emphasized the same. Access to finance spells freedom from many shackles and fetters that bind the poor in any country. He made it clear that the responsibility rests on the

shoulders of the government and public institutions like banks etc., to create such access. However in keeping with the idiom that all action originates from the precincts of the home, self-generated thrift is where the whole issue of financial discipline starts. Thrift activity in a group implies both mutual trust between fellow members and a sense of accountability towards them. This is important especially in the absence of any formal registration: It is this activity that holds the group together. From a business point of view, the group that has some amount of corpus can meet the minimum requirements and they can also approach financial institutions for credit support.

Financial Discipline in SHGs starts with self generated Thrift and internal lending among the members which in itself empowers them. The needs of the urban poor ranging from the most basic ones of food, to incrementally higher level needs of investment in and augmenting individual, family or group enterprise. Debt-swapping is also an important need purposed to be met through bank loan.

The credit needs of the urban poor ranges from ensuring food security, education, health exigencies, to higher level needs that include setting up or expansion of individual livelihoods activities. Often the need for such loans in the lives of the urban poor vary. The inability to meet the requirements of formal institutions like banks forces them to fall into the hands of private money lenders.

The SHG members would allow them to capitalize on group strength, duly dovetailed by their own savings. The experience gained by internal credit, to access banks for small sized loans. Further the positive steps taken by the banking institution to support groups gives them confidence, an added reason to become group members and to support each other.

5B.5 Basic pre-requisites of the SHGs for accessing credit

As per the NULM, there are certain pre-requisites for SHGs in terms of the number in a group, membership norms etc.. They need to be fulfilled by the group to access benefit under NULM including credit from banks. For details the Model SHG Rules and Regulations may be referred in Annexure I.

5B.6 Case Study of Bank Linkage in Andhra Pradesh and Telangana

In the States of Andhra Pradesh and Telangana, the Self Help Groups are looked after by Society for Elimination of Rural Poverty (SERP) in rural areas and by Mission for Elimination of Poverty in Municipal Areas (MEPMA) for urban groups. In the erstwhile Andhra Pradesh there were 184 Municipalities (ULBs) with 310000 Self Help Groups formed from the inception of SHG movement in 1996. MEPMA is formed in 2007 taking over the functions of APUSP.

MEPMA has engaged retired Bankers to look after the Bank Linkage to Self Help Groups (SHGs), and to educate the groups as well as the community development staff in banking knowledge. It helped to get the hassle free credit from the banks as they understand banker's language better. At state level three micro finance specialists are placed to coordinate the major bankers in the state capital and to maintain liaison with the state level bankers committee. The lead bank will play a pivotal role in coordinating all the bankers functioning in the state. In addition, one micro finance specialist is placed in each district to coordinate similar activities.

Various process activities have to be taken up to enable SHGs to access credit under bank linkages in a massive way and in making them self managed and self reliant institutions. These include the following:

- Training all the SHG members
- Town Level Bankers meeting on a fixed day every month – recovery as 1st agenda
- Monthly/weekly Collection of defaulters list from banks
- Encouraging weekly Recoveries in case of long pending over dues
- Involvement of the bankers in SHG Meetings/trainings
- Interface between bankers & SHGs
- Incentivizing good repayment behavior through interest subsidy (loan at 3% per annum to SHGs)
- Training to SHGs on MCP & Book keeping
- Regular association with SLBC
- Orientation to all the groups before and after bank linkages by field functionaries and bankers
- Outsourcing of Banking coordinators – Town – district level
- Implementation of Total Financial inclusion @ one urban poor area (slum) per each branch in all the ULBs

- The bank Linkage is sanctioned depending up on the performance of groups following the Critical Rate Index Method (CRIM)

Some of the important features of MEPMA are given:

Mission for Elimination of Poverty in Municipal Areas (MEPMA) established in 2007.

- To address urban poverty issues in all Urban Local Bodies (ULBs) of A.P.
- Nodal Agency for implementation of SJSRY, RAY, RYK, USHA / SECC-2011 / ILCS / Street Vendors Policy, etc.

UCDN-Trainings

At SHG level:

- Member level training.
- Book keepers' training
- Leaders' training
- Health & Nutrition training
- Sanitation training

SLF Trainings

- SLF concept
- Book keeping
- EC&OB training
- Refresher training on BK and Auditing, Livelihood, social issues
- Sthreenidi concept

TLF level training

- OB members
- Sub committee

Total Financial Inclusion

- Consists of three main components.
- Regular Credit limit for taking up economic activity and for social needs.
- 50% of the regular limit or to the extent of external high cost debts whichever is lower- the limit for debt swapping.
- A loan of Rs. 50000/- per member selected under INDIRAMMA Housing Programme subject to a maximum of Rs. 5.00 Lakh per group.

Amount as additional term loan under debt swapping scheme (TFI)

For Ist linkage groups	–	50% of regular limit (Rs. 25000/-)
For IInd linkage groups	–	50% of regular limit (Rs. 75000/-)
For IIIrd linkage groups	–	40% of regular limit (Rs. 200000/-)

Process Activities –Bank Linkage and Recovery

- One day training to all SHG members
- Monthly Town level Bankers meeting
- Monthly/weekly Collection of defaulters list from banks
- Encouraging weekly Recoveries in case of long pending overdues
- Involvement of the bankers in SHG Meetings/trainings
- Interface between bankers & SHGs
- Incentivising good repayment behavior through pavala vaddi (3%) /VLR (loan at 0% per annum to SHGs)
- Training to SHGs on MCP & Book keeping
- Regular association with SLBC
- Orientation to all the groups before and after bank linkages by the field functionaries and bankers
- Outsourcing of Banking coordinators – Town – district level

Community Based Recovery Mechanism (CBRM)

- To ensure 100% recovery of SHG loans by the community itself i.e. by the Community based recovery teams placed in each urban poor area, the following objectives have to be kept in view:
 - No COERCIVE steps to be adopted either by the C.B.Os or by the external agencies outside the SHG net works
 - Peer pressure is the right strategy which enables 100% recovery
 - Enabling the branch manager to have close interaction with community both for recovery of loans and in addressing the needs of finance of SHGs as well
 - Enabling a system to be built on permanent basis for monitoring the recovery of loans under SHG – Bank Linkage and other credit linked schemes viz. USEP, Disabled SHG Programme

Mechanism of CBRM

- The PD/IB Specialists, Micro finance Specialists take responsibility in formation, identification, constitution, training and positioning of CBRM through sub committee of SLF on Bank Linkage with the assistance of CO/PRP
- The PD/IB specialist organise 2 days training programme for all the members of Sub Committee on Bank Linkage (SCBL)
- The training contents include
 - The need for 100% recovery
 - The recovery strategy to be adopted
 - The utility of Bank loans
 - The repayment schedules
 - Monthly meetings of SCBL and Meeting agenda

- Each SCBL meets once in a month on a prefixed date and at a predetermined place and time
- SCBL members visit all the Concerned Banks branches and Collect defaulted SHGs along with the amount of default
- SCBL invites the leaders of defaulted SHGs and try to persuade them to repay the default amount and regularize the loan account in the Banks
- The process is continued every month

Community Resource Persons (CRP) at Town level and District level

- Institution Building -
- Book keeping
- Gender component - Social Action
- Community Auditing
- Sanitation
- Community Health & Nutrition
- Livelihoods
- PWDs

CRPs at all levels:

- State level
- Dist. Level Resource Person
- TOT CRP
- Sr.CRP
- Local CRP

Expenditure under UCDN

- Local CRP-Rs 175/-per day of work or training
- Sr. CRP-Rs.250/- per day.
- TOT CRP –Rs 350/-per day.
- DRP-Rs.750/- per day.
- SRP - Rs1500/- per day.

Managerial support

Managerial support to SLF:

- 50 % of Rs 14400 for 1st year (@ Rs.1200 per month as honorarium to RP)
- 25% of Rs 14400 for 2nd year

Managerial support to TLF

- 100% support –Rs42000/- for 1st Year (@Rs.3500 per month)
- 75% support - Rs42000/- for 2nd Year
- 50% support - Rs42000/- for 3rd Year
- 25% support - Rs42000/- for 4th Year
- From 5th year onwards TLF has to bear

Capacity Enhancement Fund(CEF)

CEF to TLFs

- Rs 9.00 lakhs released to TLF towards share capital of sthreenidhi against the 5 lakhs saving by TLF.
- Proposed to enhance to additional 3lakhs.

CEF to SLFs

- CEF to the SLFs for the purpose of internal lending for taking up various activities Rs.1.00 lakh to SLF against savings of Rs.1 lakh.
- Proposed to enhance to Rs.2 lakhs from Rs.1 lakh and Rs 50000 towards health against health savings of Rs.10000
- Rs.23.00 Cr. Released to 3953 SLFs.
- Rs.6.66 Cr. Released to 74 TLFs.

Chapter 6: Promotion of SHGs and their Federations under NULM

6.0 Learning Objectives

At the end of this session, participants will;

- Understand the crucial role of Resource Organisations in consolidating and taking the programme forward
- Understand the functioning of Resource Organisation

6.1 Scope of the Session

- Institutional provision under NULM for the promotion of SHGs
- The eligibility of a Resource Organisation structure and selection
- Roles and responsibilities of Resource Organisations and milestones

6.2 Process:

After introducing the concept of Resource Organisations, the operational aspects under NULM, are explained.

This will be followed by discussion on related themes of Resource Organisation selection and operation.

Duration

75 minutes

Training Techniques

Interactive Lecture with PowerPoint presentation

Group discussion and presentation

Reading Material

6.3 Institutional provision under NULM for SHG promotion – Resource Organisations

One of the important learnings from the implementation of the revamped SJSRY has been that reforms can have optimum impact only in the presence of a strong institutional mechanism that can execute the various reforms activities. Coupled with a robust set of administrative mechanisms in the form of Government Orders and Circulars that give free hand for the conversion of decisions to action reforms will succeed in gaining the required acceleration as adequately demonstrated in many Southern states.

In the NULM, Social Mobilisation is sought to be strengthened through Resource Organizations which are envisioned to give scope for taking in technical human resource from the open market to carry forward the activity of SHG formation and strengthening in a dedicated manner without the encumbrances of mundane activities that need to be carried out in the ULB.

As per the guidelines of NULM, the following organizations are recognized to be empanelled as ROs:

1. Experts hired under City Mission Management Unit (CMMU) along with the community organisers will work at the field level for formation of SHGs under NULM
2. ASHA /Anganwadi workers and other community level functionaries under various schemes / programmemes of the central and state governments
3. Autonomous registered agencies set up by State or Central Government
4. Well established long-standing federations of SHGs
5. Non-government organisations

The Resource Organisations will facilitate the formation of SHGs and their development, bank-linkages, their federation at the area and city-levels, training and capacity building, and establishing links to ULBs

6.4 Eligibility of Resource Organisation, technical capabilities & legal status

- Autonomous registered agencies set up by state or central governments or well established long-standing federations of SHGs or non-government organisations having significant experience in managing large-scale community driven programmes and developing successful implementation strategies in social mobilisation & institution building in urban / rural areas may be preferred as ROs.
- In addition, non-government organisations may be selected as an RO on the basis of domain knowledge and prior experience in social mobilisation of poor households, training and capacity building, livelihood promotion, and bank linkage.
- While assessing the capacity of an NGO weightage should also be given to registration status of the organisation, turnover, number of years of experience, procurement and financial management capacity and number of dedicated expert staff etc.

6.5 Procedure for selection of RO, interface with implementing authority, monitoring and payments

- State Urban Livelihood Missions (SULMs) will be responsible for the selection of ROs across NULM cities in a transparent manner. SULMs are free to engage ROs at the state level or allow ULBs to empanel ROs on their own.
- Care must be taken to ensure that the RO chosen is experienced in working with the urban poor at the grass-root level and preference must be given to ROs with a proven track record on this.
- ROs may engage Community Resource Persons (CRPs) on their team for the formation of SHGs under NULM. However sub-contracting will not be allowed. CRPs are members of a mature SHG, who have good knowledge and experience of SHG concepts, group management norms, SHG meeting process, book-keeping, agenda fixation etc. They have the ability and skills to motivate the poor, and conduct trainings by drawing lessons from their personal experiences and the best practices of their SHGs. CRP act as guides and role models for others.
- States may empanel the Resource Organisations through an open competitive bidding process based on strict criteria for selection (technical parameters) so that the quality of services is not compromised.
- The agency which are already empanelled with NRLM, NABARD or any other government organizations with track record of good performance, may be directly engaged as ROs.
- Rs. 10,000/- can be spent per SHG for its formation, handholding, training of all the members, bank linkage, formation of federation and other related activities. The ULB will decide on the area to be covered per RO depending on their capacity. States or the ULB will be expected to enter into an agreement with RO and payment will be made on the basis of milestones like SHG formation, training of members, bank linkage, formation of federation at the area and city levels and access to benefits under NULM, including revolving fund. The RO will handhold the SHG for a period of two years.

6.6 Roles and responsibilities of Resource Organisations and milestones

Identifying Affinity Groups: ROs should identify prior relationships of trust and mutual support and encourage those individuals to form SHGs. The membership should be preferably through participatory approach and self-selection.

Capacity Building: Once the SHG is formed, ROs will be expected to train ALL members of the SHG (not just the leaders/representatives) in:

The basic concepts of functioning of a SHG like how to conduct meetings, basics of savings, lending money, repayment habits;

Responsibilities of group members;

Bookkeeping and accounting, fund management, building bank and credit linkages;

Communication, decision making, conflict resolution, self-assessment, etc., and;

Accessing government benefits under NULM and other programmes of the Government

Chapter 7: NULM: Demand-Supply Chain – Development of City Livelihoods Center

7.0 Learning Objectives

By the end of the session, the participants will

- Understand the crucial gaps in livelihoods initiatives
- Understand the concept of CLC
- Perceive the CLCs as an avenue for the alleviation of poverty
- Funding and management of the CLCs

7.1 Contents / Scope of the Session

- City Livelihoods Centers as a crucial link mechanism between citizens and service providers.
- CLCs as the Information hubs for the informal and unorganised sector and facilitation
- Establishment and management of CLCs by the ULB, community level federations etc

7.2 Process

The Resource Person will begin the session with a point as to “factors responsible for the marginal success of earlier livelihoods development initiatives. The perceptions of beneficiaries for the factors responsible for failure. The RP will then introduce the concept of CLC as the bridging factor in livelihoods promotion, and as a linking factor between the citizen and service provider. The details for the setting of the CLCs will then be explained with aims and objectives.

Time Duration

75 minutes

Training Techniques

Lecture with PowerPoint presentation

Discussion with participants at the start and at various stages of the session

The details of CLCs are covered elaborately under the module of NULM. However, it is briefly discussed since it acts as the nerve centre of groups and federations under SM&ID.

Reading Material

7.3 Establishment and management of CLCs by the ULB, community level federations etc.

The primary responsibility of establishing and running the CLC rests with the ULB. The ULB will be required to allocate space/ premises for establishing the CLC. It is essential that the CLC is located at a central and convenient location which the urban poor can access easily. If such a space is not available with the ULB, they should hire space for establishing the CLC. ULBs may also outsource the functioning of CLC to Community based Organisation (CBO) (e.g. CLF) or any other organisation/agency, if needed.

7.4 Funding for CLC establishment

A capital grant of Rs. 10 lakh per CLC will be provided as 'untied funds' in installments linked to achievement of milestones

- The first instalment of 30% should be released by SULM to ULB within one week after the proposal is approved and sanction order is sent
- The second instalment of 40% can be released once the staff of CLC is recruited as per the action plan
- The third instalment of 30% can be released once the CLC is launched and the services are rolled out as per the action plan

Note: Central share released for CLCs should not be used for construction or renovation of physical infrastructure

Population of city	Ceiling on Number of CLCs to be established
Between 1-3 lakh (0.1-0.3 million)	1
Between 3-5 lakh (0.3-0.5 million)	2
Between 5-10 lakh (0.5-1 million)	3
Above 10 lakh (1 million+)	8
District Headquarter Towns with population below 1 lakh (>0.1 million)	1

7.5 Steps in establishment of CLCs

- Preparation of CLC proposal (including action plan) (as per details provided in Annexure VII)
- Approval of proposal by SULM
- Publicity and awareness campaign
- Establishment of infrastructure
- Recruitment of staff

[Note: This topic of City Livelihood Centres is dealt elaborately in the operational guideline of SM&ID. Therefore please refer the document for details]

Chapter 8: Social Mobilisation plan and convergence with other components of NULM

8.0 Learning Objectives

By the end of the session, the participants will

- Understand the centrality of strong organised communities for the implementation of NULM
- Be able to understand the level of involvement of groups and federations.
- Understand schemes and provisions of other departments as well for convergence
- Provision of 74th Amendements & role of SUDA

8.1 Scope of the Session

- SM & ID and other components under NULM – a rapid fire recapitulation
- Strong community mobilisation and sensitive support
- Building a convergence plan of community structures
- Mapping of different provisions under NULM and services of other departments.
- Drawing out comprehensive plan for convergence.

8.2 Process:

The Resource Person will start the session with a rapid-fire question-answer session on the different components and sub components under NULM.

The Resource Person will then diagrammatically explain the community centric convergence models available to access.

A comprehensive convergence plan is then prepared in a panel discussion exercise in which the areas of capacity building and information required for the effective involvement of the groups and federations in the NULM are mapped

Duration

75 minutes

Training Techniques

Ice-breaking session (Round Robin, Passing the Parcel, random rapid-fire questioning) for recapitulation

Interactive lecture with PowerPoint presentation taken forward in an interactive manner

Panel discussions

The increasing trend of urbanisation is causing various challenges including urban poverty. The major issues that characterise urban poverty are associated with human aspects viz.,

socio-economic backwardness, illiteracy, ill-health, lack of skill, lack of employment, housing, etc. The Government of India has launched scheme/program through its different Ministry to deals with above mention challenge. These Ministry has launching national scheme, which aim to address the range of vulnerability faced by poor in both urban and rural areas. The Ministry of HUPA is also implementing the scheme namely Housing for All (HFA) mission which aim to address the residential vulnerability. Apart from this, many state governments have also launched various welfare schemes particularly for housing, health and social security in their respective states.

All these schemes have distinctive objectives to address different challenges. There is a need for convergence among these schemes to avoid duplication of resources and overlapping of activities, so that the goals are effectively achieved. Thus convergence is needed at the community, ULB and district levels apart from the state and central level.

Reading Material

8.3 Urban Poverty as an incidence of socio-economic deficiencies

Urban Poverty is often a cumulation of deprivations of socio-economic and cultural aspects. They have their bearing on many indices like health, education, livelihoods, and access to basic services. An individual's ability to overcome these vulnerabilities is very minimal and hence they continue to live under such conditions.

An important indicator of urban poverty is the preeminence of basic needs that clamor for fulfillment on a continuous basis which hinders individuals from seeking for long-term solutions. Poverty leads individuals to vulnerability, which can be cyclic and self-perpetuating in nature. Mobilizing the urban poor to join together to strengthen their socio-economic and livelihoods base is seen as a successful approach of tackling urban poverty.

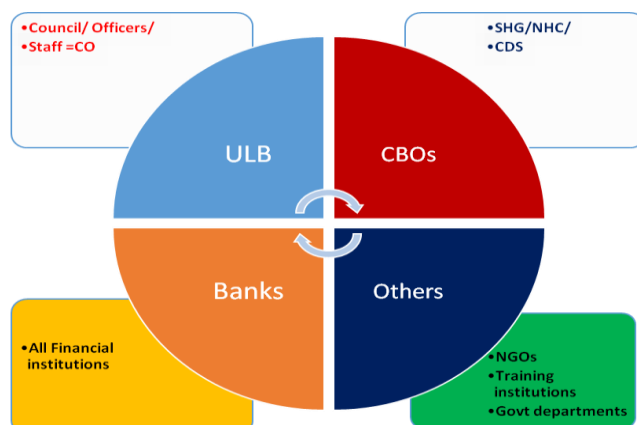
One of the main causes for urban poverty is social backwardness. There is an urgent need for tackling the social cause for alleviation of urban poverty.

The social activities strengthen the community and build the capacity to visualize and organise economic activities. Community Based Organizations (CBOs) have a major role in identifying and organizing social activities. Facilitating the formation of such organizations and community level structures, strengthening them with inputs in different dimensions and facilitating their access to various provisions available for their development and welfare needs through convergence, helps them to effectively use these provisions in a convergent manner.

Urban Poverty Alleviation Programme supports activities in social areas which include health, nutrition, education, social welfare, social security, rights of women and children and Community sanitation. Convergence brings synergy between different government programmes and schemes in terms of planning, process of implementation of programmes and schemes.

Convergence, looked at in the light of the above discussion refers to coordinated action to address poverty. It leads to comprehensive development of the poor brought about through their total involvement. Further convergence helps to avoid duplication of activities by different agencies and service providers and ultimately empowers the poor.

8.4 Convergence: Poor family Vs other stakeholders



As seen in the picture the convergence paradigm is applicable to the poor vis-à-vis other stakeholders. The Collectives of the poor (groups and federations) are present alongside a host of other stakeholders. It includes Urban Local Body (ULB) (both the elected

representatives and the municipal functionaries) involving the community and operating within the community. Effective convergence of stakeholders is essential for the empowerment of the community.

Vulnerability of the poor can be seen in three namely, Occupational, Residential and Social. These are sought to be addressed through convergence, and advocacy. The bedrock is strong community level institutions built through the process of social mobilisation. This puts community institutions at the nucleus of initiatives with convergence and advocacy.

8.5 provision of 74th Amendment - The 74th Amendment Act envisaged that elected Municipalities function as effective local self-government institutions preparing and implementing plans for economic development and social justice and discharging civic responsibilities envisaged in the 12th Schedule listed below –

Functions of Urban Local Bodies: Twelfth Schedule (Article 243W)

1. Urban Planning including town planning;
2. Regulation of land use and construction of buildings;
3. Planning for economic and social development;
4. Roads and bridges;
5. Water supply for domestic, industrial and commercial purposes;
6. Public health, sanitation conservancy and solid waste management;
7. Fire services;
8. Urban forestry, protection of the environment and promotion of ecological aspects;
9. Safe-guarding the interest of weaker sections of society, including the handicapped and mentally retarded;
10. Slums improvement and upgrading;
11. Urban poverty alleviation;
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds;
13. Promotion of cultural, educational and aesthetic aspects;
14. Burials and burial grounds; cremations, cremation grounds and electric crematoriums;
15. Cattle pounds; prevention of cruelty to animals;
16. Vital statistics, including registration of births and deaths;
17. Public amenities, including street lighting, parking lots, bus stops and public conveniences; and
18. Regulation of slaughter houses and tanneries

In order to perform these tasks, the urban local bodies have to be financially sound and endowed with commensurate powers to raise resources. However, while the Constitution specifies the expenditure responsibilities, it has not listed out the sources of revenue of ULBs. Article 243X of the Constitution only stipulates that a State Legislature may, by law,

1. authorise a Municipality to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limit;
2. assign to a Municipality such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits;

3. provide for making such grants-in-aid to the Municipalities from the Consolidated Fund of the State and
4. Provide for the constitution of such Funds for crediting all moneys received, respectively, by or on behalf of the Municipalities and also for the withdrawal of such moneys there from, as may be prescribed by law.

Thus, the 74th Amendment has not clarified a critical area of fiscal federalism, *i.e.*, the matching of resources and responsibilities. The taxes, duties, charges and fees to be levied by the Municipalities, those to be assigned to them and the grants-in-aid to be provided to them have been left to the discretion of the State Governments. This has allowed the fiscal mismatches to continue in the absence of adequate decentralization of resources corresponding to the decentralization of expenditures envisaged in the Constitution (74th Amendment) Act, 1992.

8.6 State Urban Development Agency (SUDA)

State Urban Development Agency was set up in 06 July 2001 with a view to ensuring proper implementation and monitoring of the centrally assisted programmes for generating employment opportunities and alleviation of poverty throughout the State. SUDA is a Society registered under the Societies Registration Act, 1860.

Objectives of SUDA

1. To identify the urban poor in the state
2. To draw up plan and formulate schemes for upliftment of the urban poor in the state.
3. To implement schemes for the benefit of the Urban poor either directly or through other agencies engaged in this direction, whether private, public or cooperative.
4. To review the progress of the execution of these activities as well as effectiveness of the benefits directed towards the urban poor.
5. To set up or establish any specific service such as training facilities, infrastructural ect. In furtherance of the economic interest of the urban poor

Chapter 9: SM & ID – Way Forward

9.0 Learning Objectives

At the end of the session, the participants will

- Prepare a viable plan of action for their respective roles in SM&ID
- Identify the stakeholders to be involved for implementation of SM & ID with timeframe
- Develop a check measure to cross verify the progress from time to time and to extend support to overcome challenges

9.1 Scope of the Session

- Plan preparation and implementation techniques
- Project cycle and stakeholders
- Roles and responsibilities, division of work
- Financial commitments and accountability
- Periodical review and monitoring
- Liaison and coordination
- Sensitive support mechanism
- Acting as a knowledge resource center

9.2 Process

The resource person will explain as to how a proper planning and implementation will enable success of any programme. The resource person will explain as to how a coordination mechanism will flow from the executive /management level to the field level functionaries under NULM and SM&ID by properly maintaining a real time database. The resource person will also provide certain pre structured tools for record maintenance, periodical returns and transmission of information which could be compiled, collated and disseminated electronically to take policy decisions and way forward.

Duration

75 Minutes

Training Techniques

Presentation of different case studies on failed and successful projects

Discussion on different tools for monitoring and evaluation and periodical reviews

Generation of trial reports and course interventions

Reading Material

9.3 Background

The implementation of SM & ID under NULM has different connotations for different states based on the status of social mobilisation taken up earlier under UPA. In states where mobilisation of the community has already been taken up (AP, Gujarat, Karnataka, Kerala, Maharashtra, Telangana etc.) having made a headway in the process, it is a question of aligning the nomenclature and introduction of some non-negotiable like T&C, etc. In few other states like Maharashtra and Bhubaneswar the question is more about reviving and scaling up the process. In the Northeastern states and hilly regions the situation is different with formation of groups may have to be taken up with a different perspective. Again in some states while groups have been already been formed, the formation of federations is yet to be initiated. Thus the planning and implementation differs from city to city and state to state. In any situation, proper planning, division and synchronization of work and monitoring is necessary.

Important note on the implementation of the NULM in the States

Subsequent to launching of NULM, follow-up measures have to be taken up in a systematic manner. The setting up of institutional mechanism with accompanying tools in terms of government orders, etc. have to be issued and made to percolate to the grassroots organizations. The sequence of activities is indicated as follows for creation:

1. The State Level Governing Council
2. The State Level Executive Committee
3. The State Urban Livelihood Mission
4. State Level Experts nominated by the Chief Minister
5. City Level Executive committee with Commissioner is in place
6. City Mission Management Unit set up with the City Project Officer in place

The state governments may have to create such institutional and infrastructural facilities and Standard Operating Procedures (SOP) duly in consonance with the NULM Guidelines. Since it may be uniform in all states, the respective SMMUs and CMMUs have to follow these guidelines.

9.4 Plan preparation and implementation techniques

Planning for the implementation of a project always starts with a vision or statement of purpose and development of a strategy following which the other steps of plan are worked out. Recapitulating the broad steps in project preparation in this context, the following offers a picture:

A project:

- Has a unique purpose ---- SUSTAINABLE POVERTY REDUCTION PROGRAMME
- Is temporary --- TIME FRAME
- Is developed using progressive elaboration –DEVELOPMENT OF GRASSROOT INSTITUTIONS or DEVELOPMENT OF LIVELIHOODS / INCOME GENERATION ACTIVITIES
- Requires resources, often from various areas – Government budget
- Should have a primary customer or sponsor – Urban poor / communities
 - The project sponsor usually provides the direction and funding for the project. ----- CENTRAL / STATE / ULB / Beneficiary
- Involves uncertainty. ----- PESTLE / SWOT Analyses and brief review on who may be potential competitors

A project is a temporary endeavor undertaken to create a unique product or service. It implies

- *a specific timeframe*
- *a budget*
- *unique specifications*
- *working across organizational boundaries*

Proper planning of a project often results in significant benefits, which includes:

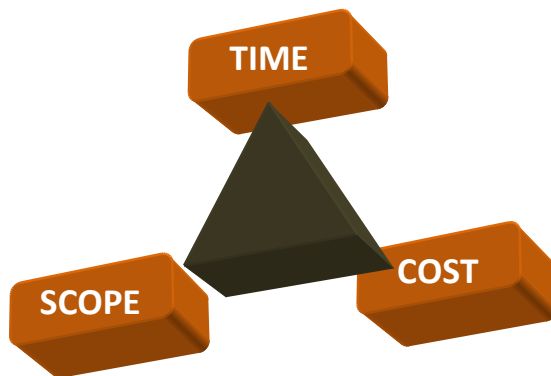
- Better control of financial, physical, and human resources --- Develops accountability.
- Improved customer relations. – (Community Centric approach to institution building)
- Shorter development times – (People’s participation)
- Lower costs – Reduces man hours, works as economic measures and builds ownership)
- Higher quality and increased reliability – (sets as a Check and Balance)
- Improved productivity – (Satisfaction & Ownership among the poor and sustainability)
- Better internal coordination - (Stakeholder convergence and builds network)
- Higher worker morale (less stress) – (Voluntary and mission mode approach)

The Success of a Project depends on

- Proper Planning
- A competent and motivated Project Team (NMMUs, SMMUs & CMMUs)
- Organizational capacity being sufficient (Capacity Building programmes under NULM)
- The different parties involved maintaining commitments/deadlines (systematic coordination and joint work of different teams)
- The project addressing the real problems (domain challenges)

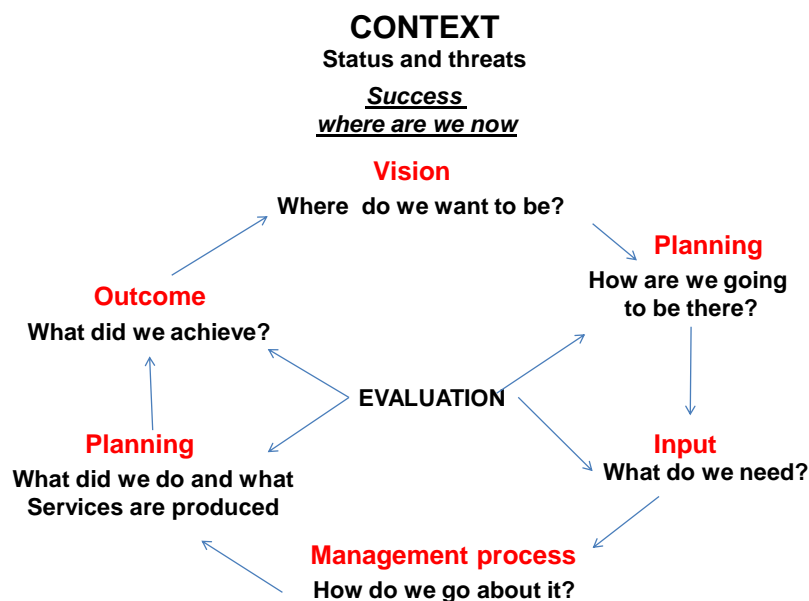
The Triple Constraint

- Every project is constrained in different ways by three factors:



- It is the project manager's duty to balance these three often-competing goals to ensure success

9.5 Project cycle and stakeholders



The above diagram shows the cyclic nature of a project which is continuous, starting with a Vision and culminating in an outcome where again the assessment of the performance of the project is measured. This in turn helps to realign the vision, and reach the target.

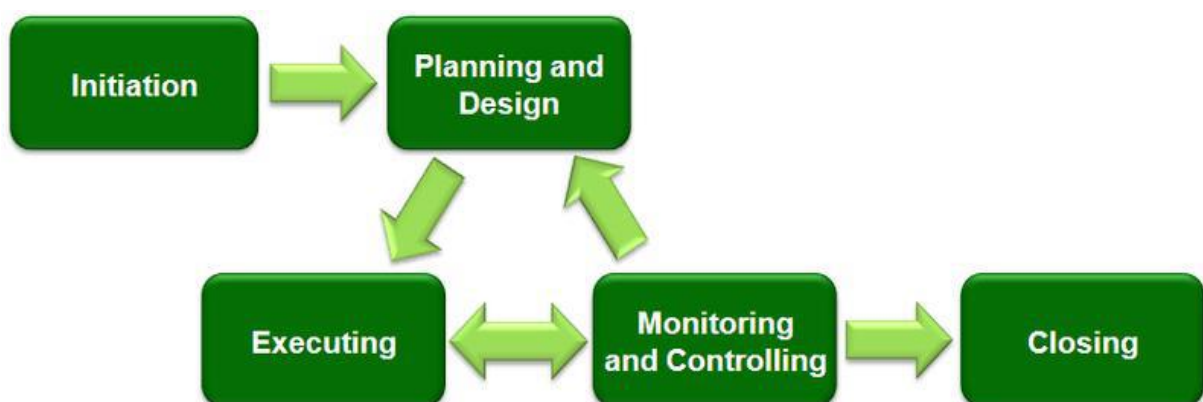
9.6 Project development cycle

- refers to a logical sequence of activities to accomplish the project's goals or objectives
- series of stages during its life
 - **Initiation** or **Birth phase**: outputs and critical success factors are defined
 - **Planning phase**: breaking down the project into smaller parts/tasks
 - **Execution phase**: project plan is executed
 - **Closure or Exit phase**: completion of the project

9.7 Principles of Project Cycle Management

- *Adherence to the phases of the project cycle* to ensure a structured and well-informed decision-making process.
- *Client orientation through the use of participatory planning workshops* at key phases of the project cycle, and the formulation of the Project Purpose in terms of sustainable benefits to be delivered to beneficiaries.
- *Incorporation of aspects of sustainability into project design* to ensure sustainable benefits.
- *Use of the Logical Framework Approach* to ensure a consistent analytical approach to project design and management.
- *An integrated approach* which links the objectives of each project into the objectives set by City, State and National levels

Project Life cycle phases



9.8 Financial commitments and accountability

The financial implications for the implementation of the project in the state are against the overarching allocation and the guidelines on implementation. Against this overall background, there is a need to work out a viable plan for execution of the project.

Real-time data with accuracy helps to make decisions at various levels. It is hosted in the public portal and shared among stakeholders also, it helps develop accountability. Development of a robust system of data update and retrieval would be very helpful in this process. A National portal developed by the National Mission Management unit with proper interface for SULMs and Cities will be an essential tool.

It might be mentioned that the National Rural Livelihoods Mission (NRLM) has developed such a system.

9.9 Periodical review and monitoring

Review and monitoring is the most important tool that enables every stakeholder (implementers and as users / partners), to have a continuous sight of the direction and progress of the project. Coupled with a well-designed Log-frame that is understood and owned by the stakeholders, it acts like a rudder and sails to make ongoing and concurrent course corrections.

Monitoring the SM&ID component under NULM as a whole may be done against a few parameters at different levels. The following table indicates broad parameters and the indicators for assessment:

Sl	Component	Indicator
1	Social Mobilisation & Institution Development	Number of new SHGs formed Number of SHGs enabled to open group bank accounts Number of ALFs formed Number of ALFs registered (period) Number of CLFs formed Number of CLFs registered Number of Resource Organisations with whom MoU is entered - progress Number of City Livelihoods Centers started – their activities
	Universal Financial Inclusion	Number of Financial Literacy sessions held Number of Financial Literacy Centers started by banks

		<p>Number of members enabled to open individual savings bank account</p> <p>Number of members enrolled in Social Security schemes by type</p>
	Revolving fund support to SHGs and ALFs	<p>Number of SHGs applying for Revolving Fund support</p> <p>Number of ALFs applying for Revolving Fund Support</p> <p>Number of SHGs enabled to avail Revolving Fund</p> <p>Number of ALFs enabled to avail Revolving Fund</p>
	Capacity Building & Training	<p>Availability of training plans and topic wise training content with assessed agency (State, District, ULB) and proposed number of trainees</p> <p>Number of training programmes held</p> <p>Number of trainees attending training by topic</p> <p>Number of SHG members trained as trainers, by topic</p>
	Monitoring & Evaluation	<p>ULB-wise status of upload of information as per the determined periodicity</p>

Annexure I: Model SHG Rules and Regulations

1. The name of the group shall be _____ and hereinafter referred to as "The SHG".
2. The <SHG NAME> is located in _____ city and the address of the group is as follows:

Pin-code: _____

3. **Objectives:** The objectives of the SHG are:
 - a. To promote regular savings among members of the group
 - b. To make available credit to members of the group to meet urgent domestic needs
 - c. To form a group that would be eligible to receiving benefits under the National Urban Livelihoods Mission (NULM) and other schemes of the Government of India and State Governments and would be able to articulate a demand for the same.
 - d. To build leadership skills of members so that they can manage the group in rotation.
4. **Membership:**
 - a. Persons above 18 years of age at the time of joining
 - b. Persons who are desirous of saving his/her money with the SHG
 - c. Persons who are willing to take a loan from the SHG
 - d. Persons who have been a resident of _____ <name of a slum/area> since _____ <enter year here>
 - e. OR Persons from families that have been identified as "poor" or "BPL" by the State Government
 - f. Not more than one member per family shall be allowed to join a group
 - g. The total number of members at any time should not exceed 20 persons or be less than 10 persons.
5. **Savings:**
 - a. Every member shall save Rs. _____ (in figures and words) per month and on _____ (specify date here) all members will deposit their individual savings with the Treasurer of the SHG

- b. The SHG shall decide the savings amount on a regular basis from time to time. Any changes to this amount and the reason for the same will be reflected in the record of the meetings of the SHG
- c. If a member does not pay savings money on a decided date, she will be fined with Rs. _____ (in figures and words) per _____ (specify per month, per week or per day)

6. Group Management:

- a. There shall be a management committee for the SHG responsible for its day-to-day and strategic management
- b. The Management Committee shall consist of three office bearers– Chairperson, Secretary and Treasurer – who shall each be elected by all members of the group from among the members for a period of 1 (one) year.
- c. These office bearers cannot remain in office continuously for more than 2 terms.
- d. In case the group elects to have more than one member per family as members of the group, then no two members of the same family should stand for elections as SHG office bearers at the same time.
- e. Responsibilities of the Chairperson:
 - i. Presides over the regular meetings and any other meetings of the SHG
 - ii. Signs (or puts thumb impression) to approve the decision and resolutions of the SHG taken at various meetings
 - iii. Call for or postpone a special meeting
 - iv. Solve a complaint with the help of other office bearers and members if required;
 - v. Check and coordinate the activities of the Secretary, Treasurer and other members
 - vi. Maintain relationships within and outside the SHG, especially with the banks and Urban Local Body to ensure credit to the group (and individual SHG members) as well as access of SHG members to benefits under all relevant components of NULM
 - vii. Regularly report progress of the SHG to the Urban Local Body along with any other details requested in a timely manner.
- f. Responsibilities of the Secretary:
 - i. Call meetings with the prior permission of the Chairperson and prepare the agenda for every meeting
 - ii. Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting.
 - iii. Write resolutions made at each meeting and read them out at the same meeting.

- iv. The Secretary will maintain the membership register, attendance register, and activity and resolution register
- v. Conduct all meetings and chair a meeting if the Chairperson is absent.
- vi. Verify the books of account of the SHG regularly and report to the members in every meeting.
- vii. Maintain relationships within and outside the SHG, especially with the banks and Urban Local Body to ensure credit to the group (and individual SHG members) as well as access of SHG members to benefits under NULM
- viii. Regularly report progress of the SHG to the Urban Local Body along with any other details requested in a timely manner.
- g. Responsibilities of the Treasurer:
 - i. Preserve all important papers and documents related to financial matters of the SHG
 - ii. Maintain all accounts of the SHG i.e. members' savings and loan register, member pass books, group bank pass book and loan book, cash transaction register
 - iii. Deposit all cash collected at meetings within two days of collection
 - iv. Pay loans approved by the SHG to members and receive savings, repayment, interest, fines, etc.
 - v. Present all financial reports of the group

7. Meetings:

- a. The group will meet _____ <specify number here> _____ time/s every month. The dates of the meetings are _____ <specify dates here> _____.
- b. In case of an urgent and important issue, the group can hold special meetings at a shorter notice.
- c. A minimum of 80% of the group's members with at least 2 out of 3 of the office bearers must be present for decisions to be valid. Where decisions on group funds above Rs. _____ (in figures and words) or changes in the rules and regulations are to be made, all members must be present.
- d. The _____ The SHG _____ will hold its Annual General Meeting on _____ <specify date here> _____ every year. This meeting will review the last year's activities and financial progress and plan the activities for the next year. (The group may use this meeting to conduct regular annual elections for the posts of office bearers of the Managing Committee).
- e. In case of special meetings or change in the conduct of regular meetings, the Secretary of the group is supposed to give _____ days notice to the members about such meetings.
- f. If a member does not attend _____ <specify number of meetings> _____ consecutive periodic meetings without any prior information,

s/he will have to face a penalty of Rs. _____(in figures and words) per meeting.

8. Maintenance of Group Records:

- a. Every member will be given a savings and loan passbook where savings and loan balances for each member are recorded and updated regularly. It is the responsibility of the Treasurer to make all entries.
- b. Membership, attendance, activity and resolution registers will be kept with the Secretary to register membership, proceedings, attendance and resolutions of all meetings.
- c. Savings and Loan register will be kept with the Treasurer at the group level to maintain all individual records of savings and loans
- d. Cash book and bank loan register will be maintained by the Treasurer who will update the position of all income and expenditure as well as bank loans received and repaid.
- e. Group Bank Pass Book to be maintained by the Treasurer and updated regularly at each deposit and withdrawal.
- f. All group records are to be made available freely for examination by each individual member during the meetings and at other times, with reasonable notice to the relevant office-bearer of the Managing Committee. SHGs may engage a non-member for book-keeping fixing a token payment for the service. However members providing this service to their own SHG will do so on a volunteer basis without payment.

9. Managing the Group's funds:

- a. The loan limit for each individual member shall be decided by the SHG. The amount will not exceed Rs. _____ (in figures and words) at a time.
- b. The interest rate shall be Rs. _____ (in figures and words) per month per Rs. 100.00 (Rupees Hundred Only).
- c. The loan repayment procedure shall be decided by all members of the SHG
- d. On sanction of the loan, the record of the loan, including agreed repayment schedule must be written in the applicant's saving and loan passbook and the group's saving and loan register. Thereafter, all repayments (and defaults, if any) must also be recorded in the applicant's savings and loan passbook and the group's savings and loan register.
- e. The loan shall be granted as long as:
 - i. The member has repaid any previous loan amount in full, along with the interest
 - ii. The member has been depositing regular savings with the SHG for a period of at least 3 months
- f. All the income that accrues to the SHG from interest on savings and loans and returns from penalties and fees will be added to SHG corpus.

10. Managing the Group's Bank Account:

- a. The SHG account shall be kept in the nearest bank. The Treasurer, Chairperson and/or Secretary (any two) shall have joint signatory power. All withdrawals to be supported by a resolution of the SHG
11. **Withdrawal of Membership** :< Group members should discuss in detail the procedure and terms of refund of money if a member proposes to leave the group. This should be recorded in the Bye-Laws of the group>
12. **Disqualification of Membership**: A member may be disqualified by the SHG on the following criteria:
 - a. Non-participation in regular group meetings for more than _____ times
 - b. Not depositing regularly for more than _____ months
 - c. Not repaying the loan received from the group
 - d. Not following the rules of the group
13. **Change in the rules and regulations**: The rules of the SHG or any part thereof can be amended by all members present at a General Body Meeting convened for the purpose.
14. **Dissolution of the group**: In the event of group dissolution, members need to discuss the formalities and terms of group money distribution and group payables and receivables among themselves before the group can be dissolved. The agreed conditions of dissolution and re-distribution of funds should then be recorded in the bye-laws of the group>. Members with a majority vote may decide to dissolve the group.

Annexure II: Model Bye-Laws for ALFs

1. The name of the federation shall be _____ and hereinafter referred to as "The Federation".
2. The <FEDERATION NAME> shall accept as members, Self-Help Groups (SHGs) of _____ ward and the address of the group is as follows:

Pincode: _____
3. **Objectives:** The objectives of the Federation are:
 - a. To provide a forum for regular interaction and networking between member SHGs and assist in the formation of new SHGs wherever needed
 - b. To take up activities that strengthen member SHGs, but cannot be taken up by individual SHGs on their own such as facilitate bank linkages for member SHGs, provide handholding support for the development of member SHG's loan proposals.
 - c. To facilitate member SHGs' access to benefits under NULM and other Government of India and State Government schemes and to create linkages with institutions of relevance for their welfare e.g. facilitate insurance
 - d. Work as an information dissemination body by facilitating member SHGs' access to skill training and micro-enterprise formation support under NULM as well as access to social assistance benefits under various government programmes, e.g. insurance
 - e. Handhold and build the capacity of new member SHGs and regularly review the functioning and strengthen the capacity of existing member SHGs, to continue to successfully function
 - f. To successfully represent the Federation and member SHGs at the City Level Federation
 - g. To build leadership skills of members so that they can manage the member SHGs and the federation.
4. **Membership:**
 - a. SHGs in the area defined above which have:
 - i. Been in existence for at least 6 months
 - ii. Been meeting and saving regularly (not less than 80% of the members)
 - iii. Been repaying any loans given (not less than 90% repayment)
 - iv. Paid the prescribed admission fee and the fixed yearly subscription fees

- b. Each member SHG will elect two of its members to represent the group in the Executive Committee of the Federation for a one year term. One of these members shall be an SHG office bearer; the other one may be a general SHG member or an office bearer.

5. Contributions:

- a. At the time of admission, each SHG shall pay an admission fee of Rs. _____ (in figures and words)
- b. Each member SHG shall pay a subscription fee of Rs. _____ (in figures and words) per year.
- c. If a member SHG does not pay the yearly subscription fee on the decided date, it will be fined Rs. _____ (in figures and words) per _____ (e.g. per month / week / day)

6. Group Management:

- a. A General Body (GB) shall comprise two representatives per member SHG
- b. From the GB, five members shall be selected as the Management Committee who shall be responsible for strategic and day-to-day management of the federation.
- c. The Management Committee shall consist of five office bearers– Chairperson, Secretary, Treasurer, Livelihood Volunteer, Social Security Volunteer and Financial Inclusion Volunteer – who shall each be elected by all members of the ALF from among the ALF members for a period of 1 (one) year.
- d. These office bearers can remain in office continuously for only 2 terms.
- e. All three office bearers must be from three different SHGs.
- f. Responsibilities of the Chairperson:
 - i. Presides over the regular meetings and any other meetings of the Federation
 - ii. Signs (or puts thumb impression) to approve the decision and resolutions of the Federation taken at various meetings
 - iii. Call for or postpone a special meeting
 - iv. Check and coordinate the activities of the Secretary, Treasurer and other members
 - v. Maintain relationships within and outside the Federation, especially with the banks and Urban Local Body of _____ (name of the city) to ensure credit to the group (and individual SHG members) as well as access of SHG members to benefits under all relevant components of NULM
 - vi. Regularly report progress of the Federation to the Urban Local Body of _____(name of the city) along with any other details requested in a timely manner.

- g. Responsibilities of the Secretary:
 - i. Call meetings with the prior permission of the Chairperson and prepare the agenda for every meeting
 - ii. Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting.
 - iii. Write resolutions made at each meeting and read them out at the same meeting.
 - iv. The Secretary will maintain the membership register, attendance register, and activity and resolution register
 - v. Conduct all meetings and chair a meeting if the Chairperson is absent.
 - vi. Verify the books of account of the Federation regularly and report to the members in every meeting.
 - vii. Maintain relationships within and outside the Federation, especially with the banks and Urban Local Body of _____ (name of the city) to ensure credit to the group (and individual SHG members) as well as access of SHG members to benefits under all relevant components of NULM
 - viii. Regularly report progress of the Federation to the Urban Local Body of _____(name of the city) along with any other details requested in a timely manner.
- h. Responsibilities of the Treasurer:
 - i. Preserve all important papers and documents related to financial matters of the Federation
 - ii. Maintain all accounts of the Federation i.e. cash book, loan ledger, receipt and payment vouchers.
 - iii. Deposit all cash collected at meetings within two days of collection
 - iv. Pay loans approved by the Federation to members and receive savings, repayment, interest, fines, etc.
 - v. Present all financial reports of the group
- i. Responsibilities of the Livelihood Volunteer:
 - i. Identify employment sectors which would increase income for SHG members
 - ii. Provide support for setting up new enterprise ventures under NULM linking the members to credit and advisory services;
 - iii. Provide linkage with skill training opportunities under NULM
- j. Responsibilities of the Social Security Volunteer:
 - i. Evaluate the social security needs of member SHGs;
 - ii. Liaise with ward officials in charge of health, education and other social security such that member SHGs are linked with benefits available in the city

- iii. Compile and update a list of schemes in the city whose benefits member SHGs can access and disseminate this information through the ALF.
- k. Responsibilities of the Financial Inclusion Volunteer:
 - i. Ensure that member SHGs are linked with banks;
 - ii. Ensure that member SHGs are linked with financial institutions for insurance and money remittances;
 - iii. Ensure that individuals from member SHGs have Basic Savings Bank Accounts;
 - iv. Ensure that all member SHGs undergo financial literacy training

7. Meetings:

- a. The group will meet ___<specify number here>___ time/s every month. The dates of the meetings are ___<specify dates here>___.
- b. In case of an urgent and important issue, the group can hold special meetings at a shorter notice.
- c. A minimum of 80% of the group's members with at least 2 out of 3 of the office bearers must be present for decisions to be valid. Where decisions on group funds above Rs. _____ (in figures and words) or changes in the by-laws are to be made, all members must be present.
- d. The Federation will hold its Annual General Meeting on ___<specify date here>___ every year. This meeting will review the last year's activities and financial progress and plan the activities for the next year. (The group may use this meeting to conduct regular annual elections for the posts of office bearers of the Managing Committee).
- e. In case of special meetings or change in the conduct of regular meetings, the Secretary supposed to give ___days notice to the members about such meetings.
- f. If an SHG representative does not attend ___<specify number of meetings>___ consecutive periodic meetings without any prior information, the SHG will have to face a penalty of Rs. _____ (in figures and words) per meeting.

8. Maintenance of Group Records:

- a. Membership, attendance, activity and resolution registers will be kept with the Secretary to register membership, proceedings, attendance and resolutions of all meetings.
- b. Cash book and bank loan register will be maintained by the Treasurer who will update the position of all income and expenditure as well as bank loans received and repaid.
- c. Group Bank Pass Book to be maintained by the Treasurer and updated regularly at each deposit and withdrawal.

- d. All group records are to be made available freely for examination by each member SHG during the meetings and at other times, with reasonable notice to the relevant office-bearer of the Managing Committee.

9. Managing the Group's funds:

- a. Loans will be considered during periodic meetings of the federation based on a written application from any member SHG addressed to the Chairperson of the Managing Committee of the federation. While representatives of the member SHG applying for the loan may take part in the discussions, they will not be allowed to vote at the time of taking a decision on the loan.
- b. The loan limit for each individual member SHG shall be decided by the full Executive Committee considering the financial position of the federation and its obligations to meet the credit needs of a number of member SHGs
- c. The interest rate shall be Rs. _____ (in figures and words) per month per Rs. 100.00 (Rupees Hundred Only).
- d. The loan repayment procedure shall be decided by the Executive Committee of the Federation.
- e. On sanction of the loan, the record of the loan, including agreed repayment schedule must be recorded in the Activity, Resolution, Saving and Loan registers. Thereafter, all repayments (and defaults, if any) must also be so recorded.
- f. The loan shall be granted as long as:
 - i. The member SHG has paid all federation membership fees due and has repaid any previous loan amount in full, along with the interest
 - ii. The proposed loan purpose is viable
 - iii. The member SHG is meeting and saving on a regular basis, is following its bye-laws and takes an active interest in the Federation
- g. All the income that accrues to the Federation from interest on savings and loans and returns from penalties and fees will be re-invested in the Federation fund.

10. Managing the Group's Bank Account:

- a. The Federation account shall be kept in the nearest bank. The Treasurer, Chairperson and/or Secretary (any two) shall have joint signatory power. All withdrawals to be supported by a resolution of the Executive Committee of the Federation.

11. Withdrawal of Membership: <The Executive Committee should discuss in detail the procedure and terms of refund of money if a member SHG proposes to leave the group. This should be recorded in the Bye-Laws of the group>

12. Disqualification of Membership: A member SHG may be disqualified by the Federation on the following criteria:

- a. Non-participation in regular federation meetings for more than _____ times

- b. Not paying the subscription fee
 - c. Not repaying the loan received from the federation
 - d. Not following the rules of the group
13. **Change in the bye-laws:** The rules of the Federation or any part thereof can be amended by all members present at a General Body Meeting convened for the purpose.
14. **Dissolution of the federation:** <In the event of group dissolution, members need to discuss the formalities and terms of group money distribution and group payables and receivables among themselves before the group can be dissolved. The agreed conditions of dissolution and re-distribution of funds should then be recorded in the bye-laws of the group>. Members with a majority vote may decide to dissolve the group.

Annexure III: Checklist for a functional SHG

This is to be applied monthly

S. No.	Factor to be checked	Checklist
1.	Group Size	Number of members in a group
2.	Types of Members	70% urban poor to ensure Revolving Fund access
3.	Number of meetings	Minimum once in a week
4.	Rules of SHGs	<ul style="list-style-type: none">• The rules of SHGs should be framed and rules followed in every meeting
5.	Attendance of members per meeting	Minimum 90% attendance per meeting
6.	Savings collection within the group	Savings deposited by all members in each regular scheduled meeting held
7.	Internal Loan repayment from members	All internal loans repaid on time by SHG members as per the loan repayment schedule
8.	Maintenance of records	<ul style="list-style-type: none">• There should be a record of every meeting in the minute book with signature / thumbprint of all members• Every meeting should have a record of attendance• Savings and internal loans register should be updated in every meeting• Bank passbook to be updated once a month
9.	Management Committee	<ul style="list-style-type: none">• All three office bearers (Chairperson, Secretary and Treasurer or their equivalents) have been elected• Elections have been carried out once a year• All three office bearers have attended at least 90% meetings each• No two members of the same family are office bearers in the SHG
10.	Bank linkages	<ul style="list-style-type: none">• The SHG should have a bank account• The SHG should have been successful in grading by a bank for credit access
11.	Capacity Building	<ul style="list-style-type: none">• Every SHG member has gone through a basic SHG training at least once• Every SHG member has gone through basic financial literacy training at least once• SHG office bearers have undergone leadership and SHG management training

Annexure IV: Model Framework for Engagement of Resource Organisations (ROs) for the formation of SHGs under NULM

(These are simply an indication of how ROs can be engaged by the SULM for community mobilisation. Each SULM is free to adopt or amend these to suit their requirements)

Section A: Background

The National Urban Livelihoods Mission (NULM) aims at reducing poverty and vulnerability of the urban poor households by enabling them to access gainful self employment and skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, by building strong grassroots level institutions of the poor.

To ensure accomplishment of social mobilization, NULM will partner with Resource Organisations (ROs) to promote the formation of SHGs in urban areas. ROs will be engaged to facilitate the formation of SHGs, their development and bank linkages, their federation at the area and city levels, training and capacity building, and establishing links to ULBs and to mitigate social, occupational and residential vulnerabilities.

Section B: Expected outcomes of the engagement with ROs

1. At least 1 member from each identified urban poor household, preferably a woman has to be a member of an SHG.
 - 1.1. At least 70% of the members of SHGs should be urban poor.
 - 1.2. ROs to train SHGs to build their capacity on issues such as: (a) the SHG concept (including savings), how to conduct meetings, responsibilities of group members, etc; (b) book-keeping and accounting, fund management, building bank and credit linkages; (c) communication, decision making, conflict resolution, self-assessment; and (d) accessing government benefits under NULM, and other social programmes of the central, state and local governments
 - 1.3. All SHGs to have a bank account for deposit of savings;
 - 1.4. All SHGs to be linked to banks for credit;
 - 1.5. All new SHGs formed access revolving fund support under NULM
2. SHGs will be federated at the area-level and at least one City-level Federation will be formed per City.
 - 2.1. ROs to ensure that all members of ALFs/CLFs undergo training to build their capacity on issues such as: (a) the federation concept (including savings), how to conduct meetings, responsibilities of group members, federations etc; (b) book-keeping and accounting, fund management, building bank and credit linkages; (c)

communication, decision making, conflict resolution, self-assessment; and (d) accessing government benefits under NULM, and other social programmes of the central, state and local governments;

2.2. All ALFs/CLFs to be registered;

2.3. All new ALFs formed access revolving fund support under NULM

Section C: Principles of partnerships with ROs

1. At the city-level, the work on NULM will begin with a mapping of the existing SHGs and social mobilisation that already exists in urban areas under NULM, the erstwhile Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and other local schemes. This exercise will also identify pockets where the urban poor have not been mobilised into SHGs at the city-level. The aim of this exercise is to assess the quality of existing SHGs (and where applicable, federations), identify the need for interventions in existing SHGs / Federations to strengthen them and transition them from SJSRY to NULM, and identify where further / new community mobilisation is needed.
2. Resource Organisations will be selected on the basis of strict criteria including registration status of the organization, turnover, number of years of experience, sound procurement and financial management capacity, number of dedicated expert staff, domain knowledge and prior experience in social mobilisation of poor households, training and capacity building, livelihood promotion and bank linkage of the community organisations.
3. Based on the mapping exercise, SULMs will evolve a plan for engagement of ROs for the community mobilisation and institution development under NULM in each state; selection of ROs will be done in a transparent manner.
4. In each city, ULBs will be responsible for developing key deliverables for and concrete targets for ROs.
5. The ULB will assign the RO to a compact geographical area of the city within which the RO will function; this assignment will be done on the basis of the capacities of the respective ROs. The RO should cover a minimum of 50 SHGs. As per local conditions, more than one city may be covered by a single RO to achieve critical mass and ensure quality training.
6. ROs will report to ULBs for their day-to-day functioning

Section D: Selection criteria for ROs

1. Government institutions such as state missions of Kerala (Kudumbasree) and Andhra Pradesh (MEPMA) and other similar missions may be engaged as ROs.
2. Only those NGOs with a strong and proven track record of working in the field should be engaged

3. As per of legal requirements, the potential RO should be a registered body.
4. All potential ROs should maintain its accounting records and have properly audited annual statements of income and expenditure
5. The orientation and philosophy of potential ROs should confirm to the essential features of community mobilisation and institution building under NULM namely, adherence to participatory processes, belief in the objective of self-reliance and empowerment of the urban poor, experience in the formation of affinity groups, preferably groups managing credit and involved in income generating activities, and experience of capacity building of grassroot institutions of the poor.
6. The potential RO has a base in the city in which it proposes to work and has field experience in the area with an adequate number of trained field-level staff and a clear understanding of the socio-economic, cultural and political situation of the area. A demonstrable rapport with the community in which the potential RO proposes to work will be an advantage.
7. Resource Organisations may engage Community Resource Persons (CRPs) on their team for the formation of SHGs under NULM, however sub-contracting will not be allowed.
8. The RO should have successfully promoted the formation and bank linkage of at least 100 SHGs.
9. The potential RO should be secular in nature and not be affiliated with any political organisation
10. The potential RO should be willing to sign a Memorandum of Understanding with SULMs or ULBs committing itself:
 - 10.1. To pursuing the objectives and components of NULM;
 - 10.2. To making changes within its strategy and systems if there are obstacles in achieving the objectives of the project;
 - 10.3. To nurture and support SHGs formed as per the guidance and philosophy of NULM;
 - 10.4. To attend meetings and contribute to the feedback systems and procedures required by NULM, including regular reporting.

Section E: Scope of work of ROs

The tasks of ROs will include the following in a specific geographical area within a city assigned to them:

1. Implementing the model of institution building as outlined under NULM via guidelines and advisories issued from time-to-time
2. Mobilising the poor on the basis of affinity groups and building quality SHGs and their federations. The selection of members and the formation of SHGs should be participatory in nature.
3. The RO should ensure that at least 70% of SHG members are urban poor

4. Building the capacity of these institutions by organising training and exposure visits and learning events in order for them to further support livelihoods of their members and also facilitate social action.
5. Once the SHG is formed, ROs will be expected to train ALL members of the SHG (not just the leaders/representatives) in basic issues such as: (a) The SHG concept including savings, how a meeting of an SHG is conducted, responsibilities of group members, federations, etc.; (b) book-keeping and accounting, fund management, building bank and credit linkages; (c) communication, decision making, conflict resolution, self-assessment, etc.; and (d) accessing government benefits under NULM (especially universal financial inclusion, skill training and micro-enterprise development) and other social programmes of the central, state and local governments
6. Handholding support for at least 15 months: Once the groups are formed, ROs will be required to attend their meetings on a regular basis, bring in bankers, government officials from various departments, and members from SHGs established for a period of at least 2 years (for cross-learning) to interact with the SHGs (at the SHG and federation-levels). At this stage, ROs will also organise capacity building and encourage members of the SHG to access benefits under NULM. The ROs will assist the Community Organiser in the evaluation of the performance of SHGs being supported by it. Within a month of formation of the SHG, all groups that are not linked with bank-accounts, should be helped to open SHG bank accounts.
7. Withdrawal of support between 15-24 months: In this period, ROs will be expected to withdraw active support from those SHGs that are formed and performing satisfactorily. At this stage the level of monitoring will increase and at the end of the 24 months of support, a critical evaluation of the supported SHGs in collaboration with the Community Organiser of the ULB must be undertaken to determine whether the SHG may be deemed self-sustaining. Here ROs will encourage SHGs to federate into ALFs and work closely with ALFs and CLFs to build their capacity to take over the handholding function after the RO fully withdraws support.
8. Orchestrating convergence of relevant government programmes including facilitating UID enrolment, opening of basic service accounts and credit counseling of SHG members

Section G: Monitoring & Evaluation

NULM is process intensive and at avarious levels it will constantly review, assess and learn from the qualitative and quantitative progress achieved. A robust IT-based Monitoring & Evaluation MIS would be in place to facilitate this and support informed decision making at all levles. The SULM will put in place various mechanisms for monitoring the progress of the programme in the state. These will include:

1. Accountability in SHGs including institutional self-monitoring, peer internal audit of processes and local social audit

2. MIS based input-output monitoring
3. Independent social audit, and third-party evaluation
4. Impact assessments through baseline assessments, and impact evaluation studies on key result indicators
5. Annual reports
6. Internal review mechanisms including montly / quarterly planning / progress reporting, field visits by staff / officials, joint half-yearly / annual review, review and consultation workshops and meeting of convergence fora, and coordination committees at various levels

Annexure V: Application for Revolving Fund Support to SHGs under NULM

Application for Revolving Fund (RF) Support to Self Help Group (SHG) under NULM (Attach Requisite Documents)												
Application No	Date of Application	Name of Self Help Group (SHG)	Complete Address with Pin code/ Ph No	Landmark	Date of formation of SHG	Date of opening of bank Account	Bank Account number	Bank Name	Branch Name	Branch Address		
Details of Office Bearers of the SHG				Remarks by		Remarks by		Over all Remarks By		Approved	<input type="checkbox"/>	Date of Transfer of RF to SHG
President	Name	Signature	Ph No	RO/ field coordinator		CMMU representative		ULB Competent Authority		Rejected	<input type="checkbox"/>	
				Name		Name		Name				
Secretary	Name	Signature	Ph No	Signature		Signature		Signature				

				Ph No		Ph No		Ph No				
Treasurer	Name	Signature	Ph No	Date		Date		Date				

Annexure VI: Application to Revolving Fund Support to ALFs under NULM

Application for Revolving Fund (RF) Support to Area Level Federation (ALF) under NULM (Attach Requisite Documents)												
Application No	Date of Application	Name of Area Level Federation (ALF)	Complete Address with Pin code/ Ph No	Landmark	Date of formation of ALF	Date of opening of bank Account	Bank Account number	Bank Name	Branch Name	Branch Address	Date of Registration	
Details of Office Bearers of the ALF				Remarks by		Remarks by		Over all Remarks By		Approved	<input type="checkbox"/>	Date of Transfer of RF to ALF
President	Name	Signature	Ph No	RO/ field coordinator		CMMU representative		ULB Competent Authority		Rejected	<input type="checkbox"/>	
				Name		Name		Name				
Secretary	Name	Signature	Ph No	Signature		Signature		Signature				
				Ph No		Ph No		Ph No				

Treasurer	Name	Signature	Ph No	Date		Date		Date	

|

Annexure VII: Proposal Details for Establishment of CLCs

The proposal submitted by ULB to SULM should have the following details

1. Name of the Municipality:
2. Total wards in the municipality:
3. Total slums in the municipality:
 - a. Official : b) Not specified:
4. Name (s) of the ward(s) covered by CLC:
5. Total population in the area
6. Total Urban poor covered in the area
7. Potential no. of members expected to be covered by CLC
8. Major services possible through CLC in the area
9. Scope for growth of CLC in the area
10. Details of the premises given for CLC by ULB
 - a. Area
 - b. Location
 - c. Is the location is nearby to ULB office
11. Plan for facilitation of CLC – Resource agency/ ULB
12. Proposal Prepared by
13. Proposal assessed by
14. Name and designation of the forwarding authority
15. Business Plan of CLC – to include break-even and viability

Annexure: VIII Best Practices in Urban Poverty Alleviation

Introduction

Though documenting analysis of best practices in poverty reduction has certain constraints, there is a tremendous and even overwhelming choices of practices and experiences available as part of socioeconomic development strategy. But, they differ from state to state and country to country. The best practices are generally skewed by the self interests of the agency group in identifying or selecting such practices. Despite such constraints, some of the examples are cited here in this document only for the purpose of understanding how the poverty reduction programmes are implemented through the community participation. Most of the best practices of poverty alleviation emphasize the role of women's groups through a range of focus on poverty reduction. The other point is about information and transparency in decision making which are accessible to the poor to realize their full developmental potential. The community participation and their partners acceptability in the local community than their outside parties is also another biggest challenge. The sustainability part is most important, which are ensured initially focusing on the creation of social capital.

The Bangladesh Rural Advancement Committee (BRAC) was set up in 1972 as a relief organization to provide assistance to resettle refugees returning to Bangladesh from India after the war of Independence. Though it had a modest beginning, it is reported that it has now 26000 regular staff and 34000 part time teachers establishing 34000 schools. The provision of micro credit loans to 3.5 million women which is familiarly known as Grameen Bank. It runs a commercial bank, a dairy, a hatchery, poultry feed factory, seed processing centre's internet service providers, clothing and cat shops and a university apart from providing health care at about 90 clinics with more than 2000 prenatal clinics. The whole model of BRAC was social mobilisation. A recent World Bank study found that extreme poverty among borrowers dropped 18% over 7 years, it pointed however that micro finance cannot substitute for growth. Some of the reports like Imran Martin, and others states that though micro credit can benefit only those with the capability cannot help all others. Therefore those in extreme poverty will need more cost intensive help in the form of assets and skill training to generate sustainable returns from borrowed money.

Goward Kalinga in Philippines

This is another successful story of building communities and neighborhoods for construction of houses and improvement providing livelihoods, healthcare, and other priority areas. The houses are kept affordable for the poor through self help by the poor, voluntary inputs from large number of volunteers, donations by individuals, cooperation with local governments. This

organisation has been successfully running since their prime objective is to enhance the responsibility of the poor in their own urban poor area/ squatter communities through values formation and community development. It also encourages the rich and well to do to contribute towards the betterment of the poor. It has large number of achievements like building about five lakh housing units in 5000 communities in five years in 2002 and recently announced a target of 70 lakh housing units in 7000 communities in 7 years. However, it is a big question and a challenge regarding the faith driven programmeme to look whether it will remain succinctly and sufficiently cohesive and cooperative to look after the common facilities and how the income levels of the poor residents be improved furthermore.

Thailand Fishland Development Project

The objective of this programmeme is to increase fish production for local consumption and provide a stimulus for local employment. It wants to and to alleviate non nutrition and poverty. They have selected ponds, tanks, etc. to foster the training of local professional to increase the supply of fish and provide technical advice. This project achieved establishment of 10000 ponds throughout the country in schools and all these ponds reflect the country's credible performance in developing its fisheries to meet the needs of its population. This is a village based fish production achieved through social cohesiveness and community cooperation and convergence of stakeholders. The participating schools have been benefited from the direct benefits of fish consumption and improved water supply and academic skills inculcated positive work and life values among the students. Thus this is one of the good practice in school based adaptive learning in community. It is also a good model for non formal elements that can be transferred relatively easily to other learning situations to avail such an opportunity.

Sarvodaya Shramadhana Movement in Sri Lanka

Social Governance Proqramme in Kirgistan

Yadfone association mangrove restoration in Thailand

Agakhan rural support programmeme in Pakistan

Self employed women association (SEWA) in India

Dairy cooperatives in India

Community hill forestry in Nepal

Kecamatan Development Project in Indonesia

The above are some of the internationally acknowledged best practices how the community mobilisation ensures success in poverty alleviation and social development.

Development of CBOs under NULM- study of best practices from AP, Kerala, Gujarat;

Developing a sustainable strategy for community empowerment

UPA Programmeme – Mission Mode Approach

This initiative of creating mission mode approach is the culmination of reforms in the urban sector, ushered in by the 74th Constitutional Amendment. The mission mode approach of Andhra Pradesh state is one of the successful models and it has recently bagged the national award for social mobilisation. The history of MEPMA goes back to initiatives that were taken for poverty alleviation under the scheme of Andhra Pradesh Urban Services for the Poor (APUSP) which out of its third component was focusing on the strengthening of civil society. The other two components, namely Municipal Reforms and Urban Infrastructure Development have been successfully implemented in the state of Andhra Pradesh as they become part and parcel of Municipal Administration. The state of Andhra Pradesh have successfully implemented most of its urban poverty alleviation programmes successfully.

Annexure IX: STHREENIDHI – A Case Study

- **STREE NIDHI**
 - ✓ Registration under Cooperative Societies Act' 1964 as an Apex Society
 - ✓ Authorized capital- Rs. 500 crore
 - ✓ MD and 3 Directors,10 elected Directors- 14 Members in MC
 - ✓ A lean organization with less than 30 staff
 - ✓ Close collaboration with SERP/MEPMA

- **STREE NIDHI-OBJECTIVES**
 - ✓ To supplement bank credit and not supplant
 - ✓ Provide timely (48 hours) and adequate credit
 - ✓ Providing low cost credit
 - ✓ Reducing transaction costs- Real costs
 - ✓ Cash credit facility enables more no of SHGs to access loans -Prevent high cost borrowings
 - ✓ Facilitate institution building

- **MANAGEMENT COMMITTEE - STREE NIDHI**
 - ✓ Registered under Cooperative Societies Act' 1964 as an Apex Society
 - ✓ Consists of 14 members and 3 Special Invitees
 - ✓ 10 Directors elected from Community (7 from MS and 3 from TLF)
 - ✓ State Government nominated 3 directors
 - ✓ three special invitees to the MC.

- **Functioning of Stree Nidhi**

- **Business model**
 - ✓ Leverage funds on the strength of Paid up capital
 - ✓ Uses social capital viz. SHG/VO/MS/TLF/SLF created by SERP/MEPMA and IKP
Staff for last mile connectivity and monitoring
 - ✓ Maximum use of technology for disbursing loans in 48 hours from the receipt of request from VO/SLF

- **Lending**
 - ✓ SHG/VO/SLF will do due diligence

- ✓ Mobile application at VO/SLF
 - ✓ Loan requests from members are entered SHG wise
 - ✓ Loan request sent by GPRS/IVRS to Sthree Nidhi
 - ✓ Request diverted to MS/TLF login
 - ✓ MS to do scrutiny and give consent
 - ✓ Eligibility criteria for Loans
- **RBI - Priority sector guidelines**
 - ✓ Income limit of Rs 60000/ per annum
 - ✓ Aggregate borrowings not to exceed Rs 50,000 per member
 - ✓ IGA 75% and consumption credit 25%
 - ✓ Per member borrowing Rs 15000 repayable in 12-15 months
 - ✓ SHGs should not be defaulters of bank loan/CIF
- **CREDIT LIMITS TO Mahila Samakhya (MS) / Town Level Federation (TLF)**
 - ✓ Criteria for fixation of a limit to MS/TLF
 - ✓ Rs 150 lakh for all 'A' Grade MS/TLF
 - ✓ Rs 100 lakh limit for 'B' Grade MS/TLF
 - ✓ Rs 50 lakh limit for the 'C' Grade MS/TLF
 - ✓ Rs 25 lakh limit for 'D' Grade MS/TLF
 - ✓ No limit if in E and F category
- **CREDIT LIMITS TO VOs/SLF**
- **The MS/TLF will fix credit limit to the VOs/SLF criteria**
 - ✓ Rs.10.00 lakh for 'A' Grade VO /SLF
 - ✓ Rs. 7.5 lakh limit for 'B' Grade VO/SLF
 - ✓ Rs. 3 lakh limit for 'C' Grade VO/SLF
 - ✓ Rs. 1 lakh limit for 'D' Grade VO/SLF
 - ✓ No limit to a VO/SLF if in E and F category
- **Limits to SHGs**
- **Maximum Credit limit eligibility for a SHG restricted**
 - ✓ 15% of the limit sanctioned to a VO if it is 'A' grade SHG,
 - ✓ 10% of the limit if a SHG is in 'B' grade

- ✓ 5% if SHG is categorized as 'C' and
 - ✓ No loans are given to those SHGs which are in 'D' grade.
- Sanction/Disbursement process
 - ✓ On sanction loan account number generated and communicated to MS/TLF/VO/SLF using SMS
 - ✓ Loan documents generated for execution by MS/TLF through digital signatures
 - ✓ Loan documents of SHG will be at VO/SLF and that of VO/SLF with MS/TLF
 - ✓ Loan applications and agreements prescribed
 - ✓ Request to banks will be sent Banks through e-FMS
 - ✓ Loans will be credited directly to SHG Account using NEFT/Intra Bank transfer and NEFT
 - ✓ SMS alerts will be generated about disbursement
 - ✓ Accounts at MS/TLF, VOs/SLF, and SHGs get updated
 - ✓ The disbursement details have to be discussed in SHG, VO/SLF and MS/TLF meetings and get recorded
 - **Repayment**
 - ✓ Alerts to all concerned one week before and after it becomes overdue
 - ✓ VO collects loans from SHGs
 - ✓ Remits the same through an identified bank account of VO/SLF to the account specified by Sthree Nidhi
 - ✓ After remittance, member wise, SHG wise repayment details, Loan wise, uploaded through IVRS
 - ✓ Receiving bank confirms receipt to e-FMS which will be tagged to the concerned loan of MS/TLF/VO/SLF/SHG
 - ✓ All the accounts at MS,TLF, VO,SLF, SHG get updated on matching
 - ✓ Loans at 12% from Sthree Nidhi with 1% margin each to MS/TLF and VO/SLF
 - ✓ Pavalavaddi on Stree Nidhi loan

Annexure X

भारतीय रज़व ब क

RESERVE BANK OF INDIA

RBI/2011-12/590

RPCD.FLC.No.12452 /12.01.018/2011-12

June 6, 2012

To Chairman/CMD of Scheduled Commercial Banks
(including RRBs)

Dear Sir

Financial Literacy Centres (FLCs) – Guidelines

Please refer to our [circular RPCD.CO.MFFL.BC.No.86/12.01.18/2008-09 dated February 4, 2009](#) on Model Scheme for setting up Financial Literacy and Credit Counselling Centres (FLCC).

2. Since the Model Scheme has been in operation for quite some time, it was decided to evaluate it in terms of its efficacy and impact on the spread of Financial Literacy in the country. Accordingly, a study on the functioning of the FLCC has been conducted through a nationwide sample survey of 30 FLCCs spread across 16 States. The findings of the study indicate the limitations of the model scheme in scaling up the financial literacy efforts in the desired manner. Some of the findings of the study are given below:

- a. All FLCCs are located in Urban and Semi Urban areas. No FLCC is functioning in the rural areas, where the largest sections of financially excluded population reside.
- b. Awareness of existence of FLCC among local populace is limited.
- c. FLCCs are mostly serving walk in clients, whereas outdoor literacy drives by FLCCs are exceptions.
- d. The literacy material available at FLCCs is generally the publicity material pertaining to various products of sponsor banks.
- e. Even though 53% of the FLCCs are run by separate Trusts/Societies formed for the purpose, these are actually working as institutions of sponsor banks due to their dependence for

funding and administrative support. Thus, FLCCs are not in a position to maintain arms-length distance from sponsor bank as envisaged in the Model Scheme.

3. In view of the above and with the objective of scaling up Financial Literacy efforts manifold, it has now been decided to modify the existing FLCC Scheme. While the existing FLCCs would continue to function with a renewed focus on financial literacy, Lead banks are advised to set up Financial Literacy Centres (FLCs) in each of the Lead District Manager (LDM) Offices in a time bound manner. This will lead to opening of 630 plus FLCs in all the districts throughout the country. In addition to the above, banks may consider setting up need based FLCs in other locations as well. Further, financial literacy activities will also be undertaken by all the rural branches of Scheduled Commercial Banks including RRBs.

4. The Financial Literacy Centres (FLCs) will impart financial literacy in the form of simple messages like Why Save, Why Save early in your Life, Why Save with banks, Why borrow from Banks, Why borrow as far as possible for income generating activities, Why repay in time, Why insure yourself, Why Save for your retirement etc. The FLCs and rural branches of the banks would also conduct outdoor Financial Literacy Camps with focus on financially excluded people at least once a month. For the purpose, the help of experienced NGOs may also be taken. As the focus of the FLCs is on simple messages of financial literacy, no risks of misselling are expected. However, it will be the responsibility of the officer specifically identified for the purpose in LDM offices and rural branches of banks to ensure that misselling of financial products and services does not take place. The officials working at FLCs should be provided training in behaviour orientation so as to enable them to work as effective trainers along with periodic knowledge up gradation on various banking products and services.

5. In order to facilitate effective implementation of the above guidelines, we are in the process of preparing Standard financial literacy material/ training modules, to be distributed to banks for providing awareness and knowledge of basic banking throughout the country. If necessary, banks may also prepare material on above illustrative topics in vernacular language using stories and pictorial representations to disseminate information on the four basic banking products i.e. (i) savings cum overdraft account, (ii) pure savings product ideally a recurring deposit scheme, (iii) remittance product for electronic benefits transfer and other remittances,

and (iv) entrepreneurial credit in the form of General-purpose Credit Card (GCC) or Kisan Credit Card (KCC).

6. FLCs and rural branches of banks should maintain record in the form of a register containing details such as name, gender, age, profession, contact details, whether banked or unbanked, details of services availed etc. The Head/ Controlling Offices of the concerned banks would monitor the financial literacy efforts undertaken by their FLCs/Branches through periodic reporting and also by resorting to random on-site visits. They would periodically (at least once in a year) undertake impact evaluation of their literacy efforts so as to make way for continuous improvement.

7. SLBCs/UTLBCs would review the financial literacy efforts undertaken by banks under their jurisdiction as an agenda item in the SLBC/UTLBC meetings and would submit a Quarterly report on the functioning of FLCs to the respective Regional Offices of RBI within 20 days after the end of each quarter, as per [enclosed format](#).

Yours faithfully

(C D Srinivasan)

Chief General Manager

Annexure XI

भारतीय रज़व ब क

RESERVE BANK OF INDIA

RBI/2012-13/408

RPCD.FLC.No.7641/12.01.018/2012-13

January 31, 2013

To Chairman/CMDs of Scheduled Commercial Banks
(including RRBs)

Dear Sir

Financial Literacy Material

Please refer to our [circular RPCD.FLC.No.12452/12.01.018/2011-12 dated June 6, 2012](#) regarding revised guidelines on the Financial Literacy Centres (FLC), in terms of which it was advised that FLCs and all the rural branches of scheduled commercial banks should scale up financial literacy efforts through conduct of outdoor Financial Literacy Camps at least once a month, to facilitate financial inclusion through provision of two essentials i.e. 'Financial Literacy' and easy 'Financial Access'.

2. As advised therein, we have now prepared a comprehensive Financial Literacy Guide containing Guidance Note for Trainers, Operational Guidelines for conduct of Financial Literacy Camps & Financial Literacy Material as also a Financial Diary and a set of 16 posters as explained below. To start with, the entire material has been prepared in Hindi and English. It will also be translated in other Indian languages in due course of time.

- a. The Financial Literacy [Guide](#) contains operational guidelines which clearly spell out the manner in which Financial Literacy Camps should be conducted so as to synchronise it with providing financial access and thus linking the financially excluded section with the banking system. The objective of Financial Literacy material is to aid creating financial awareness and educate common people on management of money, importance of savings, advantages of saving with banks, other facilities provided by banks and benefits of borrowing from banks. *This guide is a ready reckoner for trainers involved in Financial Literacy and Financial Inclusion.*

- b. The Financial [Diary](#) has been prepared for distribution to the target audience with the objective of enabling them to keep a record of their income and expenses leading to better financial planning and understanding of how they spend.
- c. The [posters](#) with simple and appealing slogans, which communicate the messages of money management, savings, borrowings and basic banking products pictorially, may be displayed prominently before, during and after the Financial Literacy Camps.

6. Keeping in view of the extent of exclusion, banks need to conduct these Financial Literacy Camps in a mission mode, with the ultimate objective of making financial inclusion a viable business model by capturing the untapped business opportunities. In accordance with the objectives as stated above, it is necessary to evaluate the effectiveness of financial literacy efforts in linking the excluded segment to the banking system. SLBCs/DCC would review the financial literacy efforts undertaken by FLCs and rural branches under their jurisdiction, as a regular agenda item in the SLBC/DCC meetings. The details of FLCs along with contact details should be published on the respective SLBC website. Similarly Banks' Head Offices would review the effectiveness of financial literacy efforts undertaken by their FLCs and rural branches. A structured monitoring mechanism both for FLCs and rural branches would be put in place shortly.

7. Banks' Top Management including CMDs should ensure that all the rural branches and FLCs prepare a calendar for conduct of Financial Literacy Camps in the beginning of the year. They should give wide publicity to the financial literacy drive by attending some of the Financial Literacy Camps conducted by rural branches and FLCs during their outreach visits. In order to ensure consistency in the messages reaching the target audience of financially excluded people during the Financial Literacy Camps, it is necessary for banks to use the Financial Literacy Guide as a standard curriculum to impart basic conceptual understanding of financial products and services. They may also consider converting the contents of this guide into plays, skits, videos, films etc, for use in the Financial Literacy Camps. If necessary, they may get the material published in vernacular languages as well, in consultation with us. For any further details, we may be contacted by [email](#).

Yours faithfully

(C D Srinivasan)
Chief General Manager
Encls: As stated above

Financial Literacy - Guidance note for trainers

1. The objective of conduct of financial literacy camps is to facilitate financial inclusion through provision of two essentials i.e. literacy and easy access. It should aim at imparting knowledge to enable financial planning, inculcate saving habits and improve the understanding of financial products leading to effective use of financial services by the common man. Financial literacy should help them plan ahead of time for their life cycle needs and deal with unexpected emergencies without resorting to debt. They should be able to proactively manage money and avoid debt traps. In order to ensure that the knowledge provided through awareness results in inculcating banking habits, literacy inputs need to be synchronized with access to financial services so as to enable the common man to use the information effectively to gain control over financial matters. It should also result in enhancement of their economic security aided by use of banking services.
2. The banks as providers of financial services, have an inherent gain in the spread of financial inclusion and financial literacy, as it would help them capture the untapped business opportunities. Small customer is the key and banks should harness the business opportunities available at the bottom of the pyramid. Hence banks must view the financial literacy efforts as their future investments. Banks must provide a bouquet of banking services comprising of a small overdraft facility, variable recurring deposit account, KCC, remittance facilities to the account holders in order to make the accounts transactional. People should be encouraged to make transactions in these accounts so that the cost of maintaining the accounts is recovered to make it a viable and profitable business of the banks. The provision of adequate credit is also important not only in the interest of the customer, but also for the banks as the income earned through interest earned would make the exercise a commercially viable proposition. Banks must provide credit at a competitive though non exploitative rate but certainly not at a subsidised rate.
3. Creating awareness and knowledge about various products and providing these products at their doorstep would be the first step in capturing the accounts. The objective of Financial Literacy Guide is to create awareness and educate masses in a lucid manner about management of money, importance of savings, advantages of saving with banks, other

facilities provided by banks and benefits of borrowing from banks. This guide is a ready reckoner for trainers involved in Financial Literacy and Financial Inclusion. It should be used as a standard text to be imparted to excluded people during the monthly financial literacy camps. In line with the objective of bringing the unbanked people into the banking fold, the strategy of conducting the literacy programmes should also incorporate opening of accounts in camp mode followed by close monitoring of usage of accounts. In addition, a granular review would help in identifying the factors inhibiting the frequent use of accounts. The strategy should also include sorting out all such issues at the earliest. Moreover, while organizing financial literacy events, the involvement of Local Government officials and other prominent persons in the villages is also highly recommended. The banks may also consider associating NGOs with proven track record in the field of financial Literacy. However the contents of this guide should be used as a standard text to be imparted to financially excluded people during the monthly financial literacy camps.

Conduct of Financial Literacy Camps- Operational Guidelines

All the Financial Literacy Centres and rural branches should prepare an annual calendar of locations for conduct of outdoor Financial Literacy Camps. At every location, the programme should be conducted in three stages to be spread over a period of three months comprising of three sessions of minimum two hours each plus a visit to ensure timely delivery of cards. Suitable premises or open place for conduct of programme should be identified in advance. Banks may customize the programme depending upon the requirement of a particular location and available resources. In all circumstances, the underlying objective of the conduct of programme should be to bring the maximum number of participants into the banking fold.

First Session

1. The first session would mainly focus on creating awareness on financial concepts, personal finance and management of money amongst the people. For this purpose, bank should organise a camp for a group of villagers. Advance publicity should be given in the village about the conduct of the camp to ensure good attendance by the villagers.
2. The work of organizing the camp should be taken up beforehand with the involvement of prominent persons of the area like village sarpanch, school teachers or any other person having good rapport with the villagers. Suitable arrangements may be made at the place identified for the conduct of the programme. All the charts and play cards should be placed before the arrival of the participants.
3. Prepare a list of participants with details of name, age, occupation etc.
4. Topics to be covered should be financial planning, budgeting, savings, how to maintain financial diary, advantages of saving with banks, the concept of a Business Correspondent, difference between formal and informal sources of borrowing, purpose and cost of borrowing, different types of borrowing etc, as given in the guide.
5. Distribute a financial diary to each of the participants. Explain how to use the financial diary for preparing the budget and maintaining periodical accounts. Reiterate the advantages of maintaining the diary. Ask them to use diary at home for preparing their budget and writing income and expenses for one month. Advise them to bring the diary when they come for the next session.

- ⊙ At the end of the first session, the date for holding the second session to be announced and villagers to be informed that the Business Correspondent shall be introduced to the villagers during the second session. The fact that accounts will be opened through the BC should be conveyed to the villagers. The villagers must be made aware of the documents required to open the accounts and they should be asked to bring all these documents in the next session. Clear message should be that all the participants need to attend the second session.
- ⊙ Paste all the charts for permanent reading at a suitable place like village panchayat or sarpanch or school.

Second Session (Fortnight after holding of first session)

- ⊙ Take attendance. Find out the reasons for absence of the participants, if any. Introduce the Business Correspondent to the villagers and explain in detail the relationship of the BC with the bank, advantages of operations through BC, details of deposit and credit products and other services that would be available through the BC.
- ⊙ Give a demonstration of the working of the ICT device to the participants and explain how each of the features work, e.g. how it works when a deposit/withdrawal is made, etc.
- ⊙ Check the financial diary. Find out whether they had any difficulty in writing the diary. Advise them of corrections, if required. Advise them to write it regularly every month.
- ⊙ Explain the features of the account such as number of deposits/withdrawals that can be made in a month, limits on deposit/withdrawal if any, the amount of applicable charges, the modus operandi of crediting of social benefits directly into the account, types of remittances which can be made/received through the accounts.
- ⊙ Start enrollment for the opening of accounts.
- ⊙ At the end of the enrollment, advise them regarding the approximate time within which the account would be opened and that they would get the cards for operating the account. Advise them that they should start using the accounts for day to day needs immediately after getting the cards.
- ⊙ *After 15 days of the second session, branch officials should visit the village to ensure delivery of cards to the villagers. They will also make sure that the BC has started operations and villagers are able to make transactions.*

Third Session (2 months after holding of second session)

- ⊙ Hold a meeting of villagers who had enrolled for account opening during the previous session. Interact with the villagers and the BC.
- ⊙ Ask them about any difficulty faced in the operation of the accounts or in using the ICT based system and seek suggestions for improvement of the same.
- ⊙ Review the usage of accounts to find out whether there are any issues impeding the usage of accounts.

Subsequently, follow up the transaction levels through a regular reporting system.

Annexure X - SHG Rating Tool

Name of the SHGs			
Address of SHGs			
Name of the ALFs			

DOB		SIZE OF THE SHG		SAVINGS		
VENUE		TIME		DAY		

NAME OF THE INVESTIGATOR		DATE	
--------------------------	--	------	--

S.No	Criteria	Rating basis	
	<i>Unless otherwise mentioned</i>		
	<i>Excellent</i>	10	
	<i>Good</i>	7	
	<i>Average</i>	4	
	<i>Poor/None</i>	0	

A	Systems & Self Management	Rating basis	Performance	Rating given	Weight	Score	Max. possible
1	Homogeneity of group						
1.1	Members from same economic class						
1.2	Members living in same neighbourhood						
1.3	Members belonging to same social class(I.e caste,religion etc)						
2	Regularity of meetings - for a year						

	<p><i>(6 months, in case of weekly meetings)</i></p> <p>>90% 10</p> <p>71 -90% 7</p> <p>50-70% 4</p> <p><50% 0</p>					
3	<p>Attendance level</p> <p><i>(6 months, in case of weekly meetings)</i></p> <p>>90% 10</p> <p>71 -90% 7</p> <p>50-70% 4</p> <p><50% 0</p>					
4	<p>Quality of recording systems</p> <p><i>Adequacy and timeliness- (5+5)</i></p> <p>4.1 Attendance at the meeting</p> <p>4.2 Recording decisions taken</p> <p>4.3 Loan disbursement</p> <p>4.5 Savings collection</p> <p>4.5 Repayment performance</p> <p>4.6 Cash and Bank status</p> <p>4.7 Member wise savings and loan portfolio</p> <p>4.8 External loans</p>					
5	Members participation in decision making					

6	Ability to enforce norms					
6.1	Attendance related					
6.2	Savings related					
6.3	Loanrelated					
7	Financial Transactions within the group					
	All transactions during meetings	10				
	Transactions partly during meeting	7				
	Decision in meeting; transactions outside	4				
	All transactions outside meetings	0				
8	Default management and conflict resolution mechanism					
	Among themselves	10				
	Support of federation/promoters	7				
	With support of outsiders	4				
	Ignored by the group	0				
9	Members awareness					
9.1	Group purposes, mission and vision					
9.2	Loan and saving status - individual & group					
9.3	Bank procedures and linkages					
9.4	SHG Associations and players					

9.5	Leaders & members roles & responsibilities					
Grand total Systems & self mangement indicators <i>in terms of percentage</i>				-	0.0	0.0
				#DIV/0!		

B	SOCIAL	Rating basis	Performance	Rating given	Weight	Score	Max. possible
1	Member awareness/participation in social development activities						
1.1	Family Planning						
1.2	Immunisation & Personal hygiene						
1.3	Adult Literacy						
1.4	Child Labour						
1.5	Elections						
1.6	Govt. Developmental Programmes						
2	Decision making ability of the group members						
2.1	Members' personal domestic affairs <i>(Family budget, number of children, education etc.)</i>						
2.3	Ability to take decisions on political issues <i>(Related to representation, elections etc.)</i>						

3	Impact Change in status <i>(life style, food, quality of life etc)</i>						
Grand total of social indicators <i>in terms of percentage</i>					-	0.0	0.0
					#DIV/0!		

C	FINANCIAL	Rating basis	Performance	Rating given	Weight	Score	Max. Possible
1	Regularity of savings- last one year <i>(6 months, in case of weekly meetings)</i> >98% 91-98% 70-90% <70%	10 7 4 0					
2	Velocity of Internal Lending <i>(Last one year)</i> >1.5 times Between 1 to1.5 Times <1	10 7 4					
3	Repayment Terms Monthly Quarterly Lump sum	10 7 4					
4	Monthly Repayment pattern						

	(last one year) Regular- Principal+interest Regular- Principal in part +interest Regular interest only Irregular	10 7 4 0					
5	Asset Quality (>90 days) <2%of Loan Portfolio 2% -5% of Loan Portfolio 5% -10% of Loan Portfolio >10% of Loan Portfolio	10 7 4 0					
6	Borrower Quality(# of defaulters) One member 2-5 members >5 members All members	10 7 4 0					
7	External Loan Repayment (every six months) 95-100% 90-94% 80-89% <80%	10 7 4 0					
8	%of production loan funds >85% 70-85% 50-70%	10 7 4					

	<50%	0						
9	Portfolio distribution among members (Outstanding against single member) Upto 20% of total corpus 20% - 30% of total corpus 31%- 40% of total corpus >41%of totalcorpus	10 7 4 0						
10	Pattern of internal lending Need Based - many members Need Based - few members Equal distribution Repeated loans to few members	10 7 4 0						
11	Avg.Idle Fund (from last One year) Upto 5% of total corpus 6% - 15% of total corpus 16%- 25% of total corpus >26%of total corpus	10 7 4 0						
Grand total of financial indicators <i>in terms of percentage</i>						-	0.0	0.0
						#DIV/0!		

<u>Final rating score</u>						
-						
NAME OF THE SHG			0			
NAME OF THE HABITATION & MANDAL			0	0		
NAME OF THE MACS			0			
Category			Ratings			Grade
			Weightage (%)	Score	% of max.	
A	<i>Systems and self management</i>		-	0.0	#DIV/0!	
B	<i>Social</i>		-	0.0	#DIV/0!	
C	<i>Finance</i>		-	0.0	#DIV/0!	
	<i>Overall totals</i>		0	0.0	#DIV/0!	

Annexure – XI

Summary of Training Manual of SMID (Social Mobilization & Institution Development)

Sl.No.	Chapter	Session Description	Learning Objective	Scope of the session	Duration	Training Techniques
01.	Chapter 1	Introduction to Social Mobilisation and Institutional Development	<ul style="list-style-type: none"> Understand the concept of SM and its relevance for community awareness, empowerment for poverty alleviation, especially women; Various approaches to social mobilization; Evaluation of SM concept in India over 20 years Implementation and impact of SHG model in urban areas 	<ul style="list-style-type: none"> Concepts of Social Mobilisation Social Mobilisation in development initiatives: Historical perspective (NABARD and MYRADA experience) Empowerment of women through SHG and higher federations – different strategies 	75 Minute	<ul style="list-style-type: none"> Ice breaking session and interaction on lead questions PowerPoint presentation Focused discussion
02.	Chapter 2	NULM – An overview and SM & ID Norms	<ul style="list-style-type: none"> Be familiar with all the key NULM and SM&ID norms for implementation of SM & ID Understand the key differences between SJSRY and NULM 	<ul style="list-style-type: none"> Brief reflection on NULM components Key sub components of SM&ID under NULM <ul style="list-style-type: none"> Building Community Institutions – SHG & Federations Universal Financial Inclusion Revolving Fund Support City Livelihood Centres Training For Community Institutions SM & ID Tools (Annexure I to VI) 	75 minute	<ul style="list-style-type: none"> PowerPoint presentation Interaction with participants Film clip on SHG functioning

3	Chapter 3	Engaging the community for poverty alleviation	<ul style="list-style-type: none"> • Participants will be able to identify and priorities areas for social mobilization • Participants will learn how to approach local communities especially women and conduct local meetings to develop a rapport • Participants will develop an understanding of the ‘urban poor’ as clients of NULM • The session will also include field visits / experiences • Understand the importance of trusting the knowledge and ability levels of the community and their role in creating an enabling environment for community participation • Understand the role of various community- and Mission-level functionaries in facilitating community participation 	<ul style="list-style-type: none"> • The participation continuum • Types of participation – from passive to active in various stages of a project cycle • 7 steps for community participation • Community Participation Law and Public Disclosure Act – best practices facilitating Community participation, e.g. Citizens’ Charter, Grievance Cells, invitation of community representatives to Bankers’ meetings, etc. • Community participation strategies in NULM • Community – Mission interface through the Community Organisers, ULB, District and State-level resource persons • Tips on community participation - Dos and Don’ts to Community Organisers 	75 minute	<ul style="list-style-type: none"> • PowerPoint presentation • Field visit to understand community situations and reactions followed by interaction • Framework of Interaction with the CRPs and other community representatives (wherever possible) • Short film show
4	Chapter 4A	Building community level structures (SHGs)	<ul style="list-style-type: none"> • Be familiar with the concepts of SHGs, formation, meetings and functioning • Understand the role of groups as basic units for catalyzing social change • Understand the legal status of groups ; roles and responsibilities of members 	<ul style="list-style-type: none"> • Origin of groups (rural and urban) • Various models of groups based on scope of functioning • Self Help Groups <ul style="list-style-type: none"> ○ Self Help Groups defined ○ Membership and other norms pertaining to SHGs ○ Structure of SHGs ○ SHG management – some non-negotiable (Panchasutras, T&C, book-keeping, capacity development, etc.) 	75 minute	<ul style="list-style-type: none"> • PowerPoint presentation • Participant discussion generated through asking focused questions • Group discussion and presentation

5	Chapter 4B	Building community level structures (Federations)	<ul style="list-style-type: none"> • Understand the need for formation of federations at area and city levels beyond SHGs • Be able to decide what 'area' works best for their respective cities/ states • Understand the most effective means of involvement of communities 	<ul style="list-style-type: none"> • Need for federations; When and how to form federations • Federation structure • Legal process of registration • Election process of Executive/ Management Committee and modalities of operation of federation. • Representation to ULBs, banks and other lead agencies. • Roles and responsibilities <ul style="list-style-type: none"> • To fulfil the higher order needs of the members- Financial and non financial • prioritization of area needs and opportunities • convergence, advocacy, coordination and liaison • addressing inter group issues and challenges including repayments • Collaborations with other civil society organizations • Monitoring and Evaluation 	75 minute	<ul style="list-style-type: none"> • Interactive session through reflection of participants • Discussion on focused questions on formation and sustainability of community structures • Group discussion and presentation • Universal mobilisation of urban poor households into thrift and credit-based Self-Help Groups (SHGs) and their federations/collectives.
---	------------	---	---	---	-----------	---

6	Chapter 5A	Bank linkage and Financial Inclusion	<ul style="list-style-type: none"> • Understand the need for bank linkage • Understand the RBI circulars and other information pertaining to banking operations for the poor • Know the provisions under NULM on UFI • Understand opening of Basic Savings Bank Deposit Accounts (BSBDAs), health and insurance schemes. 	<ul style="list-style-type: none"> • Pradhan Manthri Jan Dhan Yojana • Details of Universal Financial inclusion • Financial Literacy • Opening of bank accounts • Affordable Insurance • Overview of RBI guidelines on the bank finance to SHGs and basic concepts of KYC, No-Frill accounts and opening of Financial Literacy Centres by banks • Role of NULM supported institutions in UFI – Role of RO and CLCs and COs • Conduct of special drives for the initiation of account • Awareness generation on various Social Security measures (insurance, and pensions) • Handholding of eligible groups to take up insurance activities as micro-insurance agents • Revolving support to SHGs and ALFs as a fillip encouraging thrift & credit among SHGs 	75 minutue	<p>Lecture with PowerPoint presentation</p> <p>Discussion with participants at various stages of session</p> <p>(Note: The RP may quote the examples of Mahila Bank, Streenidhi and SEWA Bank activities and explain them as best practices. See Annexure IX).</p>
7	Chapter 5B	Linking SHGs to Banks	<ul style="list-style-type: none"> • Be familiar with process of opening of Savings Bank Accounts for SHGs • Develop an in-depth understanding of revolving fund processes to SHGs/ ALFs under NULM • Learn about internal lending and the assessment of SHGs for external loans and credit • Interest subsidy under NULM 	<ul style="list-style-type: none"> • Thrift & Credit in groups, the need and advantages • Why SHG – Bank linkage is important? Credit needs of the poor and the need for facilitating bank linkages • Pre-requisites of the SHGs for accessing credit • Norms governing the access to higher need based loans • Case Study of Bank Linkage in Andhra Pradesh 	75 minute	<ul style="list-style-type: none"> • Lecture with PowerPoint presentation • Discussion with participants at various stages of session

8	Chapter 6	Promotion of SHGs and their Federations under NULM	<ul style="list-style-type: none"> • Understand the crucial role of Resource Organisations in consolidating and taking the programme forward • Understand the functioning of Resource Organisation 	<ul style="list-style-type: none"> • Institutional provision under NULM for the promotion of SHGs • The eligibility of a Resource Organisation structure and selection • Roles and responsibilities of Resource Organisations and milestones 	75 minute	<ul style="list-style-type: none"> • Interactive Lecture with PowerPoint presentation • Group discussion and presentation
9	Chapter 7	NULM: Demand-Supply Chain – Development of City Livelihoods Center	<ul style="list-style-type: none"> • Understand the crucial gaps in livelihoods initiatives • Understand the concept of CLC • Perceive the CLCs as an avenue for the alleviation of poverty • Funding and management of the CLCs 	<ul style="list-style-type: none"> • City Livelihoods Centers as a crucial link mechanism between citizens and service providers. • CLCs as the Information hubs for the informal and unorganized sector and facilitation • Establishment and management of CLCs by the ULB, community level federations etc 	75 min	<ul style="list-style-type: none"> • Lecture with PowerPoint presentation • Discussion with participants at the start and at various stages of the session <p>(The details of CLCs are covered elaborately under the module of NULM)</p>
10	Chapter 8	Social Mobilisation plan and convergence with other components of NULM	<ul style="list-style-type: none"> • Understand the centrality of strong organized communities for the implementation of NULM • Be able to understand the level of involvement of groups and federations. • Understand schemes and provisions of other departments as well for convergence 	<ul style="list-style-type: none"> • SM & ID and other components under NULM – a rapid fire recapitulation • Strong community mobilisation and sensitive support • Building a convergence plan of community structures • Mapping of different provisions under NULM and services of other departments. • Drawing out comprehensive plan for convergence. 	75 minute	<ul style="list-style-type: none"> • Ice-breaking session (Round Robin, Passing the Parcel, random rapid-fire questioning) for recapitulation • Interactive lecture with PowerPoint presentation taken forward in an interactive manner • Panel discussions

11	Chapter 9	SM & ID – Way Forward	<ul style="list-style-type: none"> • Prepare a viable plan of action for their respective roles in SM&ID • Identify the stakeholders to be involved for implementation of SM & ID with timeframe • Develop a check measure to cross verify the progress from time to time and to extend support to overcome challenges 	<ul style="list-style-type: none"> • Plan preparation and implementation techniques • Project cycle and stakeholders • Roles and responsibilities, division of work • Financial commitments and accountability • Periodical review and monitoring • Liaison and coordination • Sensitive support mechanism • Acting as a knowledge resource center 	75 minute	<ul style="list-style-type: none"> • Presentation of different case studies on failed and successful projects • Discussion on different tools for monitoring and evaluation and periodical reviews • Generation of trial reports and course interventions
----	-----------	-----------------------	---	--	-----------	--