

# Progress of SHG formation under NRLM in Himachal Pradesh

Ms Kavita Kumra & Dr. Vijay Kumar Sharma

*Assistant Professor Rajiv Gandhi Govt. Degree College Chaura Maidan, Shimla-4*

*Email: [kumra.kavita@gmail.com](mailto:kumra.kavita@gmail.com)*

*Professor, Department of Commerce Himachal Pradesh University, Shimla-5*

*Email: [vk\\_hpu@yahoo.co.in](mailto:vk_hpu@yahoo.co.in)*

## Abstract

NRLM is the flagship program of Ministry of Rural Development, Govt. of India for promoting poverty reduction through building strong institutions of the poor, particularly women, and enabling these institutions to access a range of financial services and livelihood services. This scheme is focused on promoting self-employment and organization of rural poor. The NRLM has been rechristened as Deendayal Antayodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) w.e.f. 25th September, 2015. The aim of this programme is to reach out to all poor families, mobilize them into Self-Help-Groups, link them to sustainable livelihoods opportunities and nurture them till they come out of poverty and enjoy a decent quality of life. In Himachal Pradesh, HP State Rural Livelihood Mission (HPSRLM) has been launched w.e.f. 1st April, 2013. This paper attempts to highlight the contribution of the State Rural Livelihood Mission (HPSRLM) in SHG formation in the state of Himachal Pradesh.

(Keywords: NRLM, SHGs, Participatory Identification of Poor, Empowerment)

## 1.1 Introduction

National Rural Livelihood Mission (NRLM) is a poverty alleviation project implemented by Ministry of Rural Development, Government of India. This scheme is focused on promoting self-employment and women empowerment. Under this programme, the poor are organized into SHG (Self Help Groups) groups so as to make them capable for self-employment. In 1999, the Integrated Rural Development Programme (IRDP) was restructured to Swarnajayanti Grameen Swarojgar Yojana (SGSY) by the Ministry of Rural Development (MoRD) with the aim to focus on promoting self-employment among rural poor. SGSY is now remodelled to form NRLM thereby plugging the shortfalls of SGSY programme. This scheme was launched in 2011 with the credit support of \$1 Billion by the World Bank and with a budget of \$5.1 billion.

## 1.2 Review of Literature

Sarangi (2007) in his study "Measuring Depth of Outreach of Microfinance Programs in India: A Study Based on Fieldwork in Madhya Pradesh", evaluated the impact of microfinance programme on rural poor households in some backward regions of Madhya Pradesh in India. The researcher examined three most popular group based microfinance programmes, i.e. government supported SGSY programme, NABARD's SHG bank linkage programme, and World Bank promoted Swashakti programme. The findings suggested that on the one hand, many of the very poor households were excluded from the programme, and on the other, the gains from participation in the programme were mostly observed for the better-off section of households, particularly those with high per capita income or the large landholders. Sami (2008) in his paper "Self Help Groups and Rural Development" examines the SHG micro credit in the context of rural development in India. It has been found that the micro finance is the appropriate approach and effective tool for poverty alleviation and empowerment, which can be internalized into a co-operative system through strategic and legal support, keeping in view long term sustainability of micro finance within co-operative functioning. Kandu (2008) in his research paper entitled "Impact of SGSY Scheme on Self Help Group members of West Bengal" revealed that the Government supported micro credit programme under joint liability in Swarnajayanti Gram Swarozgari scheme in India is able to reach to the ultra poor and vulnerable section of the rural population of West Bengal in Bankura district where most of the participants are rural married women. This scheme is helping them to reduce their acuteness of poverty but still fails to reduce their vulnerability. It is also helping the participants to achieve empowerment. The group leaders do not take any undue advantage from their respective groups to improve their economic conditions more quickly than other fellow ordinary members. Panwar (2014) in his research paper "How to Sharpen National Rural Livelihood Mission" narrated the field experiences highlighting the hurdles in the implementation of the SGSY and based on these some suggestions have been offered for effective implementation. It has been observed that one of the main reasons for the disintegration of SHGs is the lack of attention and regular follow up under SGSY. The

success of every programme depends upon collective efforts. Hence, it is imperative that there should be proper co-ordination and co-operation to fulfil the objectives of poverty alleviation. Chatterjee (2015) in his book said that it has to be admitted that SHG is a right approach to address the issues of rural women particularly who live below the poverty line (BPL). The author has carried out a large number of studies across the country particularly in rural areas of India and observed SHG approach has not only helped to earn income but also empowered the rural poor especially women.

### 1.3 Data and Methodology

The study is a quantitative assessment of the progress made under SHG formation by the National Rural Livelihood Mission in the state of Himachal Pradesh during the time span of 19 years from 1999-2000 to 2017-18. The study is exploratory in nature and is mainly based on secondary data obtained from Aajevika, Himachal Pradesh.

### 1.4 National Rural Livelihood Mission (NRLM)

It is one of the flagship programmes of Ministry of Rural Development and is one of the world's largest initiatives to improve the livelihood of poor. The NRLM was given a new name "Deendayal Antayodaya Yojana - National Rural Livelihoods Mission" (DAY-NRLM) on 25th September, 2015. According to the Ministry of Rural Development, GOI "The programme aims to reach out to all poor families, mobilize them into Self-Help-Groups, link them to sustainable livelihoods opportunities and nurture them till they come out of poverty and enjoy a decent quality of life". This programme also aims at empowering women, hence, the rural poor households under NRLM are covered through their women members. These women are firstly organized into SHGs and thereafter into Village/ Block / District federations in order to assist them in accordance with the guidelines of Govt. of India. To achieve this objective, NRLM has employed dedicated support structures at various levels that work towards bringing out the hidden potential of the poor and complement it with capacities to deal with external environment and enable access to finance. The scheme is working towards bringing all the rural Poor and poorest of the poor under its ambit through the process of Participatory Identification of Poor (PIP), by organizing them into SHGs and their Federated Institutions and linking them with Banks and for repeat Micro Financing[5].

Thus, NRLM is a flagship program of Govt. of India for promoting poverty reduction by building strong institutions of the poor, particularly women, and

enabling these institutions to access a range of financial services and livelihoods services. DAY-NRLM is designed to be a highly intensive program and focuses on intensive application of human and material resources in order to mobilize the poor into functionally effective community owned institutions, promote their financial inclusion and strengthen their livelihoods.

## 1.5 Key Features of NRLM

### 1. Universal Social Mobilization

NRLM ensures that at least one member from each identified rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. After this, both women and men are organized for addressing various livelihoods issues. NRLM also ensures adequate coverage of vulnerable sections of the society such that 50% of the beneficiaries are SC/STs, 15% are minorities and 3% are persons with disability, while keeping in view the ultimate target of 100% coverage of BPL families.

### 2. Participatory identification of poor (PIP)

The SGSY experience suggests that the BPL list had a number of inclusion and exclusion errors. Thus, to include all the needy poor and to widen the target groups, NRLM adopted a community based process i.e. participation of the poor process to identify its target group. A Participatory process based on sound methodology and tools (social mapping and well being categorization, deprivation indicators) reduces the inclusion and exclusion errors, and enables formation of the groups on the basis of mutual affinity. The households identified as poor through the P.I.P process are accepted as NRLM target group and become eligible for all the benefits under the programme. The list finalized after PIP process is examined by the Gram Sabha and approved by the Gram Panchayat. Till the PIP process is undertaken by the State in a particular district/Block, the rural households already included in the official BPL list shall be targeted under NRLM. Under the Framework for implementation of NRLM, 70% of the total membership of the SHGs should be the poor included in the BPL list and the remaining 30% may be from among the population marginally above the poverty line after approval from the BPL members of the group.

### 3. Promotion of Institutions of the poor

Strong institutions of the poor such as SHGs and village level federations empower the rural poor

and act as an instrument of knowledge and technology dissemination and also hubs of entrepreneurial and productive activities. NRLM, therefore, focuses on setting up these institutions at various levels. In addition, NRLM promotes specialized institutions like Livelihood collectives, producers' cooperatives, companies for livelihood promotion etc. Under collective institutions, the members can enjoy the benefits of economies of scale, access to information, credit, technology, markets etc. Thus, these collectives enable the poor to optimize their limited resources.

#### **4. Strengthening all existing SHGs and federations of the poor**

NRLM aims to strengthen all existing institutions of the poor formed by the Government or NGOs in a partnership mode. The self-help promoting institutions both in the Government and in the NGO sector will help promote social accountability practices to introduce greater transparency.

#### **5. Emphasis on Training, Capacity building and Skill Building**

Under NRLM, emphasis is laid on providing training and capacity building to the poor so that they develop requisite skills for managing their institutions. Focus is laid on engaging community professionals and community resource persons for capacity building of SHGs and their federations. Training on market linkage and management of livelihoods, etc is provided. NRLM is an approach for continuous capacity building of the targeted families, SHGs, their federations, government functionaries, bankers, NGOs and other stakeholders. The programme also aims to make extensive use of ICT to enable effective dissemination of knowledge and capacity building.

#### **6. Revolving Fund and Community Investment support Fund (C.I.F)**

A Revolving Fund is provided to the eligible SHGs as an incentive to inculcate the habit of thrift. These savings are then used to meet their credit needs in the long-run and immediate consumption needs in the short-run. The fund is used to meet the credit needs of the members and can also be used as security for repeat bank finance.

#### **7. Universal Financial Inclusion**

NRLM aims to work towards achieving universal financial inclusion besides providing basic banking

services to the poor households, SHGs and their federations. NRLM works to promote financial literacy among the poor on one hand and coordinate with the financial sector and encourage use of Information, Communication & Technology (ICT) based financial technologies and business correspondents on the other. It also works towards universal coverage of rural poor under insurance against risk of loss of life, health and assets.

#### **8. Provision of Subsidy on Interest (Interest Subvention)**

To ensure economical viability of the livelihood activities undertaken, it is essential that the rural poor are provided with credit at low rate of interest and in multiple doses. In order to ensure affordable credit, NRLM has a provision for subvention on interest rate above 7% per annum for all eligible SHGs, who have availed loans from mainstream financial institutions.

#### **9. Pattern of Funding**

NRLM is a scheme sponsored by the Centre Government and the allocation is earmarked for the States according to the incidence of poverty in the States. The financing of the programme is shared between the Centre and the States in the ratio of 75:25 (90:10 in case of North Eastern States including Sikkim, and completely from the Centre in case of UTs).

#### **10. Implementation in a Phased Manner**

A phased implementation approach is adopted in NRLM because the process of building up social capital takes time. Social capital of the poor consists of the SHGs as institutions of the poor, their leaders, community professionals and more importantly community resource persons. Further, it is to be ensured that the quality and effectiveness of government participation is not diluted.

#### **11. Intensive blocks**

The process of NRLM implementation is to be carried out in a phased manner by firstly carrying out financial inclusion objective more intensively in the intensive blocks. These blocks have access to trained professional staff and cover a whole range of activities of universal and intense social financial inclusion. However, in the remaining non-intensive blocks, the activities are limited in scope and intensity.

## 12. Rural Self Employment Training Institutes (RSETIs)

The Concept of RSETI is based on a model developed by the Rural Development Self Employment Institute (RUDSETI). It is a collaborative partnership based model which works through coordination between SDME Trust, Syndicate Bank and Canara Bank. The model intends to transform the unemployed youth into confident self-employed entrepreneurs through an experiential learning programme and a long term hand holding support. The need-based training helps build entrepreneurship qualities and improves self-confidence among members. It also helps reduce the risk of failure and develop trainees into change agents. Banks are fully involved in selection, training and post training follow up stages. NRLM encourages public sector banks to set up RSETIs in all the districts of the country[6].

### 1.6 NRLM Financial Inclusion Objectives

Access to adequate amount of credit at reasonable rates of interest along with convenient terms of repayment is critical for poverty reduction. Therefore, the NRLM seeks to promote universal financial inclusion by promoting access to basic banking services. NRLM seeks to work on both demand and supply sides for this purpose. The key focus areas under this objective are:

- promotion of basic awareness on banking services, insurance products and remittances to all SHG members;
- preparation of all SHGs for opening of bank accounts;
- institution of appropriate systems of Bookkeeping and provision of revolving fund and Community Investment Fund (CIF)
- delivery of institutional credit
- promoting investment on productive livelihoods and monitor prompt repayments

The NRLM, nevertheless, has based its financial inclusion model and the larger livelihoods development approach on the strengthening of the SHG-bank

relationship as well as SHG federations. NRLM sees SHGs as the building block both for financial federations as well as other cross-cutting livelihoods organizations as part of a broad-based strategy for poverty alleviation[2].

### 1.7 NRLM in Himachal Pradesh

In Himachal Pradesh, HP State Rural Livelihood Mission (HPSRLM) has been launched w.e.f. 1st April, 2013. The Government of India expected that NRLM would reach out to all Districts and Blocks of the State by the end of 2020-2021 in a phased manner. Initially, as per the guidelines of GOI, the strategy of Intensive and Non-intensive Blocks has been adopted. At present, resource blocks strategy is being implemented in Development Block Haroli in District Una and development Block Basantpur in District Shimla of the State. Besides this, 3 Development Blocks viz. Kandaghat (Solan), Mandi Sadar (Mandi) and Nurpur (Kangra), have been selected as "Intensive Blocks" in the first phase of NRLM implementation. The remaining 'Non-intensive Blocks' would be covered in a phased manner subsequently. In the state, District of Shimla and Mandi have been selected in the category-I where additional interest subvention of 3% will be available to all women SHGs whereas, in the remaining 10 Districts all the NRLM compliant SHGs irrespective of the agencies which have formed them will be eligible for the interest subvention of 7%. The effective rate of interest for women SHGs in category 1 district will be 4% and in II category districts it will be 7% but it would be applicable only to those WSHGs which are prompt in their repayment[3].

Table 1.1 gives the district-wise trend of SHG formation under SGSY/NRLM in Himachal Pradesh since the inception of SGSY in April, 1999.

It can be observed in the table that upto July 2017, 32,215 SHGs have been formed under the National Rural Livelihood Mission in the state of Himachal Pradesh. Highest number of SHGs i.e 6231 have been formed in the district of Mandi, followed by district Shimla with 4,483 SHGs and district Chamba with 3950 SHGs. In the district of Lahaul & Spiti only 197 SHGs have been formed upto July, 2017.



**Table 1.1**  
**District-wise Trend of SHG formation under NRLM/SGSY**  
**w.e.f. 01-04 -99 to 31-07-2017**

Year	Bilaspur	Chamba	Hamirpur	Kangra	Kinnuar	Kullu	L/S	Mandi	Shimla	Sirmour	Solan	Una	Total
1999-2000	69	66	38	162	58	164	0	105	231	114	186	29	1222
2000-2001	122	73	120	383	73	201	0	311	207	92	212	239	2033
2001-2002	200	300	182	372	79	231	24	424	288	262	246	95	2703
2002-2003	13	186	112	178	22	48	22	113	151	189	9	22	1065
2003-2004	77	303	30	91	0	5	0	41	67	30	30	19	693
2004-2005	36	70	20	55	1	26	0	92	69	0	5	8	382
2005-2006	30	137	72	87	4	4	0	97	57	0	21	14	523
2006-2007	18	112	61	99	0	2	0	87	39	33	22	24	497
2007-2008	47	111	15	56	28	7	0	88	70	71	42	219	754
2008-2009	22	93	62	253	4	515	1	141	86	40	117	69	1403
2009-2010	139	107	62	239	9	293	4	176	133	27	103	134	1426
2010-2011	55	140	72	203	9	10	3	164	222	68	78	76	1100
2011-2012	73	90	78	180	7	3	1	137	153	43	30	72	867
2012-2013	62	88	71	174	0	0	3	108	134	14	36	53	743
2013-2014	116	85	198	328	16	98	61	1058	602	133	150	100	2945
2014-2015	266	1211	452	745	19	380	46	1450	901	84	443	412	6409
2015-2016	120	310	117	306	14	114	15	887	436	104	288	226	2937
2016-2017	164	432	243	645	73	127	17	563	449	230	214	315	3472
2017-2018*	58	38	55	275	0	74	0	189	188	34	11	119	1041
<b>Total</b>	<b>1687</b>	<b>3950</b>	<b>2060</b>	<b>4831</b>	<b>416</b>	<b>2302</b>	<b>197</b>	<b>6231</b>	<b>4483</b>	<b>1568</b>	<b>2243</b>	<b>2245</b>	<b>32215</b>

Source: [www.nrimbl.aajeevika.gov.in/NRLM/UI/Reports/YearwiseNRLMcomp status Report.aspx](http://www.nrimbl.aajeevika.gov.in/NRLM/UI/Reports/YearwiseNRLMcomp%20status%20Report.aspx)

\*Data for 2017-18 is for 4 months (April – July, 2017)

Table 1.2 gives District-wise Physical and Financial target and achievement for the financial year 2016-17. The districts of Bilaspur, Chamba, Kinnaur, Kullu Mandi, Sirmour, Solan and Una have exceeded their targets in SHG formation. In terms of Credit disbursement the districts of Bilaspur, Kullu, Mandi, Shimla and Solan exceeded their targets. In Lahaul & Spiti district performance of the programme has been highly dissatisfactory both in terms of number of SHGs formed and amount of credit disbursed to SHGs. Only

17 SHGs were formed during 2016-17 against the target of 45 SHGs and only ₹ 8 lakhs credit amount was disbursed against the target of ₹ 60 lakhs. However the overall position has been quite satisfactory. During 2016-17, 3,472 SHGs have been formed against a target of 3,280 SHGs. 2,136 SHGs were linked with Banks and provided with credit of ₹ 3774.37 lakhs against the target of ₹ 4000 lakh. Revolving fund of ₹ 136.387 lakhs has also been distributed amongst the groups by the Department.

**Table 1.2**  
**District-wise Physical and Financial target and achievement for the year 2016-17**

Sr. No.	District	Target for SHG Formation	SHGs Formed	No. of SHGs disbursed credit	Target Credit to be disbursed (in lakhs)	Amount of Credit disbursed (in lakhs)	No. of SHGs disbursed Revolving Fund	Amount of Revolving Fund disbursed (in lakhs)
1	Bilaspur	160	164	88	185	190.93	100	14.10
2	Chamba	370	432	268	430	411.21	104	10.50
3	Hamirpur	245	243	93	300	230.86	51	3.30
4	Kangra	650	645	315	800	762.66	260	29.64
5	Kinnaur	60	73	20	80	60.00	35	5.10
6	Kullu	120	127	132	150	151.50	94	9.45
7	Lahaul Spiti	45	17	09	60	8.00	09	0.90
8	Mandi	550	563	599	650	732.30	341	34.20
9	Shimla	480	449	296	580	586.06	29	3.40
10	Sirmour	190	230	92	245	155.10	97	10.95
11	Solan	200	214	103	250	260.17	58	6.30
12	Una	210	315	121	270	225.58	70	8.55
	<b>Total</b>	3280	3472	2136	4000	3774.37	1239	136.39

Source: [www.nrimbl.aajeevika.gov.in/NRLM/UI/Reports/GeoWiseNRLMcomp status Report.aspx](http://www.nrimbl.aajeevika.gov.in/NRLM/UI/Reports/GeoWiseNRLMcomp status Report.aspx)

The National Rural Livelihood Mission (NRLM), which aims at reaching out to all poor families, has effectively covered nearly 50,000 women from BPL in the state through 9146 Self Help Groups (SHG) by the end of 2015-16. Since the inception of NRLM from the year 2013-14 approx 11000 SHG have been formed and they have been benefited by giving the credit to the tune of ₹ 90 crores over the span of three years. In addition to it, strong human resource capital has been developed by identifying round about 300 active women and going through rigorous protocol they have transitioned to become community resource persons. During the three financial years 52 village organizations were formed which availed community investment funds in the 5 intensive blocks to the tune of ₹ 1.05 crores. The Centre Government has approved ₹ 1492.11 lakh since inception of the programme for the state of Himachal Pradesh out of which ₹ 333 lakh is the state share.

In Himachal Pradesh, the NRLM would be covering all the BPL families initially and later on all the poorest of the poor and also families which are marginally above poverty line would be selected through the process of participatory identification of poor by organizing them into SHGs. These groups have been linked with Banks for micro financing. Under the

programme, Bank would provide a loan of ₹ 2-3 lakh on seven percent interest to each SHG for initially starting its venture which would be repeated upto ₹ 10 lakh depending on the performance of the SHG. In Shimla and Mandi districts, banks will provide loan to all women SHGs upto ₹ 3 lakh at 7 percent interest. These SHGs will also get additional interest subvention of 3 percent on regular repayment of loan, reducing the effective rate of interest to 4 percent. This interest subvention is being provided by the Government of India. For coordinating and smoothening of the SHG Bank linkages and delivery of interest subvention, a sub-committee of State Level Bankers Committee (SLBC) has been constituted. Focus is also being laid on capacity building and institutionalization of SHGs. All active women of intensive block are being identified amongst SHGs members and would be trained in such a manner so that they are able to take responsibility of internal Community Resource Persons (CRPs) and for providing necessary support to the SHGs and village organization.

### References

- [1] Chatterjee, Shankar. (2015). Rural Development Programmes in India. R.B.S.A. Publishers, Jaipur
- [2] [http://msrls.nic.in/documents/6\\_PIP-NRLM.pdf](http://msrls.nic.in/documents/6_PIP-NRLM.pdf)
- [3] <http://hprural.nic.in/ppp5.pdf>
- [4] <http://ssrn.com/abstract=1164362>
- [5] [https://en.wikipedia.org/wiki/National\\_Rural\\_Livelihood\\_Mission](https://en.wikipedia.org/wiki/National_Rural_Livelihood_Mission)
- [6] <https://www.darpg.gov.in/sites/default/files/National%20Rural%20Livelihood%20Mission.pdf>
- [7] Panwar, Manju. (2014). How to Sharpen National Rural Livelihood Mission. Kurukshetra: A Journal on Rural Development, Vol. 62, No.4, February 2014, pp.21-23.
- [8] Sami, Lamaan (2008). Self Help Groups and Rural Development. The Indian Journal of Commerce, Vol. 61, No.4, pp.213-217.
- [9] Sarangi, Niranjana. (2007). Microfinance and the Rural Poor: Impact Assessment Based on Fieldwork in Madhya Pradesh, India. Paper Presented in Conference on Sustainable Development & Livelihoods, Delhi School of Economics, Delhi.