



ROLE OF NATIONAL RURAL LIVELIHOOD MISSION IN ECONOMIC EMPOWERMENT AND INCLUSIVE GROWTH OF RURAL POOR WOMEN – A REVIEW

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ABSTRACT

Women are an integral part of human resources of any country. In India, women constitute 48.2 per cent of the total population, 44.62 per cent of the total agricultural labourers and their economic contribution in the family is 44 per cent according to 2001 census. Economic empowerment means mobilization of self help efforts to raise the income and standard of living. Economic empowerment can be observed at household, community and broader area level, through control over income and relative contribution to family support. At broader area level women are said to be empowered on the basis of women's representation of economic interests in macro-economic policies. The policies and programmes implemented by Ministry of Rural Development through NRLM pave the way to economic empowerment. As women need access to better business climate to support them in financial sector, the National Rural Livelihood Mission (NRLM) laid emphasis on investment credit needs with the objective to reduce poverty by enabling the poor to access self-employment opportunities through building strong grass root institutions.

The present paper deals with how NRLM scheme enables the economic empowerment of women, into the formal financial sector. The main objective of the study is to highlight the measures taken by NRLM. An attempt has been made through this paper to analyze the scope of the implementation of the scheme for economic growth. The secondary sources have been used in the study from books, journals, annual reports of MORD, GOI, UNDP, world bank etc. It has been found that NRLM's financial assistance helped in economic empowerment of rural poor women.

KEY WORDS: Economic Empowerment, Inclusive Growth

INTRODUCTION

In most developing countries, women have a low social and economic status. In such countries effective empowerment of women is essential to harness the women labour in the main stream of economic development. Women's role in directing and shaping the destiny of the society is crucial.¹ Progress in health and education commonly comes from increasing access to services for disadvantaged groups. Human development improves the inequalities level out. Fiscal policy is a vital lever for greater equity, with spending much more powerful and leads the way to economic empowerment.²

Empowerment helps to increase people's ability to bring about change through capability approach. It emphasizes the ability of individuals and groups to engage with, shape and benefit from political and other development processes in households, communities and countries. In many countries women are far less likely and less able to own property and other assets than men and are with negative implications for their absolute and relative status and livelihood of experiencing violence.³

Empowerment is a process of awareness and capacity building leading to greater participation to greater decision making powers and to transformative action. It is

multidimensional in its approach and covers social, political and economic aspect of all these facets of women development.⁴ It also means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is about the process by which those who have been denied the ability to make strategic life choices acquire such ability.⁵

The process of empowerment covers different dimensions such as social, political and economic. The term economic empowerment means to help people to raise their income and standard of living.⁶ In economic development, the empowerment approach focuses on mobilizing the self-help efforts of the poor, rather than providing them with social welfare. When women have economic power defined as control of income and capital they gain more equality and control over their own lives, while contributing directly to their development (nutrition, health and education) and their by indirectly to their nations income growth.⁷

To increase their economic opportunities, women need access to more and better jobs, a business climate that supports them in starting and doing business, a financial sector that gives them access to financial services tailored to their



needs, and greater livelihood security in times of food and fuel crises. This is especially true for women living in rural areas and vulnerable environments.⁸ Economic empowerment of women changes the balance of power because it allows half the world's population to contemplate higher goals than basic survival.⁹

Along with the economic liberalization, privatization, participatory governance, empowerment is an accepted part of development orthodoxy. Empowerment has emerged as a keyword effectively replacing the term welfare. The Women in Development (WID) approach in 1970s believed that Women played a central role in the life of their community and particularly within their family as mothers, educators, and care providers and as workers. The central issue stressed on the absence and exclusion of women from development programmes. This approach supported the solution of integrating women into development programmes in order to improve women's access to resources and their participation in development.¹⁰

The Women and Development approach (WAD) believed that women had always been part of the development process, where the working women undertook both inside and outside the household. This was vital to the survival in the society for economic and social empowerment. Women and Development stressed that both women and men are being disadvantaged by the global economic structures, including class issues and the way wealth was distributed in the form of wages. Women and Development therefore argued that the integration of women into development was their disadvantage and only worsened their chances of equality.¹¹

Government of India has made many provisions for different aspects which helped women to get empowerment social, economical and also in political way. Five year plans implemented by the government showed a better pathway to the women for their livelihood.

FIVE YEAR PROGRAMMES

Government has initiated various plans for socio-economic empowerment of women which are listed as under

The first Five Year Plan (1951-56) envisaged a number of welfare measures for women. Establishments of the Central Social Welfare Board (CSWB), organization of Mahila Mandals or women's Clubs and the Community Development Programmes were a few steps in this direction. The Third Five Year Plan (1961-66) supported female education as major welfare measures. Rural welfare services and condensed courses of education had priority besides provision of services for maternal and child welfare, health education, nutrition and family planning. Similarly, the Fourth Five Year Plan (1969-74) continued emphasis on women's education. Here the basic policy was to promote women's welfare within the family. The Fifth Five Year Plan (1974-79) emphasised training women in need of income and protection. Seventh Five Year Plan (1985-90) operationalised the concern for equity and empowerment. The Eight Five Year Plan (1990-95) focused on empowering women especially at the grassroots level through Panchayati Raj Institutions. The Tenth Five Year Plan approach aims at empowering women

through translating recently adopted National Policy for Empowerment for women into action. The Eleventh Plan will foster women's access to legal services. Women will be exempted from paying fees to fight cases of human rights violations. Funds for legal assistance will be provided to poor women seeking legal redress. Legal awareness programmes will be carried out in all States in collaboration with Non Governmental Organizations working at the grassroots level.¹² The Twelfth Plan aims at women's Economic Empowerment, Social and Physical Infrastructure, Women's Participation in Governance, Inclusiveness of all categories of vulnerable Women.

The plan will endeavour to increase women's employability in the formal sector as well as their asset base. Focus will be on women's workforce participation particularly in secondary and tertiary sectors, manufacturing financial inclusion and extending land and property rights to women.¹³

To overcome the gaps between financial system and economic development the World Bank documented the reports on financial sectors and paves the way for an inclusive growth.

In accordance to the World Bank report, the incomplete or imperfect financial markets are like worse elements for the talented poor and for individuals who have desire to open a micro and small enterprise.¹⁴

Empowerment of Women through Financial Inclusion

- Having access to resources on their own account and to the tools that help them to earn a living can increase women's bargaining power within households and their influence over how money and other resources are used.
- Financial inclusion can help increase women's opportunities to earn an income or control assets outside the household.
- It can reduce women's vulnerability by allowing them to insure against risk or borrow to meet unexpected expenses, such as medical treatments. These are all key factors for economic empowerment and they can also help to empower women more broadly.¹⁵

Poverty is complex and multidimensional approach. The programmes of Ministry of Rural Development (MoRD), Government of India that directly target poor families for creation of assets and self employment started with Integrated Rural Development Programme (IRDP) in the year 1980. In 1999, IRDP was transformed into Swarnjayanti Gram Swarozgar Yojana (SGSY). The government restructured SGSY into National Rural Livelihoods Mission (NRLM) since Financial Year 2010-11 to provide greater focus and momentum for poverty reduction and to achieve the Millennium Development Goals (MDG). The Framework for Implementation for NRLM was approved by the Ministry on 9th December, 2010 and the Mission was formally launched on 3rd June, 2011.

NRLM's mandate is to reach out to all the poor families, link them to sustainable livelihoods opportunities and nurture them till they come out of poverty and enjoy a better quality of life. The Institutions of the poor SHGs provide the



platforms for collective action based on self-help and mutual cooperation. Government agencies, NGOs and civil society organizations, local self governments, banks and corporate sector can play this role. Banks provides savings, credit and other financial services to meet priority needs, consumption needs, food and health security and livelihoods. The institutions become the internal sensitive support structures for the poor.

Overview of NRLM

The core belief of National Rural Livelihoods Mission (NRLM) is that the poor have a strong desire and innate capabilities to come out of poverty by providing sufficient capacities to manage the external environment and easy access to finance, and enable them to expand their skills and assets to convert into meaningful livelihoods. Support structure at the national level to the sub-district level, is required to bring such social mobilization, institution building and livelihoods promotion. Strong institutional platforms empower the poor households and enable them to build-up their own human, social, financial and other resources and enable them to access their rights, entitlements and livelihoods opportunities.

NRLM Mission

"To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor."

NRLM implementation is in a Mission Mode. This enables

- (a) shift from the present allocation based strategy to a demand driven strategy enabling the states to formulate their own livelihoods-based poverty reduction action plans,
- (b) Focus on targets, outcomes and time bound delivery,
- (c) Continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organized sector,
- (d) monitoring against targets of poverty outcomes.

As NRLM follows a demand driven strategy, the States have the flexibility to develop their livelihoods-based perspective plans and annual action plans for poverty reduction.

Components of the Programme

NRLM works on the basis of three pillars:

- a) Enhancing and expanding existing livelihood options for the poor
- b) Building skills for the job market outside
- c) Nurturing self-employment and entrepreneurship

These three pillars can only stand on a foundation of social capital of the poor. Hence, mobilising communities for SHGs and various aggregate forms of people's institutions becomes a core activity of NRLM. Dedicated support structures build and strengthen the institutional platforms of the poor. These platforms, with the support of their built-up human and social capital, offer a variety of livelihoods services to their members.¹⁶

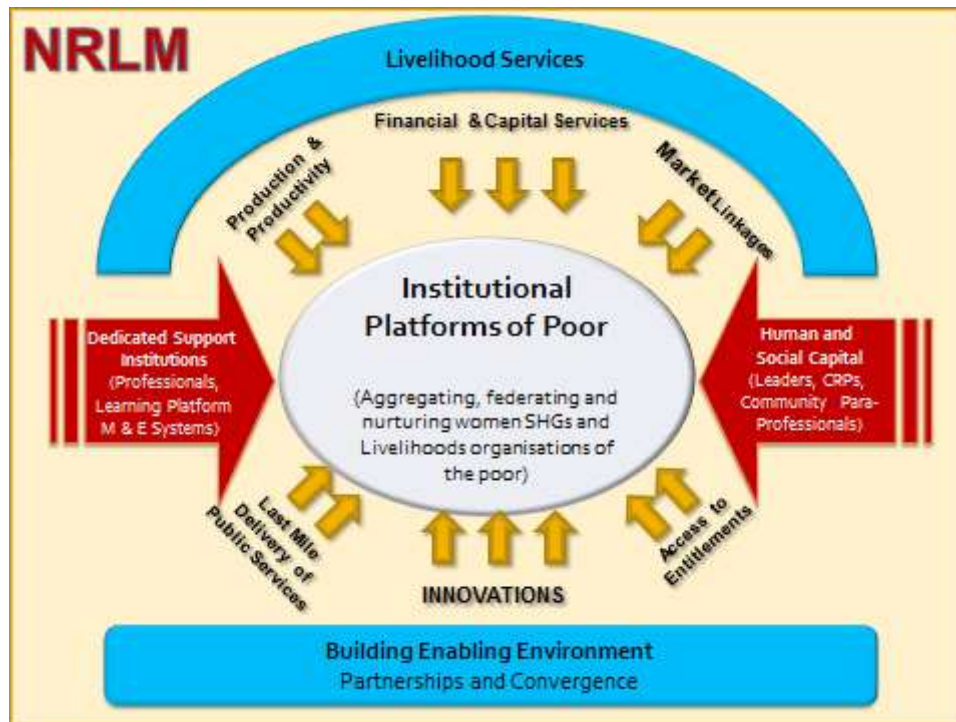
NRLM Guiding Principles

- Poor have a strong desire to come out of poverty, and they have innate capabilities.
- Social mobilization and building strong institutions of the poor is critical for unleashing the innate capabilities of the poor.
- An external dedicated and sensitive support structure is required to induce the social mobilization, institution building and empowerment process.
- Facilitating knowledge dissemination, skill building, access to credit, access to marketing, and access to other livelihoods services underpins this upward mobility.

NRLM values

The core values which guide all the activities under NRLM are as follows:

- Inclusion of the poorest, and meaningful role to the poorest in all the processes
- Transparency and accountability of all processes and institutions
- Ownership and key role of the poor and their institutions in all stages – planning, implementation, and, monitoring
- Community self-reliance and self-dependence



INCLUSIVE GROWTH THROUGH NRLM

NRLM as a demand driven strategy helps to eradicate poverty and paves the way for inclusive growth in different manners. These are as under:

1. Universal Social Mobilization: NRLM would ensure 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. NRLM would ensure 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. Promotion of Institutions of the poor: Strong institutions of the poor such as SHGs and their village level and higher level federations are necessary to provide space, voice and resources for the poor and for reducing their dependence on external agencies. They empower them and also act as instruments of knowledge and technology dissemination, and hubs of production, collectivization and commerce. NRLM, therefore, would focus on setting up these institutions at various levels.

3. Training, Capacity building and skill building: NRLM would ensure that the poor are provided with the requisite skills for managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness, etc. NRLM would make extensive use of ICT to make knowledge dissemination and capacity building more effective.

4. Revolving Fund and Capital Subsidy: Subsidy would be available in the form of revolving fund and capital subsidy. The Revolving Fund would be provided to the SHGs (where

more than 70% members are from BPL households) as an incentive to inculcate the habit of thrift and accumulate their own funds towards meeting their credit needs in the long-run and immediate consumption needs in the short-run. Capital Subsidy fund would be given directly to the SHGs or would be routed to the SHGs through the federations, wherever the SHGs desire such an arrangement.

5. Universal Financial Inclusion: NRLM would work towards achieving universal financial inclusion, beyond basic banking services to all the poor households, SHGs and their federations. NRLM would work on both demand and supply side of Financial Inclusion.

- On the demand side, it would promote financial literacy among the poor and provide catalytic capital to the SHGs and their federations.
- On the supply side, it would coordinate with the financial sector and encourage use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like 'Bank Mitras'. It would also work towards universal coverage of rural poor against loss of life, health and assets. Further, it would work on remittances, especially in areas where migration is endemic.

6. Provision of Interest Subsidy: The rural poor need credit at low rate of interest and in multiple doses to make their ventures economically viable. In order to ensure affordable credit, NRLM has a provision for subsidy on interest rate above 7% per annum for all eligible

7. Livelihoods: Poor have multiple livelihoods as a coping mechanism for survival. Their existing major livelihoods are:



wage labour, small and marginal holding cultivation, cattle rearing, forest produce, fishing, and traditional non-farm occupations.

NRLM would look at the entire portfolio of livelihoods of each poor household, and work towards stabilizing and enhancing the existing livelihoods and subsequently diversifying their livelihoods.

8. Infrastructure creation and Marketing support:

NRLM would seek to ensure that the infrastructure needs for the major livelihoods activities of the poor are met with. It would also provide support for marketing to the institutions of the poor. NRLM would encourage and support partnerships with public and private organizations and their networks/associations for these activities, particularly for market linkages. Rural Haats would also be encouraged to directly link producer groups (SHGs).

9. Skills and Placement Projects: NRLM would scale up the existing skill and Placement projects through partnership mode as one of the best investments in youth, and provide impetus to livelihood opportunities in emerging markets. For strengthening this, various models of partnerships with public, private, non-government and community organizations would be developed. National Skill Development Corporation (NSDC) would be one of the leading partners in this effort. 15% of the central allocation under NRLM is earmarked for this purpose.

10. Rural Self Employment Training Institutes (RSETIs)

NRLM encourages public sector banks to set up RSETIs in all districts of the country. RSETIs transform unemployed rural youth in the district into confident self-employed entrepreneurs through need-based experiential learning programme followed by systematic handholding support. Banks are completely involved in selection, training and post training follow-up stages. RSETIs partner with others, including the institutions of the poor, to realize their mandate and agenda.

11. Innovations: NRLM believes that successful innovations can reduce the learning curve for poverty eradication by

showing a different pathway out of poverty. 5% of the Central allocation is therefore, earmarked for innovations. Those innovations, which have the potential for reaching out specifically to the poorest or for reaching out to the largest number of poor and having maximum impact with limited resources, would be preferred and supported.

12. Monitoring and Learning: NRLM would monitor its results, processes and activities through web-enabled comprehensive MIS, regular meetings of the Performance Review Committee(s), visits by senior colleagues, Local, District, State and National Monitoring Groups and the mechanisms of Review and Planning Missions.

13. Funding Pattern: NRLM is a Centrally Sponsored Scheme and the financing of the programme would be shared between the Centre and the States in the ratio of 75:25 (90:10 in case of North Eastern States including Sikkim; completely from the Centre in case of UTs). The Central allocation earmarked for the States would broadly be distributed in relation to the incidence of poverty in the States.

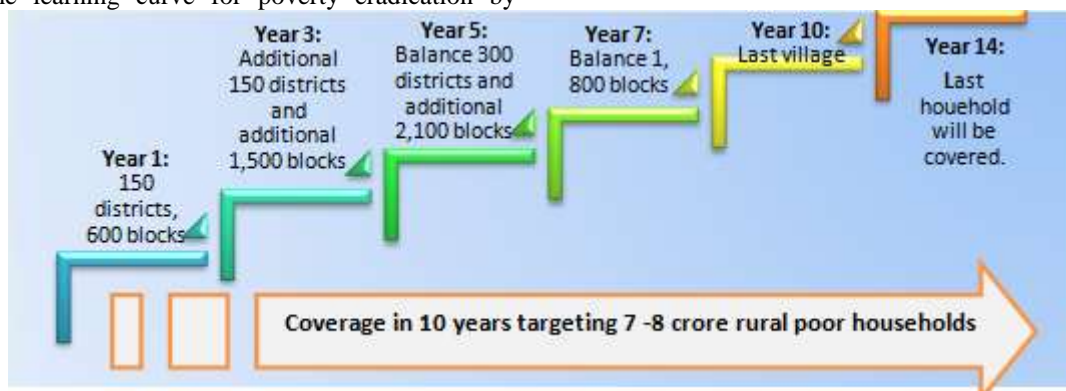
14. Transition to NRLM

All States/UTs would have to transit to NRLM within a period of one year from the date of formal launch of NRLM. Further funding under SGSY ceases thereafter.

Promoting mandatory and voluntary savings: NRLM needs to give priority to savings-led models of microfinance. Additional voluntary savings could be generated through specialized savings products.¹⁷

Implementation

NRLM is a highly process oriented programme and requires intensive application of resources, both financial and human, in order to mobilize the poor into functionally effective institutions, promote their financial inclusion and diversify and strengthen their livelihoods. It has been decided to phase the implementation of the programme over period of 10 years. The indicative phasing is as under:-



The blocks and districts in which all components of NRLM are implemented are treated as 'intensive' blocks and districts, whereas the remaining as 'non-intensive' blocks and districts.

Framework for Implementation of NRLM

NRLM can strategically have Livelihood Promotion and Financial Inclusion divisions. Based on the need of different



segment of poor, there can be three major functional categories of services:

- Community Institution Development Services;
- Livelihood Enhancement and Development Services; and
- Livelihood support services / Social Venture Capital Services.

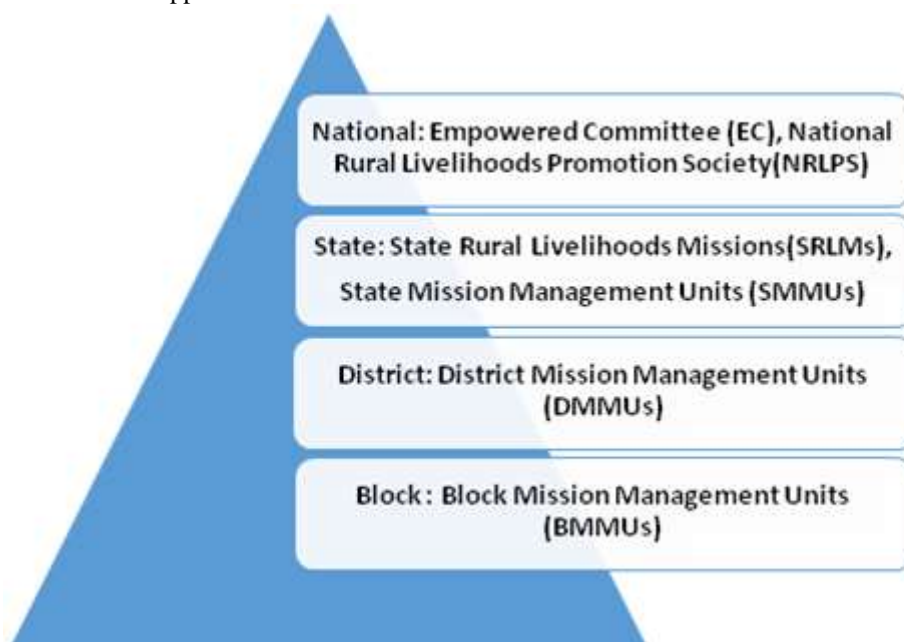
Agenda before NRLM

NRLM has set out with an agenda to reach out, mobilize and support 7.0 Crore BPL households across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats, in 6.0 lakh villages in the country into their self-managed SHGs and their federal institutions and livelihoods collectives. NRLM's long-term dedicated sensitive support would be with them and extend

facilitation support in all their efforts to get out of poverty. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment.

Support Structure

NRLM has set up dedicated sensitive support units at the National, State, district and sub-district levels, to catalyze social mobilization, build institutions, capacities and skills, facilitate financial inclusion and access to financial services, support livelihoods and to promote convergence and partnerships with various programmes and stakeholders. These units would be staffed with professionally competent and dedicated human resources.



- At the national level, Ministry of Rural Development (MoRD) is required to provide technical and professional support to the states to establish the Mission societies, implementation architecture and systems and guide them in the implementation and monitor their progress. For this, **NRLM Empowered Committee (EC)** has been set up which reviews and approves the Implementation Plans and Annual Action Plans and release the funds to SRLMs.
- At the state level, the **State Rural Livelihoods Mission (SRLM)** constituted by State Government, would oversee the implementation of all NRLM related activities in the state. An autonomous body under the State Government, SRLM would be incorporated as a society, trust or company. **State Mission Management Unit (SMMU)** would implement the NRLM activities in the state through an SMMU, at the state level, headed by a full-time State Mission Director (SMD).
- **District Mission Management Unit (DMMU):** The DMMU of the SRLM would be responsible for meeting NRLM objectives and implementing NRLM activities in the district. DMMU, linked suitably with DRDA, would

be a facilitating and support unit for field structures. A multidisciplinary DMMU, led by District Mission Manager (DMM), hired from open market on contract or on deputation from Government, includes functional specialists in Social Inclusion, Financial Inclusion, Livelihoods, Capacity Building, Programme Management, Programme Support etc., and support staff, as required. These specialists and staff would be hired in a phased manner, as required, on contract or on deputation.

Support Structures at Sub-district level: The Sub-district level Support Structure is either -
 A Block Mission Management Unit (BMMU) led by a Block Mission Manager (BMM) and consisting of 3-5 spearhead teams; or
 A Project Facilitation Team at cluster (sub-block) level
 The members of sub-district structure(s), including the BMMs, if any, would be recruited from the open market or on deputation.

In recent years new approaches to livelihood promotion have evolved, which underline the ecological concept of 'carrying



capacity' by promoting efforts to diversify the local economy by adding value to local produce through processing, creating pro-poor value chains, and developing non-farm and service sectors.

FINDINGS AND SUGGESTIONS

- There is need of regulation for the framework of NRLM scheme.
- There should be proper maintenance and growth of SHG's Bank Linkage Programmes.
- There should be uniform distribution of micro financing through NRLM in both rural and urban areas of each state in India.
- Bank need to introduce appropriate organizational changes in the various branches in order to play a pro active role in bringing more and more SHG's under the Bank Linkage Programme of NRLM.
- There should be clarification about the legal form of SHG's for the larger organizations to command greater credibility.
- There should be proper maintenance of the records about the finances, functioning of the concerned organizations.

CONCLUSION

Women always contribute their best in the welfare and progress of the society without any glare of publicity. A positive change in attitude of society is needed so that women can be given a fair chance to develop without any fear. The creation of inclusive growth and development by NRLM is a significant step forward in the promotion of economic empowerment. NRLM encourage women to take active part in the socio economic progress of our nation and make them sensitized, self-made and self-disciplined.

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