National Rural Livelihood Mission

Mains: *GS- II- Polity & Governance*

Why in News?

A government-commissioned evaluation of central rural sector schemes titled 'Evaluation of Centrally Sponsored Schemes in Package 5-Rural Development Sector'.

What about the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM)?

- **DAY-NRLM** – It is a flagship *centrally sponsored scheme* for poverty alleviation and rural livelihoods program based on the Self-Help Group (SHG) model.
- **Launched in** – 2011
- It was formerly known as the National Rural Livelihoods Mission (NRLM).
- **Nodal Ministry** – The Ministry of Rural Development.
- **Objectives**
  - **Livelihoods** – Promote sustainable livelihoods and rural women entrepreneurship.
  - **Financial Inclusion** – Enable access to formal credit and financial services.
  - **Diversification** – Strengthen and diversify livelihoods with access to entitlements and public services.
  - **Empowerment** – Enhance social and political empowerment of women.
- **Implementation** – State Rural Livelihoods Missions through SHGs, Village Organisations (VOs) and Cluster-Level Federations (CLFs).
- **Exception** – DAY-NRLM is implemented across all states and union territories in India (except Delhi and Chandigarh).
- **Coverage** – About 10 crore rural poor households across India, mobilised into 91 lakh SHGs, which together have received nearly Rs 59,000 crore in capital support since the scheme began.
- **Beneficiaries** – Rural poor women, SHG members & Rural youth (under skill development components).

What about the evaluation and its key findings?

About the Evaluation

- **Undertaken By** – Sambodhi Research and Communication Pvt Ltd, a think tank roped in by NITI Aayog's Development Monitoring and Evaluation Office (DMEO) for the purpose.

- **Coverage** – A survey of 2,206 households across 11 states and 2 Union Territories were studied.
- Of the 2,206 households surveyed, about 86% (1,895 households) availed benefits of the NRLM.

Key Findings

- **Enterprise Creation**
- **Few SHGs started enterprises** – Only 15% of SHGs initiated group-level businesses.
- **Loan-free ventures** - Nearly half of these enterprises were started without bank loans.
- **Target pressure** – Many SHGs were formed quickly after the Participatory Identification of the Poor (PIP) exercise, often without viable business opportunities in villages.

*P**articipatory Identification of the Poor (PIP)** – PIP is a community-driven process used to identify and measure vulnerable households.*

Residents' participation makes poverty identification more authentic, localized, and effective than top-down surveys alone.

- **Use of Funds** – SHG members used bank loans for building houses, constructing toilets, medical purposes, etc.
- **Loan Reluctance** – Many SHG members are reluctant to take loans because there is no assured market for the products made through group enterprises.
- Due to this uncertainty, they fear being unable to repay the loan, discouraging them from borrowing.
- **Consumption Focus** – As a result, the Revolving Fund (RF) money is often equally distributed among members and utilised to meet their immediate consumption needs.

***Revolving Fund** – It is a pool of capital from which loans are made to individuals, businesses, or community groups - that keeps recycling money — repayments replenish it, allowing new loans to be issued again & again.*

- **Limited Access to Support** – Access to other financial support under the scheme was also low:
  - **Revolving Fund** – 74.6% of respondents accessed RF in 13 surveyed states (Rs.20,000–Rs.30,000 per SHG).
  - **Community Investment Fund** – Fewer than half (49.9%) the respondents received the CIF (up to Rs.2.5 lakh) to support their income-generating and livelihood activities, including entrepreneurial ventures.
  - **Bank loans** – Only 41.8% accessed bank loans
  - **Community Enterprise Fund** – Less than 4% (3.8%) received the CEF meant for larger ventures.
- **Weak Facilitation** – This was primarily due to limited on-ground support from village

organisations (VOs), community resource persons (CRPs), and cluster-level federations (CLFs).

How does DAY-NRLM promote women's empowerment in rural India?

- **Grassroots Collectivization** – It organizes rural women into tiered, community-led institutions (SHGs, Village Organizations), building strong local leadership and a supportive social network.
- **Financial Inclusion & Credit Access** – It provides RF and CIF, allowing SHGs to access easy bank loans & bring formal financial services directly to remote villages.
- **Livelihoods & Enterprise Development** – It supports the diversification of rural incomes through modern agriculture training for Mahila Kisans, non-farm enterprises, etc.
- **Technology & Modernization** – Programs like Namo Drone Didi train and equip women's SHGs & positioning them at the forefront of rural tech and farming advancements.
- **Social & Gender Empowerment** – Trained community cadres and Gender Resource Centres actively work to address gender-based discrimination, prevent child marriage, and tackle domestic violence.

What are the key challenges identified in the evaluation?

- **Low Loan Uptake** – The uptake of bank loans/cash credit limit (CCL) was even lower, mainly due to fear of loan defaults because demand for their products was weak.
- **Disconnect in Rural Areas** – Many SHG was created despite a significant disconnect between SHG formation and the availability of viable business opportunities in rural areas.
- **Limited Support** – Limited ground-level support from facilitators and federations added to the problem.

Reference

Indian Express | Review of Centre's flagship rural scheme has found

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