

Financial Inclusion Through DAY-NRLM - An Initiative Towards Rural Upliftment

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Abstract

Swarnjayanti Gram Swarozgar Yojana was one of the schemes that helped in promoting self employment opportunities in rural community in India. With the passage of time this scheme was restructured to cope up with new requirements of the nation. The Ministry of Rural Development had restructured & replaced the Swarnjayanti Gram Swarozgar Yojana (SGSY) with a new programme named National Rural Livelihoods Mission (NRLM) from 01st April 2013. Further the NRLM scheme was renamed as DAY-NRLM (Deendayal Antyodaya Yojana - National Rural Livelihoods Mission) with effect from March 29, 2016. It is one major flagship program of Government of India for poverty reduction. DAY-NRLM focus on intensive application of human and material resources for mobilizing the poor into functionally effective community owned institutions for promoting financial inclusion through strengthening their livelihoods. Community institutions offer platform for the poor for convergence & partnerships and builds an environment for access to rights, entitlements and public services.

Keywords- Financial inclusion, inclusive growth, employment, poverty reduction, livelihood and skill development

Introduction

Deendayal Antyodaya Yojana -National Rural Livelihoods Mission (DAY-NRLM) focuses on building, nurturing & strengthening of the institutions of poor women including SHGs and federations at village and higher levels. Further, DAY-NRLM promotes livelihood institutions of rural poor. This mission provides a continuous hand-holding support to the institutions of poor for a period of 5-7 years till they come out of abject poverty. DAY-NRLM emphasizes continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor. It is one of the most required step towards rural upliftment in Indian scenario. It is a need of the hour for promoting rural India.

Objective of the study

The objective is to study the various aspects of Deendayal Antyodaya Yojana -National Rural Livelihoods Mission in India as an extended measure of financial inclusion in India. Further to highlight its features and providing awareness regarding this effort contributing to inclusive growth.

Major highlights of DAY-NRLM scheme

- **Universal Social Mobilization-** It is ensured through DAY-NRLM that at least one member from each identified rural poor household preferably a woman shall be brought under the Self Help Group (SHG) network in a time bound manner. With this effort both women and men would be organized for addressing livelihoods issues including farmers organizations, milk producers cooperatives, weavers associations etc. This is meant for inclusiveness and with lesser possibility of any poor to be left out of them.

DAY-NRLM ensured adequate coverage of vulnerable sections of the society as 50% of the beneficiaries included SC/STs, 15% minorities and 3% persons with disability while keeping in view the ultimate target of 100% coverage of BPL families.

- Participatory Identification of poor (PIP)- The experience from SGSY suggested that existing BPL list had large inclusion and exclusion errors. For widening the target groups beyond the BPL list and to include all the needy poor, DAY-NRLM is ensured to undertake community based process that is participation of the poor in the process of identifying the target group. Participatory process included sound methodology and tools for better coverage.
- Promotion of institutions for the poor- Strong institutions for poor such as SHGs & village level and higher level federations are considered mandatory for providing space, voice and resources for the poor and for reducing their dependence on external agencies. These would act as source of empowerment for them and will also assist as instruments of knowledge and technology dissemination and hubs of production, collectivization & commerce.

DAY-NRLM is entrusted with promotion of specialized institutions such as livelihoods collectives, producer's cooperatives, companies for livelihoods promotion through deriving economies of scale, backward & forward linkages and access to information, credit, technology, markets etc. The Livelihoods collectives would enable the poor to optimize their limited resources.

- Strengthening through Government efforts and NGOs - DAY-NRLM is entrusted for strengthening the existing institutions of the poor in a partnership mode. The self-help promoting institutions both in the Government and in the NGO sector helped in promoting social accountability practices for introducing greater transparency.
- Emphasis on Training, Capacity building & skill development- DAY-NRLM ensured that the poor be provided with requisite skills for managing their institutions, linking with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness.

DAY-NRLM emphasized on making extensive use of ICT to make knowledge dissemination and capacity building more effective.

- Revolving fund and Community investment support fund - this is initiated to inculcate the habit of thrift and accumulation of own funds for meeting the credit needs in long run and immediate consumption needs in short run. This would help in coming out of crises and poverty.
- Universal Financial Inclusion- DAY-NRLM worked towards achieving universal financial inclusion by working on both demand and supply side of it. It coordinated with financial sector and encouraged use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like Bank Mitra's.
- Provision of Interest Subvention- It helped in providing credit at low rate of interest and in multiple doses to make the ventures economically viable for the rural poor.
- Funding Pattern- DAY-NRLM being a Centrally Sponsored Scheme has financing of programme by sharing between the Centre and the States in the ratio of 75:25.
- Rural Self Employment Training Institutes (RSETIs)- RSETI concept is based on the model pioneered by Rural Development Self Employment Institute- a collaborative partnership between SDME Trust, Syndicate Bank & Canara Bank.

The model envisages transforming unemployed youth into confident self employed entrepreneurs through a short duration experiential learning programme followed by systematic long

duration hand holding support. The need based training builds entrepreneurship qualities, improves self-confidence, reduces risk of failure and develops the trainees into change agents.

Contribution of banking sector

The banking sector in India is entrusted with the prime responsibility of credit disbursement to the rural, poor and the needy. Banks through policy formulation and effective execution provided SHGs with required financial assistance and subsidies at low interest rates and easy terms. The rural development mechanism has also provided initiatives to assist the BPL and the poor in rural areas for self employment and livelihood. Special attention is provided to the women entrepreneurs by addressing their problems on priority basis.

Conclusion and Suggestions

To conclude, the government's flagship initiative for rural upliftment Deendayal Antyodaya Yojana -National Rural Livelihoods Mission in India is an extended measure of financial inclusion for promoting rural India. It is a supplement to rural self employment & livelihood and a boost to rural economy. The support of banks and government is widely desired for making it a success. This scheme has the potential to transform rural India into an "Inclusive India" as it is an initiative for the last, the least and the lost.

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