

Revolving Fund(DAY-NULM) distributed to ADS

Analysis on the utilization of Revolving Fund(DAY-NULM) distributed to ADS

**Neethu L Prakash,
State Assistant Programme Manager-Microfinance**

5/4/2021



Background

The dimensions of urban poverty can be broadly divided into three categories: (i) residential vulnerability (access to land, shelter, basic services, etc.); (ii) social vulnerability (deprivations related to factors like gender, age and social stratification, lack of social protection, inadequate voice and participation in governance structures, etc.) and (iii) occupational vulnerability (precarious livelihoods, dependence on informal sector for employment and earnings, lack of job security, poor working conditions, etc.). These vulnerabilities are interrelated. Amongst the urban poor, there are sections subject to greater vulnerability in terms of the above classification; these include women, children, and the aged, SCs, STs, minorities and differently-abled persons who deserve attention on a priority basis

Urban poverty being multi-dimensional, various vulnerabilities faced by the poor in cities and towns: occupational, residential and social need to be addressed simultaneously in a comprehensive and integrated manner with a targeted focus on the vulnerable groups so that a definitive impact can be made on ground. Residential vulnerability issues are being addressed through programmes like Pradhan Mantri Awas Yojana (Urban). The other two vulnerabilities: occupational and social can be best addressed by creating opportunities for skill development leading to market-based employment and helping them to set up self-employment ventures. Urban poverty alleviation programmes need to be based on skill development and easy access to credit. It is in this context that a mission-mode approach to urban livelihoods is considered necessary in the form of the Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM)

Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM):

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 mission would aim at providing shelters equipped with essential services to the urban homeless in a phased manner. In addition, the mission would also address livelihood concerns of the urban street vendors by facilitating access to suitable spaces, institutional credit, social security and skills to the urban street vendors for accessing emerging market opportunities.

The primary target of DAY-NULM is the urban poor, including the urban homeless.

Social Mobilisation And Institution Development (SM&ID)

The mobilisation of urban poor households to form their own institutions is an important investment for an effective and sustainable poverty reduction programme. DAY-NULM envisages universal social mobilisation of urban poor into Self-Help Groups (SHGs) and their federations. At least one member from each urban poor household, preferably a woman, should be brought under the Self-Help Group network in a time-bound manner. These groups will serve as a support system for the poor, to meet their financial and social needs. Normally, women SHGs will be formed; however male SHGs of handicapped persons will be allowed to be formed. DAY-NULM would lay particular emphasis on the mobilisation of vulnerable sections of the urban population such as SCs, STs, minorities, female-headed households, persons with disabilities, the destitute, migrant labourers, and especially vulnerable occupational groups such as street vendors, rag pickers, domestic workers, beggars, construction workers, etc.

Sub-Component

- Building Community Institutions: SHGs and their Federations
- Universal Financial Inclusion
- Revolving Fund Support to SHGs and their Federations
- City Livelihood Centres (CLCs)
- Training & Other Capacity Building Programmes for SHGs and their Federations

Revolving Fund Support to SHGs and Their Federations

Revolving Fund Support to Self-Help Groups (SHGs)

The revolving fund is provided to the Self Help Groups (SHGs) to inculcate the habit of thrift and credit. The revolving fund also builds institutional capacity of the SHGs in managing funds. The revolving fund would form part of the corpus along with their own savings. The revolving fund can also be used for internal lending and interest may be charged similar to interest charged for lending from out of their own savings. A one-time Revolving Fund support of Rs.10,000 will be provided to urban poor SHGs, which have not availed such support earlier.

Eligibility criteria –

- A SHG should be functional for a period of 3 months
- Atleast 70% of SHG members should be urban poor
- The RF is also available to existing SHGs formed under SJSRY, which have not availed the same.

Procedure

- SHG can route its application for revolving fund through ROs to ULB.
- The ULB will check the application along with grading of the SHG before sanctioning and releasing the revolving fund to eligible SHG.
- Once the Area Level Federations come into existence, they will grade the SHGs on regular basis and forward their applications to ULBs.
- ULB may take some random sample check of RF applications for field level verification, if required, for due diligence.
- The RF will be transferred directly into the bank account of the respective SHG by ULB.
- The ULB should ensure timely release of the revolving fund to the SHG within a period of 15 days from the date of receipt of application.
- The ULBs will also periodically report the progress in terms of number of SHGs having availed revolving fund to SULM

Revolving Fund Support to Registered Area Level Federations (ALFs/ADS)

A one-time Revolving Fund support to the tune of **Rs. 50,000** would be available to registered Area Level Federations (ALFs) of SHGs. This revolving fund may be used as seed capital for the ALFs for smooth operation and will form part of corpus of the ALFs. The ALFs may utilize the revolving fund for onward lending to SHGs, providing to member SHGs various support services and for awareness creation/information dissemination etc.

Eligibility criteria –

- Registered Area Level Federations (ALFs)
- Should have accounts
- Active office bearers

Procedure

The registered Area Level Federations (ALFs) may apply to the concerned ULB for revolving fund support in a prescribed format with support of ROs.

The ULBs will examine the application of an ALF for sanction and release of Revolving Fund broadly based on parameters like documentation with regard to the registration of the ALF, management of

finances/ accounts and source of funds, number of meetings with periodicity, office bearers roles and responsibilities, training and capacity building of the SHGs and any other parameter as decided by the ULBs. ULB may take some random sample check of applications for field level verification, if required for due diligence. The ULB will transfer the Revolving Fund to the eligible Area Level Federations (ALFs) directly into their bank accounts. The ULBs will also periodically report the progress in terms of number of ALFs having availed revolving fund to SULM

District wise details of revolving fund distributed to ADS

District	Total no. of ADSs	Total fund received as RF (Rs)	Amount utilized for livelihood (rs)	No of new enterprises started utilizing RF	No of existing enterprises availed RF	Balance fund available in ADSs (Rs)
Thiruvananthapuram	246	11100000	2103000	193	168	4034206
Kollam	186	8750000	3982000	124	86	2727836
Pathanamthitta	133	6650000	3460000	36	149	3985302
Alappuzha	213	9285000	6034000	164	104	2150863
Thrissur	201	8900000	4878189	123	118	1456215
Idukki	69	3000000	2300000	8	18	1410000
Ernakulam	493	21350000	7104000	201	233	7302642
Thrissur	324	15750000	8495000	70	145	955000
Palakkad	240	11400000	3710000	142	59	1795000
Malappuram	471	15950000	6318273	346	98	7813231
Kozhikode	326	15550000	6912000	140	84	5266254
Wayanad	99	3900000	1018000	40	16	1285363
Kannur	370	17100000	3516000	123	104	1404400 0
Kasargod	112	5450000	1900000	28	22	1100000
	348 3	15413500 0	6173046 2	1738	1404	5532591 2

The study is descriptive-analytical in nature and it uses both primary and secondary data.

For detailed study, Neyyattinkara Municipality was selected .In this Municipality there are 44 wards and 43 ADS got revolving fund (Rs.50000/ADS) and one ADS didn't get fund due to absence of active office bearers.

ULB	Total no. of ADSs	Total fund received as RF (Rs)	Amount utilized for livelihood (Rs)	No of new enterprises started utilizing RF	No of existing enterprises availed RF	Balance fund available in ADSs (Rs)
Neyyattinkara CDS 1	21	1050000	132000	10	19	301076
Neyyattinkara CDS 2	23	1150000	185000	39	18	295975

Findings and Learning

- Revolving fund is given to NHG and ADS of urban CDS
- Capital for the ADS for smooth operation and will form part of corpus of the ADS
- Most of the ADS are giving fund as loan to NHG, Micro enterprises units
- Tenure for loan is most probably 10-12 months with a interest (12%)
- Only small portion of the revolving fund is given to livelihood promotion
- Revolving fund is given to NHG, Individual and group Micro enterprises as loan
- They are utilizing amount for livelihood promotion, production, service, farming, animal husbandry and consumption purposes.
- Major portion of revolving fund is given to NHG and individual enterprises
- It will promote group or individual to start new enterprises with small capital.

Suggestions

- **ADS can utilize the fund and start a micro enterprises**
- **Give priority to micro enterprises group for giving loan**
- **ADS should utilize the fund by disbursing to enterprises and ensure repayment**
- **25% of revolving fund should earmark for Micro enterprises units**

