



PROCEEDINGS OF THE MISSION DIRECTOR,

Present: Sri. M. Dana Kishore.I.A.S.,

Progs. Roc No: 472/SM & ID-TS /RO-TLFs/ RF-SHG2014/D1 Date: -05- 2016

Sub: - NULM-SM & ID – release of Resource Organization (RO) Fund to SHGs –women and PWD groups – 2014-2015 for 2520 SHGs second phase –directed to utilize the RO Funds as per the guidelines are communicated -certain instructions – issued – regd.

- Ref: -**
1. Guidelines for Social Mobilization & Institution Development (AM&ID) vide Lr F.No K 14011/1/2013 UPA dated 11th Dec'2013
 2. Lr No K-14014/12/2014-UPA FTS: 10279 dated 13.8.2014 from Govt of India, MHUPA - New Delhi.
 3. Action Plan of NULM for the year 2014-15.
 4. Lr dated 13.9.2014 addressed to GOI
 5. C.No 553/SM & ID/PWD-D/2014/ D2 This Office Circular
 6. Lr.No IKP-U/MEPMA/1/ 2013 Dated 22.02.2015 from the PD, Medak District
 - 7.Lr.Rc.No.086/MEPMA/MBNR/2014,Dated:18.03.2016 from PD, Mahabubnagar District.
 8. Lr.No .IKP-U/SM & ID /383/ 2014 Dated 19.01.2016 PD, Nizamabad District.
 9. Lr.No E/ 20/MEPMA/SCB/RF/ 2015 -3 Dated 1.02.2016 from PD, Rangareddy District.
 10. Lr.No M/IKP/U/128/2015 Dated 16.01.2016 from PD, Adilabad District.
 11. Lr.Rc No 1867/SM & ID/ NULM/MEPMA/ WGL/2014, Dated: 1.02.2016 from PD Warangal District.
 12. Lr.Rc.No 24/NULM.PWD- RF MEPMA (T) / KMM/ 2015 Dt 4.01.2016 from PD, Khammam District .
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In the ref.1st read above GOI has in principle agreed to utilize Town level federations formed and strengthened in MEPMA as resource organizations for formation of SHGs and their federations. Hence in Telangana, TLF is treated as Resource organization for formations of SHGs and their federations as per NULM norms.

With ref 6th cited funds was released towards RO Fund for 2520 SHGs from NULM SM&ID component to TLFs – towards formation & strengthening of SHGs during the year 2014-15 in NULM towns.

In this connection, with ref 13th read above accordingly revise the budget for releases the Resource Organization (RO) fund to 2520 SHGs for the year 2014-2015 for 2nd phase @ 5000 per SHG budget estimation as follows.

Estimation of Budget towards RO Fund to TLFS -NULM towns -2015-16

S.No	District	ULB	RO Releases -TLFs 2014-15	
			Released 2014-15 @ 5000 to newly formed SHGs-2 nd phase	To be released @ 5000 per SHG
1	Adilabad	Adilabad	65	325000
2	Karimnagar	Jagityal	50	250000
3		Karimnagar	85	425000
4		Ramagundam	55	275000
5	Khammam	Khammam	20	100000
6	Mahabubnagar	Mahbubnagar	90	450000
7	Medak	Sangareddy	23	115000
8		Siddipet	65	325000
9	Nalgonda	Miryalguda	48	240000
10		Nalgonda	47	235000
11		Suryapet	96	480000
12	Nizamabad	Nizamabad	106	530000
13	Rangareddy	SCB	108	540000
14	Warangal	Warangal	280	1400000
15	Hyderabad	Hyderabad	1382	6910000
Total			2520	12600000

The Project Directors are directed to utilize the funds as per the instructions communicated for utilization of RO Fund for strengthening of SHGs in NULM towns.(Annexure -1 .

Accordingly sanction is hereby accorded for Rs 12600000 (Rs One Crore twenty six Lakhs only) towards Resource Organization (RO) fund to concern TLFs (Town Level Federations) for strengthening of SHGs in NULM towns for all District Project Directors .

Hence The Finance manager is authorised to E-transfer the amounts to the respective accounts of the Project Directors MEPMA as per the Annexure enclosed.

Encl : RO fund guidelines


MISSION DIRECTOR

Copy to the Finance manager

The Project Directors

The concern Municipal Commissioner


27/5/16

Budget Details for TLF – Resource Organization Fund (RO Fund)

1	Particulars	Cost per Unit
2	Budget will be released to concern SLFs for training -funds equal distribution to concern SLFs SHG by following Book keeping, Member training norms	Book Keeping -1000 per batch for two days SHG member training 350/- per batch (2 CRPs for 3-4 hours
3	SLF Formation	6500 for SLF (New formation)
4	SLF Managerial support for newly Formed SLFs year 2014-2015 onwards	50% support @ 7200 ,25% @ 3600 per Annum
5	TLF Managerial support to OB members	100% support @ Rs 4200/ Annum 75% @ Rs 31500, 50% Rs 21500/- and 25% 10500 per Annum
6	10% TLF managerial support for meetings and IEC	As per the Allocated Budget
7	IB -online -upadation (member, SHG,SLF upadation)	3% of total budget allocation @ Rs 175/- per day

day
25/4/16

28/4/16

7D. 

SHGs is essential to deal with larger issues like Bank Linkage, Inter-group lending, negotiations with higher level structures and to gain greater bargaining power over the rights and privileges of SHGs.

8. **Membership of Area Level Federation:** An Area Level Federation (ALF) may be formed with 10 to 20 SHGs covering area of a ward or slum or such other geographical unit with a minimum of 2 members (nominated representatives) per SHG. However the Urban Local Body (ULB) may decide the number of SHGs in a federation as per the local conditions.
9. An ALF should be registered as society/association under the relevant law of the State. Model bye-laws for ALFs are at **Annexure II**. However these are only indicative and ALF should be encouraged to make their own bye-laws.
10. **Responsibilities of an ALF:**
 - 10.1. Facilitate bank linkages for member SHGs i.e. opening of their accounts and helping them getting loans;
 - 10.2. Providing hand-holding support in the development of loan proposals by member SHGs;
 - 10.3. Capacity Building of new SHGs as well as existing member SHGs for their successful functioning;
 - 10.4. Facilitate member SHGs' access to benefits under NULM as well as access to social assistance benefits under various government programmes;
 - 10.5. Support the formation of new SHGs and monitor and evaluate functioning of its member SHGs (An indicative checklist for a functional SHG is at **Annexure III**)
 - 10.6. Resolve issues raised by member SHGs in accessing credit from banks.
 - 10.7. Raise issues of importance at the level of the City Level Federation.
 - 10.8. Regularly report to the ULB about the SHG's functioning
11. The ALFs will come together to form a City level Federation (CLF). It is expected that each city will have at least one CLF. The CLFs should be registered as societies/association under the relevant law of the State. All ALFs in a city should be represented at the CLF. Bigger Cities may have more than 1 CLF based on the size and population. The CLF is expected to work with ALFs, member SHGs, city administration and financial institutions to ensure social and economic empowerment of the urban poor.
12. **Responsibilities of a CLF:**
 - 12.1. To represent the needs of the urban poor at various levels;
 - 12.2. Advocacy with the ULB and State Government for pro-poor planning, master plans, vendor planning, etc.;
 - 12.3. To facilitate access of member ALFs' and member SHGs' to banking services;
 - 12.4. New group formation and support;
 - 12.5. To identify specific training and capacity building needs of its member ALFs;
 - 12.6. Work closely with the respective ULB to facilitate identification of beneficiaries for various government programmes;
 - 12.7. Facilitate marketing of SHG produce/products

Formation of SHGs: Engagement of Resource Organisations (ROs)

13. The experts hired under City Mission Management Unit (CMMU) along with the community organizers will work at the field level for formation of Self Help Groups under NULM. The services of ASHA / Anganwadi workers and other community level functionaries under various schemes / programmes of the Central and State Governments may also be utilised for this purpose.
14. However, for catalysing the formation of SHGs and their federations and to promote the financial inclusion of SHG members under NULM, Autonomous registered agencies set up by State or Central Government or well established long-standing federations of SHGs or non-government organisations may be engaged as Resource Organisations (RO). The Resource Organisations will facilitate the formation of SHGs and their development, bank-linkages, their federation at the area and city levels, training and capacity building, and establishing links to ULBs.
15. A maximum of Rs. 10,000/- can be spent per self help group for its formation, handholding, training of all the members, bank linkage, formation of federation and other related activities. The ULB will decide on the area to be covered per RO depending on their capacity. A RO should cover a minimum of 50 SHGs. States or the ULB will be expected to enter into an agreement with Resource Organisations and payment will be made on the basis of milestones like SHG formation, training of members, bank linkage, formation of federation at the area and city levels and access to benefits under NULM, including revolving fund. The Resource Organization will handhold the SHG for a period of two years.
16. **The functions of the RO are as follows:**
 - 16.1. Identifying Affinity Groups: ROs should identify prior relationships of trust and mutual support and encourage those individuals to form SHGs. The membership should be preferably through participatory approach and self-selection.
 - 16.2. Capacity Building: Once the SHG is formed, ROs will be expected to train ALL members of the SHG (not just the leaders/representatives) in: (a) The basic concepts of functioning of a SHG like how to conduct meeting; basics of savings, lending money, repayment habits; responsibilities of group members, (b) book-keeping and accounting, fund management, building bank and credit linkages; (c) communication, decision making, conflict resolution, self-assessment, etc.; and (d) accessing government benefits under NULM and other programmes of the savings Government.
 - 16.3. Handholding support for at least 15 months: Once the groups are formed, ROs will be required to attend their meetings on a regular basis. The ROs will also bring in bankers, government officials from various departments, and members from established SHGs (for cross-learning) to interact with the SHGs. The ROs will assist the Community Organiser in the evaluation of the performance of SHGs being supported by it. Within a month of formation of the SHG, all groups which do not have bank-accounts should be helped to open SHG bank accounts and the ROs will also facilitate credit to SHG from banks. Groups should be encouraged to access credit from other formal sources as well.
 - 16.4. Withdrawal of support between 15-24 months: In this period, ROs will be expected to withdraw active support from those SHGs that are formed and performing

satisfactorily. At this stage the level of monitoring will increase and at the end of the 24 months of support, a critical evaluation of the supported SHGs in collaboration with the Community Organiser must be undertaken to determine whether the SHG is self-sustaining. ROs will also ensure that SHGs are federated into ALFs and work closely with ALFs and CLFs to build their capacity.

- 16.5. ROs will also facilitate UID enrolment, opening of basic service accounts and credit counselling of SHG members

A model Framework for engagement of ROs under NULM is at **Annexure IV**. These are indicative and for guidance only; State/ULBs may suitably amend these based on local conditions.

17. Selection of ROs:

- 17.1. The autonomous registered agencies set up by State or Central Government or well established long-standing federations of SHGs or non-government organisations having significant experience in managing large-scale community driven programmes and developing successful implementation strategies in social mobilization and institution building in urban or rural areas may be preferred as Resource Organization.
- 17.2. In addition, non-government organisations may be selected as a Resource organization on the basis of domain knowledge and prior experience in social mobilization of poor households, training and capacity building, livelihood promotion, and bank linkage. While assessing the capacity of a NGO weightage should also be given to registration status of the organization, turnover, number of years of experience, procurement and financial management capacity and number of dedicated expert staff etc.
- 17.3. State Urban Livelihood Missions (SULMs) will be responsible for the selection of ROs across NULM cities in a transparent manner. SULMs are free to engage ROs at the state level or allow ULBs to empanel ROs on their own.
- 17.4. Care must be taken to ensure that the RO chosen is experienced in working with the urban poor at the grass-root level and preference must be given to ROs with a proven track record on this.
- 17.5. Resource Organisations may engage Community Resource Persons (CRPs) on their team for the formation of SHGs under NULM, however sub-contracting will not be allowed. Community Resource Persons are members of a mature SHGs, who have good knowledge and experience on SHG concept, group management norms, SHG meeting process, Bookkeeping, Agenda fixation etc. They have the ability and skills to motivating the poor, conduct trainings by drawing lessons from their personal experiences and the best practices of their SHGs. CRPs act as guides and role models for other poor individuals.
- 17.6. States may empanel the Resource Organizations through an open competitive bidding process based on strict criteria for selection (technical parameters) so that the quality of services is not compromised.

Transition of community structures under SJSRY TO NULM:

18. Under the "Urban Community Development Network" (UCDN) component of SJSRY, the community structures like "Neighbourhood Groups" (NHGs), "Neighbourhood Committees" (NHCs) and "Community Development Societies" (CDSs) have been formed. The SHGs/Thrift & Credit Societies were also allowed to be set up separately. The SHGs/Thrift & Credit Societies formed under SJSRY may continue to function; however, the NHGs will be encouraged to transform into SHGs and do thrift and credit activities. Similarly, Neighbourhood Committees" (NHCs) and "Community Development Societies" (CDSs) can gradually migrate to community structures envisaged under NULM.

19. The Resource Organization engaged by the State/ULB will work with community structures formed under SJSRY to bring them in line with the three tiered structure of NULM. Also, the existing SHGs/Thrift & Credit Societies/NHGs formed under SJSRY will be given support for bank-linkages and training and capacity building etc. by the Resource Organization.

COMPONENT 1.2 UNIVERSAL FINANCIAL INCLUSION

20. *'Financial Inclusion denotes delivery of banking services and credit at an affordable cost to the vast sections of disadvantaged and low income groups. The various financial services include savings, loans, insurance, payments, remittance facilities and financial counselling / advisory services by the formal financial system'¹. NULM aims to achieve universal financial inclusion, beyond basic banking services, covering all urban poor individuals/households which may include the followings:*

Financial Literacy

21. The objectives of Universal Financial Inclusion cannot be achieved in absence of a strong support mechanism pertaining to financial literacy. In order bring all the beneficiaries within the ambit of Universal financial inclusion it is imperative that the States/ULBs should take positive action to achieve financial literacy to individual beneficiaries and SHGs as per their requirements:

- 21.1. The ROs will organise sessions on financial literacy for SHG members. In these sessions the beneficiaries will be made aware about the savings, credit, remittance, insurance etc., along with the modalities and operational requirements for accessing the same.
- 21.2. The banks, financial Institutions, insurance agencies, micro finance agencies may be -encouraged to communicate with the urban poor through CLC, campaigns etc
- 21.3. ULBs will ensure availability of information and IEC material regarding financial literacy with CLCs, and ROs.
- 21.4. The RBI has issued detailed guidelines to all the banks for opening of Financial Literacy Centres. The latest guidelines are contained in RBI circular RPCD.FLC.No. 12452/12.01.018/2011-12 dated June 6, 2012 and RBI circular RPCD/FLC.No. 7641/12.01.018/2012-13 dated January 31, 2013. As per these

¹Report by the Committee on Financial Inclusion Jan 2008' headed by C. Rangarajan